THRUVISION
PEOPLE-SCREENING

26 June 2018

Thruvision Group plc

(“Thruvision” or the “Group”)

Audited results for the full year ended 31 March 2018

Highlights

- Completion of sale of Thruvision Group PLC’s Video Business in October 2017.
- Total revenues (including discontinued operations) of £16.2 million (2017: £ 26.8 million) and total loss of £19.6 million (2017: £16.7 million).

For Thruvision Continuing Operations (the Company):

- Revenues of £3.1 million (2017: £2.0 million) with loss before tax for continuing operations of £3.2 million (2017: £1.1 million);
- Business performance close to breakeven in H2 with operating EBITDA loss of (£0.1) million in H2, before PLC costs;
- A record number of 54 Thruvision units shipped in the second half across our four target markets (giving 57 for the full year) with several new international customers acquired, repeat sales to existing customers and a strengthening international sales pipeline;
- Successfully completed US Transportation Security Administration (TSA) mass transit testing and, since period end, started testing with TSA’s future aviation checkpoint security programme;
- Cash at 31 March 2018 of £17.6 million (31 Oct 2017: £17.1million);
- Process to return up to £8.0 million of cash to Shareholders through tender offer, expected to take place over summer 2018.

Commenting on the results, Colin Evans, Managing Director, said:
"Following the disposal of the Video Business, the Group has made significant strategic progress. The tighter market focus and additional sales resource has resulted in a material pick up in sales for the Group.

We are seeing growing momentum in the loss prevention and border control markets, building on our starting position in counter-terrorism. This combined with a strengthening geographic footprint underpins the Boards confidence that Thruvision is very well placed to become a leading new technology provider to the international security market."

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About Thruvision

Thruvision Group plc is a specialist provider of people-screening technology that can safely see weapons, explosives and contraband hidden in peoples’ clothing. Developed with extensive support from the British and US Governments, Thruvision technology is operationally proven and is being used to enhance the security of transport hubs, borders, high profile buildings and public areas.

www.thruvision.com

Chairman's statement

A year of change

This was a year of significant change for the business. Following a strategic review in early 2017, we initiated a process that resulted in the sale of our Video Business to Volpi Capital. Since October 2017, this has allowed us to focus all resources on the very exciting prospects for our highly innovative people-screening technology, Thruvision. With record numbers of units shipped since completion of the Video Business sale and momentum continuing to build, we are now confident that a large, new, international and varied market for Thruvision exists.

Update on the sale of the Video Business and returning cash to shareholders

The sale of the Video Business completed on 31 October 2017 for an initial cash consideration of £25.5 million with further deferred consideration conditional on a number of performance conditions being met in the 12-month period post-completion. Full separation of the Video Business has now been completed. We do retain one link between our two companies, with the Video Business acting as a value-added reseller for Thruvision in a limited number of Asian countries.

After transaction related costs and repaying outstanding debt, and with strong trading performance since completion of the sale, the Company had £17.6 million cash on 31 March 2018. As announced in early March 2018, a process to return up to £8.0 million to shareholders through a tender offer is well underway and is expected to conclude in the summer of this year.

Thruvision strategic summary

Thruvision is a proven, people-screening technology for the "stand-off" detection of weapons, explosives and contraband concealed under clothing. It is a specialist thermal camera, operating in the terahertz range of the electromagnetic spectrum, which sees the size, shape and location of concealed items as blockages of body heat emanating from a person.

The Thruvision technology was acquired by the Company in 2012. Since then, significant effort has been invested in taking what was a very early stage, pioneering counter-terrorism technology to the point where today, it has the following characteristics:

- ***Operationally proven technology***: a solution to current counter-terrorism challenges which has been successfully tested by the US Government's Transportation Security Administrator (TSA), a leading accreditor of new security technology;
- ***Limited competition and simplicity of deployment***: although there are many "airport-style" stand-inside screening systems deployed globally, Thruvision has the great advantage of stand-off operation (i.e. with a detection range up to 10 metres) and simple, standalone deployment, avoiding the need for complex integration into existing infrastructure;
- ***Multiple markets at an early stage of development***: Thruvision was originally developed for the counter-terrorism market but has now also demonstrated applicability in other markets, namely customs applications (cash and narcotics smuggling) and loss-prevention (theft from distribution centres and factories); and
- ***Technology fully productised****:* unlike possible competitors, Thruvision technology is now fully productised, with repeatable manufacturing processes now proven, and an active, customer-funded research and development programme in place.

A substantial new international opportunity, covering the distinct counter-terrorism, customs and border control, and commercial loss prevention markets, is becoming available. With each of these potentially comprising many thousands of units over the next five years, and with Thruvision's key differentiators now in place, the Board believes that an opportunity exists to drive rapid, organic and profitable growth of the business.

Significant strategic progress in H2

As well as achieving record unit sales, significant strategic progress has been made in the last few months.

Firstly, following contracted delivery of a new Thruvision product to TSA mass transit in 2017, we successfully completed operational pilots with TSA and mass transit operators in New York and Los Angeles early in 2018, generating widespread positive media coverage. TSA publicly described these pilots as “very promising” and Thruvision has additionally now started testing as part of TSA’s future aviation security checkpoint programme. Other US Federal Government agencies are also showing strong interest across the counter-terrorism and customs markets.

Excellent progress has also been made in the loss prevention market, where retail and logistics organisations are concerned about reducing staff theft from distribution centres and factories. With customers reporting theft being reduced by up to 80%, we are seeing accelerating uptake of Thruvision technology, with purchases by leading brands, including Sony and JD Sports, since period end. Given this is a global market, we are increasingly confident about strong growth potential here.

Following sales into Hong Kong over several years and a further order received in the reporting period, we are seeing increased interest in Thruvision from China. Working with both our Hong-Kong based partner and its Chinese parent company, we received two smaller pilot deployment orders and, with Thruvision now certified for sale in China, we have a number of strategic opportunities across customs and counter-terrorism markets.

Finally, TSA publicity has given the international counter-terrorism market confidence in Thruvision performance. This helped us secure orders in the half from Saudi Arabia and the Philippines, with an international sales pipeline across Asia Pacific, Middle East and Europe.

People

The splitting of a business such as we have achieved in the past year is a very unsettling time for its people and I would like to thank all colleagues, past and present, for their support and commitment during the year. I’d like to take this opportunity to wish our ex colleagues well in their new home with Volpi Capital and hope that the increased focus they can now apply to the video market will pay dividends for them. The smaller Thruvision team which remains is now a much more specialised and focused group with exceptionally high morale and motivation which bodes well for our future.

Finally, we welcomed Ian Lindsay as our new Finance Director in March 2018. With a more commercially-focused finance background, Ian rounds out the senior management team. Given the Company’s now much simpler financial structure Ian will be free to devote a material amount of his time to help drive the growth of the business.

Outlook

In the months since divesting the Video Business, Thruvision has made significant progress. In addition to achieving record sales, Thruvision’s technical performance has been successfully tested by TSA, and the business has expanded into the customs and loss prevention markets from its counter-terrorism starting point. Excluding PLC costs, the company operated close to break-even in the second half of the year and demonstrated its ability to manage working capital effectively.

This momentum has been carried forward into the new financial year, with orders from existing Asian government and UK-based loss prevention customers, and new customer orders from household names including Sony and JD Sports. With a growing sales pipeline and initiatives to increase production capacity in the UK and US well underway, the business is trading in line with management’s expectations. The Board therefore remains confident that Thruvision is very well placed to become a leading new technology provider to the international security market.

Update on strategy

With much higher levels of market engagement since the divestment of the Video Business, we have significantly improved our understanding of how Thruvision compares with other types of security screening technology and users' expectations of such solutions. This has allowed us to identify the most attractive market segments, and we have focused our sales and marketing efforts heavily on these areas with good immediate returns.

Thruvision competitive positioning

We have fully validated Thruvision's significant advantages over other types of people-screening technology. In particular, Thruvision:

- provides instant, real-time video showing the size, shape and location of items concealed in clothing at distances of up to 10 metres;
- detects all types of material – powders, plastics, liquids, organics, ceramics, paper as well as metallics – filling the security gap left by metal detectors;
- has a lower cost of ownership than alternative technologies;
- does not reveal anatomical details of the individuals screened thereby eliminating privacy issues raised by some other types of technology;
- allows much higher throughput of people being screened – over 2,000 people per hour – reducing queuing and inconvenience;
- is a passive, receive-only sensor and emits no ionizing radiation, meaning there are no safety issues associated with its use.

Most attractive market areas

Based on this competitive positioning, we have further refined our focus on four distinct market areas, each offering good levels of solution repeatability across a broad range of international markets, as follows:

- **Loss Prevention** - screening staff for items stolen from distribution centres or factories. The market is characterised by a potentially very large number of customers each of which may purchase tens of units over a three-year period. With a clear financial return on investment driving purchasing, short sales cycles have been demonstrated.
- **Customs** – screening travellers for prohibited items such as cash and drugs at all types of border including airports, land crossing, seaports, cruise liner terminals, bridges and railway stations. Customers are national government agencies meaning that total order quantities could be substantial although sales cycles are extended.
- **Transportation** - screening travellers for suicide vests and large guns in railways, subways and airport concourses, and for smaller threat items at airport security checkpoints. Customers are either governments or public sector and a combination of national and city / region organisations. Use cases range from ubiquitous coverage of airport checkpoints to use of a fleet of rapidly deployable units for high-visibility 'pop-up' deterrence-based checkpoints in the mass transit system.
- **Entrance protection** - screening visitors for all types of weapon at entrances to high profile or high security buildings, sports and entertainment venues and other public venues. Covering both public and private sector sites, the aim here is to ensure sites are protected from non-metallic threat items and to speed up the process of screening visitors.

Business Review

Sales

We had a record year for sales of Thruvision units as the benefits of clear branding and market positioning, strengthening TSA referenceability, and enhanced management focus fed through. A total of 57 units were shipped in the year, with 54 of these in the five-month period from October. These were spread reasonably evenly across our four markets – loss prevention, mass transit, entrance protection and customs, and included 10 new customers. Highlights by region were as follows:

- **EMEA**: good progress was made in developing sales into the loss prevention market, with three new customers added and a significant pipeline of opportunity developed. By volume, our biggest sales came from a new customer in Saudi Arabia, attracted by TSA publicity, which offers follow-on potential. We also continued to work closely with the British Government on its public area safety initiative and we expect this to yield sales in FY19.
- **APAC**: our Hong Kong customer continued to build out its fleet of Thruvision units which is now entering its fifth year of operations. We were able to use this to open up discussions in China resulting in a new customer sale, and other trials which we expect to yield sales in FY19. We also won an order from the Philippines for mass transit security with follow-on potential and, since period end, a follow-on order from Vietnam Customs. Through partners, we continued to build pipeline into countries including Australia and India.
- **Americas**: We focused heavily here on continuing to drive Thruvision product development and acceptance through TSA. We also won a couple of small orders and recognised a modest amount of R&D revenue from the TSA mass transit contract awarded in FY17. With Thruvision now having successfully completed TSA testing, we are well poised to secure sales with US mass transit operators and federal government agencies in FY19. Separately, we expect to make progress in the Loss Prevention market in North America.

Routes to market

In addition to being much more focused on the four main market areas, we have also looked closely how best to generate new sales leads, and the role played by our value-added resellers.

Given the new capability offered by Thruvision, we have worked hard to better explain how to use the technology and built this into an upgraded marketing approach. This has started yielding many more direct enquiries from around the world, particularly since the heavily publicised TSA-sponsored operational pilots in New York and Los Angeles. We qualify these enquiries ourselves and then work with our end-customers to identify local partners as necessary.

As we build up our brand and win more and more referenceable customers in each of our geographic regions and market areas, we expect to be able to sell more indirectly. We continued to concentrate on revalidating and retraining existing value-added reseller partners to focus more closely on the four market areas we are now concentrating on, and only to appoint new partners in countries where strong, sustainable interest in Thruvision exists.

Manufacturing

Through the course of the year, we have proved that, with support from our key suppliers, we can manufacture at up to 20 units per month, with high quality levels. Looking forward, we plan to run monthly production at a level consistent with the steady flow of smaller orders that we have started to win, with the knowledge that we can raise production levels in response to specific sales opportunities as they firm up.

Mindful of strategic progress with the US Government, we also initiated a process of identifying and training-up a suitably qualified US manufacturing partner which will provide us with unit assembly, ship and support capability in Florida, and expand production capacity further. We expect this partner to come fully online during the summer of 2018, and it will also give us a technology transfer model to reuse in other countries if necessary.

New product development

We have a very active R&D programme being driven by customer requirements, and with customer funding in a number of cases. Our focus is on broadening our product portfolio in time to cover all our key market areas, from the more price sensitive commercial loss prevention and entrance protection markets, to the more system-performance driven needs of various government agencies internationally.

Our new Thruvision TAC product, developed specifically for the TSA and US Government, provides us with a completely redesigned, modular hardware architecture. Coming into full production in summer 2018, it offers improved range, image quality and usability. It also forms part of ongoing, funded TSA development which will deliver a new outdoor variant in early 2019.

We also made software improvements, including adding Chinese language support which should support ongoing sales efforts in this region.

IP protection

We have an ongoing programme to look at our patent portfolio and to identify the most appropriate ways to protect the new innovations resulting from our R&D work. Part of this activity includes an assessment of enforceability in certain high-risk geographies and how best to manage this risk.

Facilities

As part of the process of separating from the Video Business, we have taken on new premises in the Washington DC area. This is being equipped with full product demonstration facilities and will support our continuing brand building efforts into US Government. We are also in the process of providing similar customer facing facilities at our UK HQ and reconfiguring manufacturing areas to provide extra capacity moving forwards.

Staff

We recruited extra sales resource in October 2017, resulting in an immediate uptick in sales volumes and we have since added a handful of individuals in pre-sales and manufacturing roles as activity levels increased. After an unsettling period during the divestment last summer, staff morale is now very good and we initiated a new company share-option scheme towards the end of the period to retain and incentivise all staff. This, plus the very interesting nature of our technology, should allow us to attract further specifically skilled individuals to the company in the coming months to continue to strengthen the team.

In the US, we have been utilising part-time marketing support to increase Thruvision awareness. We expect modest growth in sales and pre-sales headcount here in due course.

Financial Review

Introduction

Significant changes to the Group were made during the reporting period. Following a strategic review, the Group's Video Business was sold on 31 October 2017 allowing management to focus exclusively on the people-screening technology, Thruvision. The reasons for the disposal and subsequent impact on trading prospects and balance sheet strength are given in the Interim Report dated 15 December 2017 and the market announcement regarding the disposal made on 9 October 2017.

The results presented in this report therefore cover seven (7) months of the complete Group's trading (that is the Video Business and Thruvision) and five (5) months of standalone Thruvision business trading (including Group overheads). The following terms are used throughout:

- Continuing Operations – refers to Thruvision
- Video and Thruvision businesses were separated.
- Discontinued Operations – refers to the Video Business and discontinued central costs.

Financial results for Thruvision Continuing Operations

For the year ended 31 March 2018, Thruvision revenues from Continuing Operations grew 53% to £3.1 million (2017: £2.1 million) and an Operating Loss of (£2.5) million (2017 loss: (£2.1) million). While revenues grew healthily, losses widened as a result of the Thruvision business putting in place its own, dedicated sales team which had previously been provided by the Video Business and increased manufacturing capability to fulfill increased unit volumes.

Key Performance Indicators ("KPIs")

The Group consider the following to be our KPIs which track the trading performance and position of the business.

Financial KPIs

	2018	2017
	£'000	£'000
Revenue	**3,103**	2,024
Average revenue per unit	**51**	60
Gross Profit	**1,079**	878
Gross Margin	**35%**	43%
Overheads	**(3,654)**	(2,933)
Operating (loss)	**(2,524)**	(2,055)

Non-financial KPIs

	2018	2017
No of units sold	**57**	15
Number of staff at 31 March	**23**	20

Revenue

Thruvision revenues from Continuing Operations grew 53% to £3.1 million (2017: £2.0 million). Revenues from unit sales contributed £2.9 million (2017: £0.9 million), and development revenue from the US Transport Security Administration £0.2 million (2017: £1.1 million). The growth in revenues over the prior year reflects strong growth in organic unit sales in our main markets, with unit volumes increasing to 57 (2017: 15 units).

Revenue	**2018**	2017
	£'000	£'000
Units	**2,895**	903
Development	**208**	1,121
Total	**3,103**	2,024

The principal growth driver for the business is unit sales and, while we expect to continue to be awarded customer funded development contracts, we do not expect this to form a material proportion of revenues moving forwards.

Gross Margin

Gross margin for Thruvision Continuing Operations reduced to 35% in the year (2017: 43%). The lower gross margin compared to prior year is due to development revenues contributing a higher gross margin than unit sales in the prior year, with development revenues representing 7% of revenue in 2018 (2017: 55%). The gross margin attributable to unit revenues increased to 34% (2017: 32%).

Gross Margin	**2018**	2017
	£'000	£'000
Unit Revenue	**2,895**	903
Unit Gross Margin	**991**	290
Gross margin %	***34%***	*32%*
Development Revenue	**208**	1,121
Development Gross Margin	**88**	588
Gross margin %	***42%***	*52%*
Overall Revenue	**3,103**	2,024
Overall Gross Margin	**1,079**	878
Gross margin %	***35%***	*43%*

With Thruvision's market strategy now much clearer, focus moving forward will be on the ongoing improvement of unit gross margin. We expect this to be achieved through a combination of higher sales values being achieved for the new Thruvision TAC product and manufacturing cost reduction work.

Overheads

Overhead increased by 25% to £3.6 million (2017: £2.9 million). The £0.7 million was principally due to a £0.6 million full year cost incurred by the need to put in place a dedicated Thruvision sales team following the divestment of the Video Business. Manufacturing and R&D costs increased by £0.1 million to fulfil unit volume growth.

	2018	2017
Overheads	**£'000**	£'000
Sales and marketing	**805**	239
Manufacturing and R&D	**708**	570
Property and administration	**658**	532
PLC costs	**1,431**	1,479
Share-based payment charge	**52**	113
Total Overheads	**3,654**	2,933

Looking forward, we expect to see sales and marketing, and to a lesser extent, manufacturing and R&D, costs increase but at a rate below the headline growth rate of the business. We do not expect to materially increase management and administration or PLC costs in the near-term.

Loss for the year

The Adjusted Operating Loss (including depreciation, share based payment charges and amortization of intangibles originally recognized on acquisition) for Thruvision Continuing Operations was (£2.5) million (2017 loss: (£2.1) million). This increase was due to Thruvision putting in place its own, dedicated sales team which had previously been provided by the Video Business, and expanding the Manufacturing function to fulfil unit volume increases.

The Total Operating Loss (including intercompany finance charges and tax) for Thruvision Continuing Operations was (£3.1) million (2017: (£1.0) million) principally driven by increased administration costs to put in place a dedicated Thruvision sales team and by income attributable to foreign currency gains on intercompany loans in the prior year as detailed in the table below.

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Continuing operations		
Operating loss	**(2,524)**	(2,055)
Finance revenue	**70**	1,870
Finance costs	**(758)**	(906)
Loss before tax	**(3,212)**	(1,091)
Income tax	**90**	129
Loss for the period / year from continuing operations	**(3,122)**	(962)
Loss for the period / year from discontinued operations	**(17,130)**	(15,718)
	(20,252)	(16,680)

Finance revenue includes a £nil (2017: £1,862,000) foreign exchange gain on a USD denominated intercompany loan due to the US dollar strengthening from 1.43 to 1.25 during the year ended 31 March 2017.

Finance costs includes a £486,000 (2017: £nil) foreign exchange loss on a USD denominated intercompany loan due to the US dollar weakening from 1.25 to 1.34 in the 7 month period to 31 October 2017.

As a result of the disposal of the Video Business, a £701,000 foreign exchange gain was recognised. This gain does not get recorded in the Group's Consolidated Income Statement and passes through the Consolidated statement of comprehensive income.

Full year results, covering seven (7) months of the complete Group's trading (that is the Video Business and Thruvision) and five (5) months of standalone Thruvision business trading (including Group overheads) were revenues of £16.2 million (2017 twelve (12) month period: £26.7 million) and a total loss of (£19.5) million (2017 twelve (12) month period: (£16.7) million).

Discontinued Operations

In the seven (7) month period to 31 October 2017, Discontinued Operations generated revenue of £13.1 million (2017 twelve (12) month period: £24.5 million) and a total loss of (£16.4) million (2017 twelve (12) month period: (£15.8) million).

Taxation

As a result of brought-forward tax losses we do not expect to pay the full rate of UK corporation tax next financial year. The continuing Income Statement tax credit for the year of £90,000 (2017: £129,000) relates to the R&D tax credit.

At 31 March 2018, the Group had unutilised tax losses carried forward of approximately £8.7 million (2017: £56.7 million – split £7.1 million Continuing Operations, £49.6 million Discontinued Operations). Given the varying degrees of uncertainty as to the timescale of utilisation of these losses, the Group has not recognised £1.5 million (2017: £9.3 million) of potential deferred tax assets associated with £8.7 million (2016: £56.2 million) of these losses.

At 31 March 2018, the Group's net deferred tax liability stood at £nil million (2017: £nil million continuing, £0.6 million discontinued, total £0.6 million).

Loss per share

The reported loss per share on Continuing Operations is 1.89 pence (2017 loss: 0.58 pence). The adjusted loss per share on Continuing Operations is 1.70 pence (2017 loss: 0.20 pence). These calculations include the finance income and finance costs included in the Loss for the Year section above which distort both year's results.

Post balance sheet events

On 12 March 2018, the Group announced its intention to return up to £8 million to shareholders, and in order to be able to undertake that it proposed cancellation of the Share Premium Account and Capital Redemption Reserve. The cancellation was approved at the General Meeting held on 28 March 2018, and was subsequently confirmed by the High Court on 1 May 2018. As a result, £109,078,000 and £4,786,000 was cancelled from the Share Premium Account and Capital Redemption Reserve respectively creating distributable reserves of £113,864,000.

Cash and treasury

The Group had a net cash balance of £17.6 million on 31 March 2018 (2017: £1.0 million).

Operating Activities
The £17.6 million net cash balance is principally due to the completion of sale of Thruvision Group PLC's Video Business in October 2017 for an initial consideration of £25.5 million, less the repayment of the Investec revolving credit facility of £7.6 million on 31 October 2017.

The £16.6 million year on year increase in net cash can be broken down as follows:

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Net cash flow from operating activity before working capital adjustments	(11,152)	(10,171)
Working capital adjustments	861	1,211
R&D tax received	762	523
Net cashflow from operating activity.	**(9,529)**	**(8,437)**
Net cashflow from investing activities	19,257	(485)
Net cashflow from Financing activities	6,894	(549)
Net cash inflow(outflow)	**16,622**	(9,471)
Foreign exchange effect on cash	(37)	(363)
Total net cash movement	**16,585**	(9,834)

£90,000 of the R&D tax receipt above relates to continuing operations (2017: £129,000)

Cashflow from financing activities in 2018 includes £7,635,000 drawn down on the loan to 31 October 2017 prior to the disposal of the Video Business.

Investing activities

The £19.3 million cash inflow (2017: £0.5 million outflow) summarised below includes £1.1 million received in relation to the purchase of Brimtek.

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Cash proceeds from disposal of Video Business	19,187	-
Cash balance in Video Business at disposal	(928)	-
Fixed asset additions	(198)	(792)
Interest received	70	19
Recovery of purchase consideration	1,126	288
Net cash inflow(outflow)	19,257	(485)

Following the disposal of the Video Business, the £10.0 million secured revolving credit facility provided by Investec Bank plc was repaid in full and cancelled on 31 October 2017. A separate, unsecured £5.25 million loan facility was also provided by Herald Investment Trust during the reporting period. It was cancelled on 31 October 2017 having not been used. All outstanding interest payments and charges have settled within the period.

THRUVISION
PEOPLE-SCREENING

Consolidated income statement

for the year ended 31 March 2018

	Note	**Year ended 31 March 2018 £'000**	Year ended 31 March 2017 £'000
Continuing operations			
Revenue	2	**3,103**	2,024
Cost of sales		**(2,024)**	(1,146)
Gross profit		**1,079**	878
Administration costs		**(3,654)**	(2,933)
Other income		**51**	-
Operating loss	3	**(2,524)**	(2,055)
Finance revenue		**70**	1,870
Finance costs		**(758)**	(906)
Loss before tax		**(3,212)**	(1,091)
Income tax	8	**90**	129
Loss for the period / year from continuing operations		**(3,122)**	(962)
Discontinued operations			
Loss from discontinued operation (net of tax)	12	**(16,429)**	(15,718)
Loss for the period / year		**(19,551)**	(16,680)

Adjusted loss:	4		
Loss before tax from continuing operations		**(3,212)**	(1,091)
Amortisation of intangibles initially recognised on acquisition		**-**	98
Share-based payment	4	**52**	113
Financing set up fees		**263**	421
Adjusted loss before tax for the period / year from continuing operations		**(2,897)**	(459)

Loss per share – continuing operations			
Loss per share – basic	9	**(1.89p)**	(0.58p)
Loss per share - diluted	9	**(1.89p)**	(0.58p)
Loss per share – continuing and discontinued operations			
Loss per share – basic	9	**(11.84p)**	(10.10p)
Loss per share - diluted	9	**(11.84p)**	(10.10p)

Consolidated statement of comprehensive income

for the year ended 31 March 2018

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Loss for the year from continuing operations	**(3,122)**	(962)
Loss for the period / year from discontinued operations	**(16,429)**	(15,718)
Loss for the period / year attributable to owners of the parent	**(19,551)**	(16,680)
Other comprehensive (loss) / income from continuing operations		
Other comprehensive (loss) / income that may be subsequently reclassified to profit and loss:		
Exchange differences on retranslation of foreign operations - discontinued	**(694)**	746
Reclassification to profit and loss	**701**	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**7**	746
Total comprehensive loss attributable to owners of the parent	**(19,544)**	(15,934)

THRUVISION
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Consolidated statement of financial position

at 31 March 2018

	Note	**31 March 2018**	31 March 2017
		£'000	£'000
Assets			
Non current assets			
Property, plant and equipment		**278**	1,132
Goodwill	6	**-**	17,076
Other intangible assets		**2**	11,380
		280	29,588
Current assets			
Inventories		**1,813**	8,018
Trade and other receivables	7	**1,229**	7,656
Current tax recoverable		**90**	1,304
Cash and cash equivalents		**17,587**	1,002
		20,719	17,980
Total assets		**20,999**	47,568
Equity and liabilities			
Attributable to owners of the parent			
Equity share capital		**1,814**	1,814
Share premium		**109,078**	109,078
Capital redemption reserve		**4,786**	4,786
Merger reserve		**-**	454
Translation reserve		**8**	1
Other reserves		**-**	(307)
Retained earnings		**(96,207)**	(76,912)
Total equity		**19,479**	38,914
Non current liabilities			
Deferred tax liabilities		**-**	620
Provisions		**36**	90
		36	710
Current liabilities			
Trade and other payables	8	**1,455**	7,908
Provisions		**29**	36
		1,484	7,944
Total liabilities		**1,520**	8,654
Total equity and liabilities		**20,999**	47,568

Consolidated statement of changes in equity

for the year ended 31 March 2018

	Ordinary share capital	Share premium account	Capital redemption reserve	Merger reserve	Translation reserve	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2016	1,760	109,078	4,786	454	(745)	(307)	(60,656)	54,370
Loss for the year	-	-	-	-	-	-	(16,680)	(16,680)
Other comprehensive income	-	-	-	-	746	-	-	746
Total comprehensive gain/(loss)	-	-	-	-	746	-	(16,680)	(15,934)
Incentive share conversion	54	-	-	-	-	-	-	54
Share-based payment credit	-	-	-	-	-	-	424	424
At 31 March 2017	1,814	109,078	4,786	454	1	(307)	(76,912)	38,914
Gain/(Loss) for the year	-	-	-	-	701	-	(19,551)	(18,850)
Other comprehensive loss	-	-	-	-	(694)	-	-	(694)
Total comprehensive gain/(loss)	-	-	-	-	7	-	(19,551)	(19,544)
On disposal of Video Business	-	-	-	(454)		307	147	-
Share-based payment credit	-	-	-	-	-	-	109	109
At 31 March 2018	**1,814**	**109,078**	**4,786**	**-**	**8**	**-**	**(96,207)**	**19,479**

THRUVISION
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Consolidated statement of cash flows

for the year ended 31 March 2018

	Note	**Year ended 31 March 2018 £'000**	Year ended 31 March 2017 £'000
Operating activities			
Loss before tax from continuing operations		**(3,212)**	(1,091)
Loss before tax from discontinued operations		**(16,337)**	(15,831)
Loss before tax		**(19,549)**	(16,922)
Non-cash adjustment to reconcile loss before tax to net cash flows			
Depreciation of property, plant and equipment		**400**	481
Amortisation of intangible assets		**716**	1,588
Impairment of goodwill	8	**4,291**	7,500
Share-based payment transaction expense		**109**	424
Unrealised gains on foreign exchange		**62**	(119)
Realisation of foreign exchange losses on disposal of Video Business		**708**	-
Release of deferred consideration		**-**	(2,329)
Disposal of fixed assets		**(5)**	5
Loss on disposal of Video Business		**2,085**	-
Recovery of purchase consideration	12	**(1,126)**	-
Finance income		**(70)**	(1,872)
Finance costs		**1,227**	1,081
Non-cash consideration		**7,635**	-
Non-cash settlement of borrowings – repayment of loan out of disposal proceeds		**(7,635)**	-
Working capital adjustments:			
(Increase) / decrease in trade and other receivables		**(109)**	5,582
Increase in inventories		**(108)**	(3,077)
Increase / (decrease) in trade and other payables		**370**	(840)
Increase / (decrease) in deferred revenue		**762**	(425)
(Decrease) in provisions		**(54)**	(29)
Cash utilised in operations		**(10,291)**	(8,952)
Interest paid		**-**	(8)
Tax received		**762**	523
Net cash flow from operating activities		**(9,529)**	(8,437)
Investing activities			
Purchase of property, plant & equipment		**(196)**	(760)
Expenditure on intangible assets		**(2)**	(32)
Interest received		**70**	19
Cash proceeds from disposal of Video Business		**19,187**	-
Cash balance in Video Business at disposal		**(928)**	-
Recovery of purchase consideration		**1,126**	288
Net cash flow from investing activities		**19,257**	(485)
Financing activities			
Proceeds from borrowings		**7,635**	
Finance costs		**(741)**	(549)
Net cash flow from financing activities		**6,894**	(549)
Net increase / (decrease) in cash and cash equivalents		**16,622**	(9,471)
Cash and cash equivalents at beginning year		**1,002**	10,836
Effect of foreign exchange rate changes on cash and cash equivalents		**(37)**	(363)
Cash and cash equivalents at end of year		**17,587**	1,002

Notes to the financial information

1. Accounting policies

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 March 2018 and applied in accordance with the Companies Act 2006.

The Financial Statements were authorised for issue by the Board of Directors on 26 June 2018 and the Statement of Financial Position was signed on the Board's behalf by Tom Black and Ian Lindsay.

All values are rounded to £'000 except where otherwise stated.

The Company is a public limited company incorporated and domiciled in England and Wales and whose shares are quoted on AIM, a market operated by the London Stock Exchange.

The consolidated financial statements have been prepared on a historical cost basis, except:

- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Accounting policies

The accounting policies which apply in preparing the financial statements for the period are set out below. These policies have been consistently applied to all periods presented in these consolidated financial statements. The comparative statement of comprehensive income has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative year (see note 25).

Basis of measurement

Going concern

The Group's loss before tax from continuing operations for the period was £3.2 million (2017: £1.1 million). As at 31 March 2018 the Group had net current assets of £19.2 million (31 March 2017: £10.0 million) and net cash reserves of £17.6 million (31 March 2017: £1.0 million).

On 17 October 2016 the Group replaced an existing £5.0 million secured working capital facility for export activities with HSBC Bank Plc with a new two year £10.0 million secured revolving credit facility with Investec Bank plc. The funds available through this facility were used to meet the increasing working capital requirements of the Group's operating activities. The facility was secured by a fixed and floating charge over the Group's assets and included covenants which were tested quarterly. On 28 September 2017 the Group arranged an unsecured £5.25 million loan facility with Herald Investment Trust to supplement the above facility for a period of 15 months, which was not drawn on. Both facilities were cancelled in November 2017.

On 31 October 2017 the Group completed the disposal of the Video Business segment to Volpi Capital LLP for a maximum consideration payable of £27.5 million in cash of which £25.5 million was payable on completion (on a cash free/debt free basis) and the remaining £2.0 million is payable subject to the Video Business securing a specific trading contract within 12 months following completion. The cash proceeds from the sale, after related fees, are significantly greater than the funding requirements of the continuing operations, and as a result the Board announced on 12 March 2018 its intention to return up to £8 million to shareholders. The remaining cash, after the return to shareholders, is still greater than the funding requirements of the continuing operations for the period up to and including 30 September 2019. These cash balances have been factored in to cash flow projections for the Group.

The Board has reviewed these cash flow forecasts for the period up to and including 30 September 2019. These forecasts and projections take into account reasonably possible changes in trading performance and show that the Group will be able to operate within the level of current funding resources. The Directors therefore believe there is sufficient cash available to the Group to manage through these requirements.

As with all businesses, there are particular times of the year where the Group's working capital requirements are at their peak, noting the Group possesses strong cash reserves at 31 March 2018. The Group is well placed to manage business risk effectively and the Board reviews the Group's performance against budgets and forecasts on a regular basis to ensure action is taken where needed.

The Directors therefore are satisfied that the Group has adequate resources to continue operating for a period of at least 12 months from the approval of these accounts. For this reason, they have adopted the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements for the year include those of Thruvision Group plc and all of its subsidiary undertakings (together 'the Group') drawn up at 31 March 2018.

Subsidiary undertakings are those entities controlled directly or indirectly by the Company. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and

expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries are consolidated using the Group's accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale (see note 25), if earlier. When an operation is classified as a discontinued operation, the comparative income is re-presented as if the operation had been discontinued from the start of the comparative year.

Critical accounting estimates and judgements

In preparing the consolidated financial statements, management has to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The critical judgements and estimates made in preparing the consolidated financial statements are detailed below. These judgements and estimates involve assumptions in respect of future events which can vary from what is anticipated.

Revenue and profit recognition

Fixed price contracts are accounted for in accordance with IAS 11 'Construction Contracts'. Revenue and profits are recognised on a percentage-of-completion basis, when the outcome of a contract can be estimated reliably. Determining whether a contract's outcome can be estimated reliably requires management to exercise judgement, whilst the calculation of the contract's profit requires estimates of the total contract costs to completion. Cost estimates and judgements are continually reviewed and updated as determined by events or circumstances.

Transport Security Administration (TSA) development revenues are accounted for in accordance with IAS11 'Construction Contracts'. The recognition requires judgement and estimation in determining the key assumptions, specifically the volume and value of directly attributable man hours and materials, required to complete the contractual milestones for the specific funded product development. Costs to complete and contract profitability are considered as part of Management's assessment of the stage of completion of the project and involve significant estimation uncertainty. The quantities impacted are shown in note 15 within deferred income relating to revenue and accruals for associated cost of sales.

Intangible assets

In accordance with IFRS 3 'Business Combinations' goodwill arising on the acquisition of subsidiaries is capitalised and included in intangible assets. IFRS 3 also requires the identification of other intangible assets acquired. The method used to value intangible assets is the 'Income Approach' which requires the use of a number of estimates. These key assumptions include revenue and margin projections and assessments of likelihood of contract renewal and these estimates may differ from actual outcomes. The useful economic life of other intangibles also requires the use of estimates which may differ from actual outcomes. Details of other intangibles are disclosed in note 12, including details of the carrying amounts and remaining useful economic lives of individually material assets. The movements in Intangible assets are summarised as per note 12 with a closing net book value on the continuing business of £2,000 (2017: £nil) and discontinued £nil (2017: £11,380,000).

Impairment of assets

The Group assess annually whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of the cash-generating units (CGUs) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets of groups of assets. Where the carrying amount of an asset, or group of assets, exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The calculation of value in use of the aggregate cash-generating units, includes an estimate of the short-term (up to year three) and long-term (beyond year three up to five years) estimated growth rate of the cash-generating units, utilising historic performance information and projected growth rates. Key assumptions are volume of unit sales, average revenue per unit, manufacturing and R&D costs plus overhead assumptions. The associated cash flows are discounted to their present value using a pre-tax discount rate, flexed for different variable scenarios, that reflects current market assessments of the time value of money and the risks specific to the asset. The impairment charge for the continuing business was £nil (2017: £nil), discontinued £4.3 million (2017: £7.5 million).

Impairment of goodwill

The determination of whether or not goodwill has been impaired requires an estimate to be made of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation includes estimates about the future financial performance of the cash-generating units, including management's estimates of long-term operating margins and long-term growth rates. This calculation is performed annually each year and compared with the recoverable amount to determine impairment. The testing is only re-performed if an impairment triggering event occurs in the intervening period.

The carrying amount of goodwill and the key assumptions used in the calculation of value in use of the cash-generating units are disclosed in note 11, together with details on the impairment of goodwill in the year ended 31 March 2018. The carrying value of goodwill at 31 March 2018 is £nil following the disposal of the Video Business to Volpi Capital LLP.

Inventories

In recognising the net realisable values of inventories, Management utilises the most reliable information available at each reporting date. The future realisation of these inventories may be impacted by future developments in technologies or other market and industry driven changes that may reduce future selling prices. Management review inventories bi-annually, identifying where necessary allowances for obsolete, slow moving or defective inventories. The carrying balance of inventories as at 31 March 2018 is detailed in note 13.

Deferred consideration

In recognising the fair value of deferred consideration in respect of business combinations, contingent on future events such as revenue and profit, management make estimates as to the extent to which the maximum deferred consideration will be paid, based on weighted probability models in accordance with IFRS 3. These estimates may differ from actual outcomes.

In accordance with IAS 39 the deferred consideration is a financial asset, classified as a loan and receivable with no separable embedded derivative and is measured at amortised cost.

Following the Video Business disposal to Volpi capital LLP £2.0 million is payable subject to the Video Business securing a specific trading contract within 12 months following completion. Further amounts will become payable contingent upon the successful collection of an old debt from a customer in South East Asia and any sales of a specific category of inventory. The Board have assessed the likely amount recoverable based on the latest available information, and based on a weighted probability model, have included a contingent asset discounted at the company's weighted average cost of capital totalling £405,000, as per note 14.

Income taxes

In recognising deferred tax assets, management make estimates of the forecast future profitability of entities within the Group and the likely certainty that these forecasts will be achieved. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such determination is made. The carrying value of deferred tax is disclosed in note 8.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Payments made that are contingent on the vendors continuing to be employed by the Group are treated as remuneration and recognised within the administration cost line in the income statement. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in the income statement. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible assets

In accordance with IFRS 3 'Business Combinations', goodwill arising on the acquisition of subsidiaries is capitalised and included in intangible assets. IFRS 3 also requires the identification of other intangible assets acquired. The method used to value intangible assets is the 'Income Approach'. The Income Approach indicates the fair value of an asset based on the value of the cash flows that the asset might reasonably be expected to generate.

Other intangible assets

Intangible assets acquired from a business combination are capitalised at fair value as at the date of acquisition and amortised over their estimated useful economic life. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights. The estimated useful lives of the intangible assets are as follows:

Customer relationships – three to twelve years;

Order backlog – one to three years;

Intellectual property and Software – one to seven years;

Patents – eight years; and

Trademarks – ten years.

Amortisation is charged to administration expenses in the Consolidated Income Statement on a straight-line basis. Intangible assets, other than development costs, created within the business are not capitalised and expenditure thereon is charged to the income statement in the period in which the expenditure is incurred.

The carrying value of other intangible assets is reviewed for impairment when events or changes in circumstance indicate that it may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is estimated to be the higher of the other intangible assets fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets of groups of assets. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which it belongs.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes.

Revenue from the sale of products is recognised when the risks and rewards of ownership are transferred to the customer, which is usually at the point at which goods are delivered to the customer.

Licence income is recognised in accordance with the substance of the agreement. Revenue from licence agreements which have no significant remaining performance obligations is recognised where there is persuasive evidence that an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is probable.

Revenue arrangements may include the sale of products together with installation and/or on-going support services. Where the commercial substance of such a combination is that the individual components operate independently of each other and fair values can be attributed to each of the components, each are then recognised in accordance with their respective policies.

Revenue from support contracts is spread evenly over the period of the support contract.

Revenue derived from services billed to customers on a time and materials or fixed-price basis represents the value of work completed, including attributable profit, based on the stage of completion achieved on each project. For time and materials projects, revenue is recognised as services are performed. For fixed-price projects, revenue is recognised according to the stage of completion which is determined using the percentage-of-completion method based on the Directors' assessment of progress against key project milestones and risks, and the ratio of costs incurred to total estimated project costs. The cumulative impact of any revisions to the estimate of percentage-of-completion of any fixed-price contracts is reflected in the period in which such impact becomes known.

Revenue is presented as the gross amount billed to a customer where it is earned from revenue from the sale of goods or services as principal. Revenue is presented as the net amount retained where it is earned through a commission or fee.

Accrued income

Accrued income represents revenue recognised to date less amounts invoiced to customers. Full provision is made for known or anticipated project losses.

Trade and other receivables

Trade receivables are recognised and measured at their original invoiced amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off to the income statement when they are identified. Financial assets are initially measured at fair value and subsequently at amortised cost.

Provisions

Provisions are recognised in the statement of financial position when there is 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 and a reliable estimate can be made of the obligation; discounting at a pre-tax discount rate when the time value of money is material. Onerous contract provisions are recognised for unavoidable costs of meeting the obligations under a contract that exceed the economic benefits expected to be received under it.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position's date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position's date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Equity

Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- The Capital redemption reserve represents the difference between the proceeds received and the par value of the shares bought back by the Company.
- The Merger reserve represents the difference between the fair value and the nominal value of shares issued on the acquisition of Digital Barriers SAS (formerly known as Keeneo SAS), as merger relief was applicable to this business combination.
- The Translation reserve represents the impact of currency translation on the foreign currency net investment in Thruvision Inc and previously the foreign currency net investment in other foreign subsidiaries which were disposed of as part of the disposal of the Video Business.
- Other reserves represented the difference between the carrying value of the net assets acquired and shares issued in consideration of the acquisition of Digital Barriers Services Limited which was accounted for using the pooling of interests method, and which was disposed of as part of the disposal of the Video Business. The Profit and loss reserve represents the cumulative total profit or loss attributable to shareholders, excluding those items recognised in other reserves.

Research and development costs

Research expenditure is charged to the income statement in the year in which it is incurred.

Expenditure incurred in the development of software and hardware products for use or sale by the business, and their related intellectual property rights, is capitalised as an intangible asset only when:

- technical feasibility has been demonstrated;
- adequate technical, financial and other resources exist to complete the development, which the Group intends to complete and use;
- future economic benefits expected to arise are deemed probable; and
- the costs can be reliably measured.

Development costs not meeting these criteria are expensed in the income statement as incurred. When capitalised, development costs are amortised on a straight-line basis over their useful economic lives once the related software and hardware products are available to use. During the period of development the asset is tested for impairment annually. Development costs with a value of £nil (2017: £nil) have been capitalised in the period (see note 12).

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for any long-term construction projects if the recognition criteria are met. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repair and maintenance costs are recognised in administration expenses within the Income Statement as these costs are incurred. Depreciation is charged on the following bases to reduce the cost of the Company's property, plant, and equipment to their residual values over their expected useful lives at the following rates:

Leasehold improvements – 20% to 33% straight line;

Office furniture and equipment – 20% straight line;

Computer equipment – 33% straight line;

Motor vehicles – 25% straight line;

Demonstration stock – 20% to 50% straight line; and

Plant and Equipment – 20% to 33% straight line

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Inventories

Inventories are valued at the lower of cost and net realisable value on a first-in first-out basis. In the case of finished goods, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, an appropriate allowance is made for obsolete, slow-moving and defective inventories. In certain instances stock items are used for demonstration purposes, in this case the stock item is classified as a fixed asset and depreciated in line with the Group depreciation policy.

Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost.

Cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Non-derivative financial assets

Non-derivative financial instruments comprise cash at bank, trade and other receivables and trade and other payables. The Group initially records the financial assets on the date they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on trade date, which is the date that the Group becomes a party to the contractual provision of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of loans to related parties and trade and other receivables.

Cash and cash equivalents comprise cash balances with original maturities of three months or less.

Non-derivative financial liabilities

The Group initially recognises financial liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially

at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Foreign currency translation

The Group's consolidated financial statements are presented in Sterling, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position's date. All differences are taken to the income statement, except when hedge accounting is applied and for differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken to other comprehensive income until the disposal of the net investment, at which time they are reclassified from equity to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The assets and liabilities of foreign operations are translated into Sterling at the rate of exchange ruling at the statement of financial position's date. Income and expenses are translated at weighted average exchange rates for the period where this is a reasonable approximation of the actual rates. Where weighted average exchange rates are not a reasonable approximation of the actual rates, the actual exchange rates at the date of the transaction are used. The resulting exchange differences are recognised in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Retirement benefits

The Group operates a Group defined contribution personal pension plan for certain employees. Pension costs are calculated annually and charged to the income statement as they arise.

Share-based payments

Certain employees of the Group receive remuneration in the form of awards under a Long Term Incentive Plan ('LTIP') in the form of nil-cost options and HMRC Approved Options. The Group combines Parallel Options at nil-cost with HMRC Approved Options so that the value awarded to employees is not more than a Top-Up Award.

All awards made under the LTIP after 31 March 2015 are subject to service conditions and performance conditions that relate to revenue (with a profit related underpin) in the future. The total amount to be expensed over the vesting period of the awards is determined by reference to the fair value at the date at which the awards or options are granted and the number of awards that are expected to vest. The fair value is determined using the Black-Scholes model. Expected volatility was determined taking into account historic volatility of the Group's share price and the volatility of similar companies' share price. The number of awards expected to vest are adjusted to reflect the extent to which non-market performance and service conditions are expected to be satisfied, based on conditions prevailing at each statement of financial position's date and up to the date of vesting. At the vesting date, the cumulative expense recognised in the income statement is adjusted to take account of the number of awards and options that actually vest on the above basis. Parallel Options are valued at the difference between the value of a Top-Up Award and an HMRC Approved Option. At the date of grant, it was assumed that the non-market performance conditions would be met. Adjustments are made subsequently, where necessary, to reflect updated assessments of whether non-market performance conditions will be met.

Certain employees of the Group receive remuneration in the form of options awards under an Enterprise Management Incentive scheme ('EMI') in the form of HMRC Approved Options.

Awards made under the EMI scheme are subject to service conditions but there are no performance conditions. The total amount to be expensed over the vesting period of the awards is determined by reference to the fair value at the date at which the awards or options are granted and the number of awards that are expected to vest. The fair value is determined using the Black-Scholes model. Expected volatility was determined taking into account historic volatility of the Group's share price and the volatility of similar companies' share price. The number of awards expected to vest are adjusted to reflect the extent to which service conditions are expected to be satisfied, based on conditions prevailing at each statement of financial position's date and up to the date of vesting. At the vesting date, the cumulative expense recognised in the income statement is adjusted to take account of the number of options that actually vest on the above basis.

Certain employees of the Group receive remuneration in the form of options awards under an Unapproved Executive Share Option Scheme.

Awards under the Unapproved Share Option Scheme are subject to service conditions but there are no performance conditions. The total amount to be expensed over the vesting period of the awards is determined by reference to the fair value at the date at which the awards or options are granted and the number of awards that are expected to vest. The fair value is determined using the Black-Scholes model. Expected volatility was determined taking into account historic volatility of the Group's share price and the volatility of similar companies' share price. The number of awards expected to vest are adjusted to reflect the extent to which service conditions are expected to be satisfied, based on conditions prevailing at each statement of financial position's date and up to the date of vesting. At the vesting date, the cumulative expense recognised in the income statement is adjusted to take account of the number of options that actually vest on the above basis.

It is the intention of the Group that shares needed to satisfy awards will be purchased in the market to the extent that they are not already held by the Group's employee share trust, unless it is in the interests of the Group to issue new shares.

Certain of the Executive Directors were issued an aggregate of 217,500 Incentive Shares. The Incentive Shares only reward participants if shareholder value is created, thereby aligning the interests of the Executive Directors with those of shareholders.

The Incentive Shares carried the right to 12.5% of any increase in the value of the Company in excess of the retail prices index after 1 February 2010 (as described in note 17). The Incentive Shares do not carry any voting or dividend rights and are not transferable except in limited circumstances. The holders of Incentive Shares can realise value from the shares either by converting them into Ordinary Shares or by the Company, at its election, responding to a request to so convert the shares by choosing to redeem them. They are treated as equity-settled awards with a market vesting condition. The fair value at the date at which the Incentive Shares were acquired was determined using a Stochastic model. This original fair value (£217,500) would be recognised as a current liability on the statement of financial position as it becomes repayable if the Executive Directors left office during the market vesting period. There were nil incentive share in issue at 31 March 2018 (31 March 2017: nil).

At a General Meeting held on 27 December 2012, the terms relating to the Incentive Shares were changed, triggering a revaluation. The total amount to be expensed over the vesting period of the modified Incentive Shares has been calculated in the year by reference to the incremental fair value on 27 December 2012 of the modified Incentive Shares compared to the fair value on 27 December 2012 of the original Incentive Shares. This resulted in a charge to the Consolidated Income Statement in the year of £nil (2017: £5,000).

Employee Benefit Trust

The Thruvision Group plc Employee Benefit Trust (the 'Trust'), which purchases and holds Ordinary Shares of the Company in connection with employee share schemes, is included in the Group financial statements. Any consideration paid or received by the Trust for the purchase or sale of the Company's own shares is shown as a movement in shareholders' equity.

Operating Leases

Leases in which a significant proportion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease rentals payable or receivable are charged or credited to the income statement on a straight‑line basis over the lease term.

Adoption of new and revised International Financial Reporting Standards

The Group's accounting policies have been prepared in accordance with IFRS effective as for its reporting date of 31 March 2018.

The IASB issued amendments to four standards under Annual improvement 2012-2014 cycle together with amendments to IAS 1. These amendments had an effective date after the date of 1 January 2016 and have been applied by the Group.

These did not have a material impact on the Company's financial statements in the period of initial application.

Standards Issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.
The Group plans to adopt the new standard on the required effective date using the modified retrospective method. During 2019, the Group will perform an assessment and adoption of IFRS 15 using the clarifications issued by the IASB in April 2016.

The Directors have not yet begun to assess the impact, and therefore the impact is not yet known. During the year ended 31 March 2019, a study will be undertaken to fully understand and identify the impact on:

1. Revenue recognition, and
2. Accounting for commission on sales. The Company will be taking external legal advice and has set up a working committee to review the following:

IFRS 15 considerations	What is the issue?
Identify contracts with customers	IFRS 15, as specified by its name applies to contract with customers. Thruvision transacts both directly with customers and via third parties. There is a requirement to clearly identify who Thruvision's customer is in relation to this standard, the end customer or the third party who sold the product to the end customer
Identify each performance obligation in our contracts	Review the inclusive services and products included in the customer purchase, and identify the distinct performance obligations from the inclusive ones
Determining the transaction price	Variable consideration, rights of return as well as time value of money all need to be considered
Allocate the transaction price to the performance obligations	The transaction price will need to be allocated to each performance obligation on a stand-alone selling price basis

Recognise revenue as performance obligations are satisfied	Consideration will need to be given if revenue is recognised over time or at a point in time. Observable inputs need to be reviewed is an observable sales price is not available
Sales commission	Currently Thruvision expenses all commissions to the income statement as they are incurred. Under IFRS 15, Thruvision will be required to capitalise sales commission under certain conditions. In this case, the amortised commissions, will be matched over the period the relevant warranties and services are provided

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces:

1. IAS 17 Leases,
2. IFRIC 4 Determining whether an Arrangement contains a Lease,
3. SIC-15 Operating Leases-Incentives and
4. SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees

- leases of 'low-value' assets (e.g., personal computers) and
- short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.
IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

IFRS 16 Leases is, effective for periods commencing on or after 1 January 2019. The Directors will assess the impact of this standard and the possible impact of any leases being capitalised on the balance sheet. A full review is yet to take place. Due to the transaction in October 2017 and growth of the business this will be more appropriately reviewed during the year ended 31 March 2019. The Group's lease commitments are detailed in note 20.

IFRS 9 Financial Instruments

The new standard for financial instruments (IFRS 9) introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018. The impact of this standard is being considered by the Directors and any impact, especially around the value of debtors, is yet to be fully investigated. It will be completed in 2019.

2. Segmental information

Historically the Group has been organised into Services and Solutions. In light of the planned disposal of the Video Business when preparing the Annual Report for the year ended 31 March 2017, the directors believed that providing segment analysis that shows the Video Business as a separate segment to the Thruvision Business would aid readers of the Annual Report. Combined, the Video Business and Thruvision make up the previously reported Solutions segment. Following its disposal on 31 October 2017 the Video Business is now reported as a discontinued operation.

Until the disposal of the segment, the Group's Services Division was predominantly focused on the UK market and integrated third party technology and own product into UK Services customers. The Services Division was no longer strategic to the Group, and therefore signed an agreement for the disposal of the business on 1 April 2016.

Until the disposal of the segment, the Group's 'Video Business' Division was focused on the advanced surveillance market. This covers image and data capture (for example, unattended ground sensors), a range of processing and enhancement techniques (for example, thermal image processing, image stabilisation, and enhancing low light performance), image transmission (both wired and wireless technologies) and a range of analytics algorithms.

The Group's Thruvision Business is focused on the stand-off passive body screening technology.

In accordance with IFRS 8, the Group has derived the information for its operating segments using the information used by the Chief Operating Decision Maker and supplemented this with additional analysis to assist readers of the Annual Report to better understand the impact of the proposed divestment. The Group has identified the Board of Directors as the Chief Operating Decision Maker as it is responsible for the allocation of resources to operating segments and assessing their performance.

2. Segmental information (continued)

Historically central overheads, which primarily relate to operations of the Group function, are not allocated to the business units. On completion of the sale of the Video Business, some of these central costs transferred to the Video Business or ceased. Consistent with the reporting of the Video Business as a discontinued operation, these central costs have been classified as discontinued. Group financing (including finance costs and finance income) and income taxes are managed centrally and are not allocated to an operating segment. No operating segments have been aggregated to form the above reportable segments.

Year ended 31 March 2018

	Services	Solutions		Central		
	Services Discontinued £'00	Video Business Discontinued £'000	Thruvision Continuing £'000	Central Discontinued £'000	Central Continuing £'000	Total £'000
Total segment revenue	-	13,129	3,103	-	-	16,232
Revenue	-	13,129	3,103	-	-	16,232
Depreciation	-	218	182	-	-	400
Segment adjusted operating (loss)	-	(5,830)	(752)	(1,642)	(1,720)	(9,944)
Amortisation of intangibles initially recognised on acquisition	-	(716)	-	-	-	(716)
Share based payment charge	-	-	-	(57)	(52)	(109)
Acquisition related income	-	1,126	-	-	-	1,126
Loss on disposal and related costs	-	(4,458)	-	-	-	(4,458)
Impairment of goodwill and intangibles	-	(4,291)	-	-	-	(4,291)
Segment operating (loss)	-	(14,169)	(752)	(1,699)	(1,772)	(18,392)
Finance income	-	-	-	-	70	70
Finance costs	-	-	-	(469)	(758)	(1,227)
Segment (loss) before tax	-	(14,169)	(752)	(2,168)	(2,460)	(19,549)
Income tax (expense) (discontinued)						(92)
Loss attributable to discontinued operations						(16,429)
Loss before tax from continuing operations						(3,212)
Income tax credit (continuing)						90
Loss for the year from continuing operations						(3,122)

Year ended 31 March 2017

	Services	Solutions		Central		
	Services Discontinued £'000	Video Business Discontinued £'000	Thruvision Continuing £'000	Central Discontinued £'000	Central Continuing £'000	Total £'000
Total segment revenue	243	24,480	2,025	-	-	26,748
Inter-segment revenue	-	-	(1)	-	-	(1)
Revenue	243	24,480	2,024	-	-	26,747
Depreciation	-	385	96	-	-	481
Segment adjusted operating (loss)	(207)	(7,333)	(106)	(1,852)	(1,738)	(11,236)
Amortisation of intangibles initially recognised on acquisition	-	(1,411)	(98)	-	-	(1,509)
Share based payment charge	-	-	-	(311)	(113)	(424)

Acquisition related income	-	-	-	627	-	627
Impairment of goodwill and intangibles	-	(7,500)	-	-	-	(7,500)
Release of deferred consideration	-	-	-	2,329	-	2,329
Segment operating profit/(loss)	(207)	(16,244)	(204)	793	(1,851)	(17,713)
Finance income	-	-	-	2	1,870	1,872
Finance costs	-	-	-	(175)	(906)	(1,081)
Segment profit/(loss) before tax	(207)	(16,244)	(204)	620	(887)	(16,922)
Income tax credit (discontinued)						113
Loss attributable to discontinued operations						(15,718)
Loss before tax from continuing operations						(1,091)
Income tax credit (continuing)						129
Loss for the year from continuing operations						(962)

2. Segmental information (continued)

Analysis of revenue by customer

There have been three (2017: one) individually material customers in the Thruvision operating segment during the year. These customers individually represented £779,000, £639,000 and £576,000 of revenue for the year (2017: £1,001,000).

Other segment information

The following tables provides disclosure of the Group's continuing and discontinued revenue analysed by geographical market based on the location of the customer.

Continuing revenue

	2018 £'000	2017 £'000
Europe, Middle East and Africa	**1,286**	1,158
Americas	**413**	854
Asia Pacific	**1,404**	12
	3,103	2,024

Discontinued revenue

	2018 7 mths £'000	2017 12 mths £'000
United Kingdom	**975**	2,257
Unites States of America	**10,238**	17,171
Indonesia	**315**	1,210
Rest of World	**1,601**	3,842
	13,129	24,480

The Group's non-current assets by geography are detailed below:

	2018 £'000	2017 £'000
United Kingdom	**258**	8,945
United States of America	**22**	20,643
	280	29,588

3. Group operating loss

The Group operating loss attributable to continuing operations is stated after charging/(crediting):

	2018 £'000	2017 £'000
Operating lease rentals – land and buildings	**106**	101

Research and development costs	**505**	489
Bad debt expense	**17**	-
Depreciation of property, plant and equipment	**189**	160
Amortisation of intangible assets initially recognised on acquisition	**-**	98
Exchange differences	**(92)**	(102)

Note: as the above table is continuing operations only, deprecation and intangibles won't reconcile to their respective notes

3. Group operating loss (continued)

Auditors' remuneration

The following table shows an analysis of all fees payable to Grant Thornton UK LLP (2017: Ernst & Young LLP), the Group's auditors:

	2018 £'000	2017 £'000
Audit services		
Fees payable to the Company's auditor for the audit of the financial statements	**50**	**120**
The audit of the Company's subsidiaries	**20**	**20**
	70	**140**
Non-audit services		
Fees payable to the Company's auditor for audit related assurance services	**-**	**18**
Tax compliance services	**-**	**33**
Tax advisory services	**-**	**7**
Other assurance services	**23**	**-**
	23	**58**

Fees relate to all activities undertaken by Grant Thornton UK LLP (2017: Ernst & Young LLP) in the period, covering continuing and discontinued operations.

4. Adjusted loss before tax

An adjusted loss before tax measure has been presented as the Directors believe that this is a better measure of the Group's underlying performance. Adjusted loss is not defined under IFRS and has been shown as the Directors consider this to be helpful for a better understanding of the performance of the Group's underlying business. It may not be comparable with similarly titled measurements reported by other companies and is not intended to be a substitute for, or superior to, IFRS measures of profit. The net adjustments to loss before tax from continuing operations are summarised below:

	2018 £'000	2017 £'000
Amortisation of intangibles initially recognised on acquisition	**-**	98
Share based payment (i)	**52**	113
Financing set up costs (ii)	**263**	421
Total adjustments	**315**	632

(i) The performance condition associated with LTIP awards made from July 2015 are subject to a non-market based performance measure. Accordingly, should these LTIP awards fail to vest, the share based payment charge will be added back to the income statement. Prior to July 2015 LTIP awards were made with a market based performance measure which in the event that LTIPs fail to vest the share based payment charge is not added back to the income statement. To date the majority of historic LTIP awards have failed to vest. The inclusion provides consistency over time allowing a better understanding of the financial position of the Group.

(ii) During the year end 31 March 2017 the Group obtained a new facility, incurring legal and set up fees.

5. Loss per share

Unadjusted loss per share

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Loss from continuing operations attributable to ordinary shareholders	**(3,122)**	(962)
Loss from continuing and discontinued operations attributable to ordinary shareholders	**(19,551)**	(16,680)
Weighted average number of shares	**165,130,024**	165,120,640
Basic and diluted loss per share – continuing operations	**(1.89p)**	(0.58p)
Basic and diluted loss per share – continuing and discontinued operations	**(11.84p)**	(10.10p)

5. Loss per share (continued)

Adjusted loss per share

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Loss from continuing operations attributable to ordinary shareholders	**(3,122)**	(962)
Amortisation of intangibles	**-**	98
Share-based payment	**52**	113
Financing set up fees	**263**	421
Adjusted (loss)/profit after tax	**(2,807)**	(330)
Weighted average number of shares	**165,130,024**	165,120,640
Basic and diluted loss per share	**(1.89p)**	(0.58p)
Basic and diluted adjusted (loss)/profit per share	**(1.70p)**	(0.20p)

The inclusion of potential Ordinary Shares arising from LTIPs, EMI Options and Incentive Shares would be anti-dilutive. Basic and diluted loss per share has therefore been calculated using the same weighted number of shares. Ordinary Shares would have been issued in respect of the Incentive Share conversion. Full details of the basis of calculation is given in the Admission Document available on the Company's website. The Incentive Shares will immediately vest on change of control of the Company.

6. Goodwill

	Goodwill £'000
At 1 April 2016	23,323
Adjustment to acquisition of Brimtek value	(288)
Impairment of goodwill associated with Video Business division	(7,500)
Exchange movements	1,541
At 31 March 2017	17,076
Impairment of goodwill associated with Video Business division	(4,291)
Disposal of the Video Business division	(12,151)
Exchange movements	(634)
At 31 March 2018	**-**

Carrying amount of goodwill allocated to operating segments

	2018 £'000	2017 £'000
Video Business	**-**	17,076
Thruvision	**-**	-
	-	17,076

Goodwill acquired through business combinations has been allocated for impairment testing purposes. These segments are deemed to be the two cash-generating units ('CGUs') for impairment testing. The Group conducts annual impairment tests on the carrying value of the CGUs in the statement of financial position. Although required to perform annual impairment tests, these do not have to take place at 31 March but the test should be consistently carried out at the same time annually.

The Group carries out its annual impairment testing as at March each year. Impairment testing is only re-performed if an impairment triggering event occurs in the intervening period. As a result of the divestment the impairment review conducted at the annual testing date was revisited to ensure the outcome remained appropriate.

For continuing operations, value in use calculations are used to determine the recoverable amount of the cash-generating units. The key assumptions for the value in use calculations include the forecast revenue growth of the CGU, cost allocations, the discount rate applied and the long-term growth rate of the net operating cash flows, along with the gross margin for sales. In determining the key assumptions, management have taken into consideration the nature of the markets in which it operates, expected growth of the markets in which it operates, the ability of the CGU to exploit those opportunities and the current economic climate, the resulting impact on expected growth and pre-tax discount rates, and the pressure this places on impairment calculations.

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6. Goodwill (continued)

The Group prepares cash flow forecasts for the cash-generating unit based on the most recent three-year detailed financial forecasts. At 31 March 2017, the Video Business had not been re-classified as a disposal group held for sale, and the table below sets out the key assumptions included in the forecasts at 31 March 2017:

	Video Business
	2017
Revenue growth compound from FY17 to FY20 (years one to three) (1)	**25%**
Revenue growth from FY20 onwards (year four onwards) (2)	**2.0%**
Gross margin improvement compound from FY17 to FY20 (years one to three) (3)	**6%**
Discount rate (4)	**11.1%**

(1) Forecasts are based on an internal assessment of the strength of the CGU in the markets in which it operates with the expected growth reflecting the opportunities in its core strategic markets, sales pipeline and relationships being developed.

(2) Revenue growth of 2.0% (2006: 2.5%) is an external estimate of the UK's long-term growth rate .

(3) Gross margin is forecast to improve against FY17 as the product mix continues to evolve through the next three years to include a greater proportion of software sales together with revenues generated by the legacy Brimtek business (which attract a lower gross margin) forming a decreasing percentage of total revenues.

(4) Discount rate is based on the weighted cost of capital applying to businesses in the same sector, and reflects the current market assessments of the time value of money and of the risks specific to the cash generating units.

An impairment loss of £7.5 million arose in the year ended 31 March 2017 for the Video Business based on these base assumptions.

As indicated in the interim results announcement on 15 December 2017, on 7 October 2017 the Board signed an agreement for the disposal of the Video Business segment. Consequently the recoverable amount of the Video Business CGU in the six months ended 30 September 2017 was based on fair value less costs of disposal. As a result the carrying value of the goodwill attributable to the Video Business segment was reduced to £12,151,000 in the six months ended 30 September 2017 and an impairment charge £4,291,000 has been included in the loss attributable to discontinued operations. The goodwill balance of £12,151,000 was subsequently written off on completion of the disposal and included in the loss attributable to discontinued operations.

7. Trade and other receivables

	Gross carrying amounts	**Provision for impairment**	**Net carrying amounts**	Gross carrying amounts	Provision for impairment	Net carrying amounts
	2018	**2018**	**2018**	2017	2017	2017
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Trade receivables	**620**	**(17)**	**603**	6,388	(376)	6,012
Prepayments	**132**	**-**	**132**	616	-	616
Accrued income	**10**	**-**	**10**	168	-	168
Social security and other taxes	**41**	**-**	**41**	718	-	718
Other receivables	**443**	**-**	**443**	142	-	142
	1,246	**(17)**	**1,229**	8,032	(376)	7,656

The Group's credit risk on trade and other receivables is primarily attributable to trade receivables and amounts recoverable on contracts. Two customers represent £513,000 (2017: two customers £2,382,000) of the Group's trade receivables at 31 March 2018. There is no other significant concentration of credit risk.

The Group believes that the carrying amounts of the Group's trade receivables by the type of customer gives a fair presentation of the credit quality of the assets:

	2018 £'000	2017 £'000
Government customers	**57**	2,491
Commercial customers	**546**	3,521
	603	6,012

Trade receivables of £46,000 (2017: £2,704,000) were past due but not impaired; trade receivables of £36,000 (2017: £2,560,000) are past due and stated after reflecting a partial impairment.

7. Trade and other receivables (continued)

The movement in the provision for doubtful debts is as follows:

	£'000
At 1 April 2016	431
Provided in period	150
Utilised	(51)
Released	(158)
Foreign exchange	4
At 31 March 2017	376
Provided in period – continuing operations	17
Provided in period – discontinued operations	648
Utilised	-
Released – discontinued operations	(1,024)
Foreign exchange	-
At 31 March 2018	**17**

Trade receivables, net of an allowance of £17,000 (2017: £376,000) for doubtful debts, are aged as follows:

	2018 £'000	2017 £'000
Not due	**539**	3,308
Not more than three months past due	**35**	617
More than three months but not more than six months past due	**11**	-
More than six months past due	**18**	2,087
	603	6,012

The Group experiences credit risk which reflects its early stage of development into international markets with challenging political landscapes and sometimes protracted payment cycles. This is reflected in the provision for doubtful debts and ageing analysis and the fact that at 31 March 2017 the Group had an extended debtor in Asia Pacific, where a delayed project implementation resulted in the likely replacement of the local partner by the contracting government agency. Whilst legally contracted, fulfilled and invoiced, and government agency confirmation of their intent to continue the project and implement the Group's technology the Group elected to write down the overdue debtor. The debtor was held in the Video Business which has now been disposed of, and the net impact on the income statement was £1.9 million in the year ended 31 March 2017.

8. Trade and other payables

	2018 £'000	2017 £'000
Current		
Trade payables	**732**	5,115
Accruals	**549**	1,735
Deferred income	**106**	349
Social security and other taxes	**64**	359
Other payables	**4**	350
	1,455	7,908

On 17th October 2016 the Group replaced an existing £5.0 million secured working capital facility for export activities with a new two year £10.0 million secured revolving credit facility with Investec Bank plc. The funds available through this facility were used to meet the increasing working capital requirements of the Group's operating activities. The facility was secured by a fixed and floating charge over the Group's assets and includes covenants which were tested quarterly. The facility was not being utilised at 31 March 2017, but was utilised during the year ended 31 March 2018 prior to the disposal of the Video Business. No banking covenants were breached and waivers to covenants tests were agreed with Investec during the testing period. In addition to this secured facility, on 28 September 2017 the Group arranged an unsecured £5.25 million loan facility with Herald Investment Trust to supplement the above facility for a period of 15 months, which was not drawn on. Following completion of the Video Business the Investec facility was repaid in full and both facilities cancelled.

9. Share capital

	Number	£'000
Authorised, allotted, called-up and fully paid		
Ordinary Shares of 1 pence each		
At 1 April 2016	165,106,239	1,651
Shares issued in the year	23,785	-
At 31 March 2017	165,130,024	1,651
Shares issued in the year	-	-
At 31 March 2018	**165,130,024**	**1,651**

	Number	£'000
Authorised, allotted, called-up and fully paid		
Deferred Shares of £1 each		
At 31 March 2017	163,124	163
At 31 March 2018	163,124	163

	£'000
Total share capital	
At 31 March 2017 and 2018	**1,814**

In July 2016, 23,785 shares were issued in the year (2015: 45,329 Ordinary Shares) for nil consideration to certain employees as a bonus payment.

Of the 163,124 incentive shares outstanding as at 31 March 2015, none converted into Ordinary Shares. Initial provision had not been made in the Articles for the circumstance whereby Incentive Shares were valued at nil and did not convert into Ordinary Shares on the conversion date. On 21 September 2015, a new class of Deferred share in lieu of Incentive shares was created so that Incentive Shares which did not convert to Ordinary Shares on the relevant conversion date converted into Deferred Shares with very limited rights and value. Accordingly, 108,749 shares were converted into deferred shares of £1 each on 21 September 2015, with a further 54,375 shares on 15 February 2017.

Further details are set out in note 17.

10. Related party transactions

Remuneration

The remuneration of Directors and other members of key management, recognised in the income statement, is set out below in aggregate. Key management are defined as the Board of Thruvision Group plc and other persons classified as 'persons discharging managerial responsibility' under the rules of the Financial Conduct Authority. Currently no employees outside of the Directors are classified as 'persons discharging managerial responsibility'.

	2018 £'000	2017 £'000
Directors' remuneration	**889**	983
Pension contributions	**3**	5
	892	988

The highest paid Director received £284,000 (2017: £334,000) in the year, with £1,000 in pensions contributions (2017: £3,000). Key management compensation comprises short-term employee benefits (including national insurance) of £1,012,000 (2017: £1,119,000), pension contributions of £3,000 (2017: £5,000) and share-based payments of £66,000 (2017: £99,000).

The Directors acquired shares in the year as detailed below:

	2018 £'000	2017 £'000
Tom Black	**2,030,012**	-
Colin Evans	**1,064,346**	-
Paul Taylor	**153,838**	-

10. Related party transactions (continued)

The following deferred shares were issued to Directors.

	2018 £'000	2017 £'000
Tom Black	-	27,817
Zak Doffman	-	13,594
Colin Evans	-	13,594
	-	55,005

Other interest in shares

Other interests in shares of the Directors are included in the Remuneration report on page [40].

Loan facility

Herald Investment Trust provided the Group with a £5.25 million working capital facility as detailed in note 1. This facility was unsecured with no covenants attached to it, but otherwise was on principally the same financial terms as the Investec facility as detailed in note 15, with interest payable at 10% over 3 month Libor.

Tom Black is a member of the Herald Investment Trust Board and is also a director of Thruvision Group plc.

Herald Investment Trust holds 15,329,712 ordinary shares in Thruvision Group plc equating to 9.28% of the issued share capital of the Group.

11. Post balance sheet event

Capital reduction

On 12 March 2018, the Group announced its intention to return up to £8 million to shareholders, and in order to be able to undertake that it proposed a cancellation of the Share Premium Account and Capital Redemption Reserve. The cancellation was approved at the General Meeting held on 28 March 2018, and was subsequently confirmed by the High Court on 1 May 2018. As a result £109,078,000 and £4,786,000 was cancelled from the Share Premium Account and Capital Redemption Reserve respectively creating distributable reserves of £113,864,000.

12. Disposal group classified as held for sale

Video Business

On 7 October 2017 the Board signed an agreement for the disposal of the Video Business segment to Volpi Capital LLP for a maximum consideration payable of £27.5 million in cash of which £25.5 million was payable on completion (on a cash free/debt free basis) and the remaining £2.0 million payable subject to the Video Business securing a specific trading contract within 12 months following completion. Further amounts will become payable contingent upon the successful collection of an old debt from a customer in South East Asia and any sales of a specific category of inventory. The Board have assessed the likely amount recoverable from these contingent events as £405,000, which is included within Other Receivables (see note 14). The sale completed on 31 October 2017. The sale included a number of the Group's subsidiaries (see note 26).

The following are attributable to the disposal group:

Income statement

	2018 **7 mths** **£'000**	2017 12 mths £'000
Revenue	**13,129**	24,480
Cost of sales	**(10,603)**	(15,503)
Gross Profit	**2,526**	8,977
Expenses	**(11,240)**	(20,057)
Acquisition related income	**1,126**	627
Release of deferred consideration	**-**	2,329
Loss on disposal and exit costs	**(4,458)**	-
Pre-tax loss for discontinued operation	**(12,046)**	(8,124)
Impairment of goodwill and intangibles on valuing at fair value less costs of disposal	**(4,291)**	(7,500)
Loss before tax attributable to discontinued operation	**(16,337)**	(15,624)
Income tax credit/(expense)	**(92)**	(113)
Loss after tax attributable to discontinued operation	**(16,429)**	(15,511)

Memo:

Loss of Services division held for sale (below)	**-**	(207)
Loss after tax attributable to discontinued operations per Income Statement	**(17,130)**	(15,718)

No tax arises on disposal.

The loss arising on the disposal of the Video Business, including costs of disposal, was £4,458,000, which is included within the £17,130,000 loss as shown on the Income Statement.

12. Disposal group classified as held for sale (continued)

Breakdown of loss on disposal

	2018 £'000
Loss as disclosed on consolidated statement of cash flows (difference between net assets and net cash)	(2,085)
Contingent consideration recognised	405
Translation reserve release on disposal	(708)
Costs of disposal and exit costs	(2,070)
Loss on disposal and exit costs	(4,458)

Loss per share – discontinued operations

	Loss attributable to discontinued operations 2018 £'000	**Weighted average number of shares 2018 No.**	**Discontinued loss per share 2018 Pence**	Profit attributable to discontinued operations 2017 £'000	Weighted average number of shares 2017 No.	Discontinued profit per share 2017 Pence
Basic and diluted loss per share	**(17,130)**	**165,130,024**	**(10.37)**	(15,718)	165,120,640	(9.52)

The inclusion of potential Ordinary Shares arising from LTIPs and Incentive Shares would be anti-dilutive. Basic and diluted loss per share has therefore been calculated using the same weighted number of shares.

Cash flows

Cash flows attributable to the disposal group include:

	2018 £'000	2017 £'000
Net cash flows attributable to operating activities	**(15,459)**	(1,958)
Net cash flows attributable to investing activities	**19,245**	(256)
Net cash flows attributable to financing activities	**7,166**	(127)
Cash flows from discontinued operations	**10,952**	(2,341)

Effect of disposal on the financial position of the Group

	2018 £'000
Property, plant and equipment	520
Goodwill	12,251
Other intangible assets	10,033
Inventories	6,382
Trade and other receivables	6,651
Cash and cash equivalents	928
Trade and other payables	(15,493)
Net assets and liabilities	21,272
Consideration received, satisfied in cash	19,187
Net cash inflow	19,187
Reconciliation to cashflow note	
Net proceeds	19,187
Less net assets disposed of	(21,272)

Loss per cashflow note	2,085

12. Disposal group classified as held for sale (continued)

Included within trade and other payables disposed of was an amount of £7,635,000 drawn on the Investec facility which was directly repaid by Volpi Capital LLP on completion of the transaction.

Until the date of disposal, the trade of the Thruvision business and its assets and liabilities were undertaken as division of Digital Barriers Services Limited. As part of the disposal transaction, the assets and liabilities of the division were transferred to Thruvision Limited. The value of the net assets transferred was £2,931,000. The consideration for the transfer was £7,300,000 settled through the issue of consideration shares to Digital Barriers Services Limited. The consideration shares were then transferred to Thruvision Group plc as settlement of an outstanding amount of £7,300,000 due from Digital Barriers Services Limited to Thruvision Group plc.

Services division

On 1 April 2016 the Board signed an agreement for the proposed disposal of the Services segment to its existing management team for £1. This followed the view that the Board believed that the Services division was no longer strategic to the Group's future. The disposal group was classified as held for sale in March 2016.

The sale completed on 19 May 2016.

The sale included limited ongoing customer contracts associated with the Services segment, as well as certain assets including vehicle leases and limited stock and moveable assets. The book value of the assets transferred was £0.1 million. In connection with the sale the Group transferred the division's employees, by way of a TUPE process.

The following are attributable to the disposal group:

Income statement

	2018 £'000	2017 £'000
Revenue	**-**	243
Cost of sales	**-**	(387)
Expenses	**-**	(62)
Exit costs	**-**	(1)
Pre-tax loss for discontinued operation	**-**	(207)
Impairment of goodwill and intangibles on valuing at fair value less costs of disposal	**-**	-
Loss attributable to discontinued operation	**-**	(207)
Income tax expense	**-**	-

No tax arises on disposal.

Loss per share – discontinued operations

	Loss attributable to discontinued operations 2018 £'000	**Weighted average number of shares 2017 No.**	**Discontinued loss per share 2018 Pence**	Profit attributable to discontinued operations 2017 £'000	Weighted average number of shares 2017 No.	Discontinued profit per share 2017 Pence
Basic loss per share	**-**	**165,130,024**	**-**	(207)	165,122,209	(0.13)
Diluted loss per share	**-**	**165,130,024**	**-**	(207)	165,122,209	(0.13)

The inclusion of potential Ordinary Shares arising from LTIPs and Incentive Shares would be anti-dilutive. Basic and diluted loss per share has therefore been calculated using the same weighted number of shares.

12. Disposal group classified as held for sale (continued)

Cash flows

Cash flows attributable to the disposal group include:

	2018 £'000	2017 £'000
Net cash flows attributable to operating activities	**-**	-
Net cash flows attributable to investing activities	**-**	-
Net cash flows attributable to financing activities	**-**	-

Assets and liabilities

As at 31 March 2018 the carrying amount of assets and liabilities classified as held for sale are as follows:

	Carrying amount after classification as held for sale 2018 £'000	Carrying amount after classification as held for sale 2017 £'000
Inventories	-	-

13. Publication of non-statutory accounts

The above does not constitute statutory accounts within the meaning of the Companies Act 2006. It is an extract from the full accounts for the year ended 31 March 2018 on which the auditor has expressed an unmodified opinion and does not include any statement under section 498 of the Companies Act 2006. The accounts will be posted to shareholders on or before 10 July 2018 and subsequently filed at Companies House.