THRUVISION
PEOPLE-SCREENING

10 December 2018

Thruvision Group plc

("Thruvision" or the "Group")

Interim Results for the six months ended 30 September 2018

Thruvision (AIM: THRU) the specialist provider of people-screening technology to the international security market announces its unaudited results for the six months ended 30 September 2018.

Key Highlights

- Revenues for the six months ended 30 September 2018 of £3.2 million (H1 2018: £0.3 million)
- Operating loss before tax reduced to £(0.8) million (H1 2018: £(1.7) million).
- Additional investment in sales and engineering increased the cost base to £(2.1) million (H1 2018: £(1.7) million)
- A record number of 60 Thruvision units shipped in the first half across our four target markets (H1 2018: 3 units)
- Broad-based sales success
    - new flagship customers, including Los Angeles Metro following US Transportation Security Administration ("TSA") approval, Sony, Next plc and The Hut Group
    - repeat sales to existing customers, including Boots and Hermes
    - continued strengthening of international sales pipeline.
- Average revenue per unit (including accessories) of £52k with gross margin of 39% (H1 2018:£58K and (7%))
- £3.3 million cash returned to shareholders by way of a Tender Offer process in August 2018 reducing the number of Ordinary Shares in issue to 145,454,118
- Since 31 March 2018, completion of the formal process to separate from the Digital Barriers business that was divested in October 2017
- Cash at 30 September 2018 of £12.6 million, with cash at 7 December 2018 of £11.7 million

Summary of Results			
	30-Sep-18	30-Sep-17	FY 2018
	Unaudited	Unaudited	Audited
Number of units sold	**60**	3	57
	£'000	£'000	£'000
Revenue	**3,169**	344	3,103
Gross Profit	**1,243**	(23)	1,079
Gross Margin	**39%**	(7%)	35%
Overheads	**(2,083)**	(1,660)	(3,654)
Operating (loss)	**(840)**	(1,683)	(2,575)

Commenting on the results, Colin Evans, Managing Director of Thruvision, said:

"*We are pleased with the progress we have made in the first half of this year. We continue to deliver additional units to existing customers, and we are also winning new customers across a variety of geographies and markets, with particular success in Transportation and Loss Prevention. This, combined with our deepening relationship with TSA and the very high profile nature of the LA Metro deployment is testament to the international appeal of our solution and the scale of the opportunity ahead.*"

For further information please contact:

Thruvision Group plc Tom Black, Executive Chairman Colin Evans, Managing Director	+44 (0)1235 425 400
Investec Bank plc Andrew Pinder / Sebastian Lawrence / Patrick Robb	+44 (0)20 7597 5970
FTI Consulting LLP Matt Dixon / Harry Staight	+44 (0)20 3727 1000

About Thruvision

Thruvision Group plc is a specialist provider of people-screening technology. Using patented passive terahertz technology, Thruvision is uniquely capable of detecting metallic and non-metallic threats including weapons, explosives and contraband items that are hidden under clothing, at distances up to 10m. Addressing the growing need for fast, safe and effective security, Thruvision has been vetted and approved by the US Transportation Security Administration. More than 200 units have been deployed worldwide over the last five years for applications including mass transit and aviation security, facilities and public area protection, customs and border control and supply chain loss prevention.

www.thruvision.com

Chairman's Statement

The momentum that we saw building early in 2018 has continued in H1 2019 and has resulted in the delivery of a good performance in the first half of the year. Overall, our confidence about the size of the market opportunity has continued to increase during the period, and we made good strategic progress in positioning Thruvision to take advantage of this.

New ‘flagship’ customers, including Los Angeles Metro, Next plc and Sony, purchased Thruvision units after comprehensive testing, and repeat orders were received from customers in Asia and the UK. This, combined with the US Government’s Transportation Security Administration (“TSA”) approving Thruvision for use in the mass transport market and the start of a test programme with TSA’s Innovation Task Force looking at future airport checkpoint screening, provided the international market with an important validation of the merits of our technology.

Following the divestment of Digital Barriers to Volpi Capital in October 2017, we successfully completed the return of cash to shareholders through a Tender Offer process that completed in August 2018. During the period we also completed the formal process of separating Digital Barriers from the Group.

Outlook

With a continuing strengthening of our sales pipeline, and our production capacity increasing, 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.

Business review

Update by market segment

In our Annual Report for FY 2018, we identified four clear market segments where we believe Thruvision has strongest differentiation and the greatest opportunity for growth. We have made good progress in each of these areas as follows:

- **Loss Prevention:** screening staff for items being removed, without permission, from distribution centres or factories. With the continuing significant shift towards online retailing, we have focused on leading branded goods manufacturers and suppliers, where a clear return on investment on deploying Thruvision to reduce losses due to theft exists. In the period we added Next plc, Sony Digital Audio Distribution Company (DADC) and The Hut Group as new customers, and made further sales to two existing customers, Boots and Hermes. In October, a leading UK loss prevention association, Retail Risk, awarded Thruvision “Best Newcomer” at its 2018 Fraud Awards.
- **Customs:** screening travellers for prohibited items such as cash and drugs. We sold and delivered a second tranche of Thruvision units to an Asian Customs agency, and we supported Hong Kong Customs in installing a fourth tranche of Thruvision units on the new Hong Kong to Macau Bridge that was officially opened in the Autumn of 2018.
- **Transportation:** screening travellers for weapons in railways, subways and airports. After successfully completing two years of comprehensive TSA laboratory and operational trials, Los Angeles Metro purchased Thruvision as part of its strategy to detect and deter acts of terrorism. TSA’s Innovation Task Force also awarded us a contract to investigate the potential for using Thruvision as part of new, higher passenger throughput airport security capability. In Asia, we delivered a major order to the Philippines to strengthen its transport infrastructure against terrorist attack.
- **Entrance security:** screening visitors for weapons at entrances to high security buildings. Here, we sold and delivered two Thruvision projects in China. The first was a major new ‘Silk Road’ conference centre where fast, discreet security is required. The second project, for a Government customer, required very high levels of security assurance.

We added two new specialist value-added reseller partners covering North America and Israel and continued supporting the efforts of our partners in Hong Kong, China, South East Asia and Australia to sell and deliver Thruvision.

Brexit

The Board has considered the principal risks and uncertainties possible as a result of Brexit. The principal risks considered are sales delays, import tax, intra-EU contracts, intellectual property, and foreign currency movements. To date the Board does not consider the triggering of the Brexit process to have a material impact on the interim financial statements and ongoing operation of the business.

Engineering

Given increasing demand, we have successfully manufactured our new TSA-approved Thruvision TAC product in the US using a high-precision manufacturing partner in Florida. We also increased our overall monthly manufacturing output in line with order intake and are confident we can now sustain an average of 20 units per month, if required.

New product research and development has also continued with a new product prototype for outdoor use expected to be delivered under contract to TSA in H2 2019.

People

Overall headcount increased from 23 to 27 during the period as the Group invested in further pre-sales and engineering resource to support increased demand.

Financial review

Financial results

For the period ended 30 September 2018, revenues increased to £3.2 million (H1 2018: £0.3 million, FY 2018 £3.1 million), with 60 Thruvision units sold. (H1 2018: 3 units, FY 2018: 57 units) resulting in a reduced operating loss of £(0.8) million (H1 2018: £(1.7) million, FY 2018: £(2.5) million).

The gross margin increased to 39% (H1 2018: (7%), FY 2018: 35%) principally as a result of new product sales.

The operating loss of £(0.8) million (H1 2018: £(1.7) million, FY 2018: £(2.5) million) was achieved after further investment in our sales and engineering activities to support future revenue expansion.

Key Performance Indicators ("KPIs")

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

Financial KPIs

	30-Sep-18	30-Sep-17	FY 2018
	£'000	£'000	£'000
Revenue	**3,169**	344	3,103
Average revenue per unit	**52**	58	51
Gross Profit	**1,243**	(23)	1,079
Gross Margin	**39%**	(7%)	35%
Overheads	**(2,083)**	(1,660)	(3,654)
Operating (loss)	**(840)**	(1,683)	(2,575)

Non-financial KPIs

	30-Sep-18	30-Sep-17	FY 2018
No of units sold	**60**	3	57
Number of staff at end of period	**27**	23	23

Revenue

Thruvision revenues have increased to £3.2 million in the period to 30 September 2018 (H1 2018: £0.3 million, FY 2018 £3.1 million). Revenues from unit sales contributed £3.1 million (H1 2018: £0.2 million, FY 2018 £2.9 million), and development revenue from the US Transport Security Administration of £47k (H1 2018: £132k, FY 2018 £208k). The growth in revenues over the prior year reflects strong growth in organic unit sales in our main markets, with unit volumes increasing to 60 (H1 2018: 3 units, FY 2018: 57 units).

Revenue	**30-Sep-18**	30-Sep-17	FY 2018
	£'000	£'000	£'000
			2,895
Units	**3,122**	212	208
Development	**47**	132	
Total	**3,169**	344	3,103

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 in the future.

Gross Profit Margin

Gross margin increased to 39% in the year (H1 2018: (7%), FY 2018: 35%). The increase in gross margin compared to the prior year is primarily due to a one-off stock provision of £168k provided in the period ended 30 September 2017. The gross margin attributable to unit revenues increased from 34% (FY 2018) to 39% for the 6 months ending 30 September 2018 principally as a result of new product sales.

Gross Margin	**30-Sep-18**	30-Sep-17	FY 2018
	£'000	£'000	£'000
Unit Revenue	**3,122**	212	2,895
Unit Gross Profit	**1,225**	(80)	991
Gross margin %	**39%**	(38%)	34%
Development Revenue	**47**	132	208
Development Gross Profit	**18**	57	88
Gross margin %	**38%**	43%	42%
Overall Revenue	**3,169**	344	3,103
Overall Gross Profit	**1,243**	(23)	1,079
Gross margin %	**39%**	(7%)	35%

Loss from Operations

Losses from operations in the period were £(0.8) million (H1 2018: £(1.7) million, FY 2018: £(2.5) million), including share based payments principally driven by strong sales growth, and an overall overhead increase in the period £(2.1) million (H1 2018: £(1.7) million, FY 2018 £(3.7) million).

Thruvision continues to invest in sales and marketing activities, developing new markets and segments, whilst further investing in our engineering and manufacturing capacity including R&D. Thruvision generated foreign exchange gains of £0.1 million during the period, as a result of the movement in the GBP:USD exchange rate.

Cash Flows

Cash and cash equivalents at 30 September 2018 were £12.6 million (H1 2018: £0.1 million continuing (£2.4 million discontinuing), FY 2018: £17.6 million), reflecting £3.35 million (£3.5 million including associated fees) returned to shareholders by way of a Tender Offer process in August 2018 (reducing shares in issue to 145,454,118), and £1.5m of operating loss and working capital investment in inventory and debtors.

THRUVISION GROUP PLC
Consolidated income statement
for the six months ended 30 September 2018

	Note	**6 months ended 30 September 2018 Unaudited £'000**	6 months ended 30 September 2017 Unaudited £'000	Year ended 31 March 2018 Audited £'000
Revenue	2	**3,169**	344	3,103
Cost of sales		**(1,926)**	(367)	(2,024)
Gross profit		**1,243**	(23)	1,079
Administration costs		**(2,083)**	(1,660)	(3,654)
Other income		**5**	-	51
Operating loss		**(835)**	(1,683)	(2,524)
Finance revenue		**41**	-	70
Finance costs		**-**	(749)	(758)
Loss before tax		**(794)**	(2,432)	(3,212)
Income tax		**-**	(22)	90
Loss for the period / year from continuing operations		**(794)**	(2,454)	(3,122)
Discontinued operations				
Loss from discontinued operation (net of tax)		**(330)**	(11,329)	(16,429)
Loss for the period / year		**(1,124)**	(13,783)	(19,551)

Adjusted loss:	3			
Loss before tax from continuing operations		**(794)**	(2,432)	(3,212)
Share buyback costs		**116**	-	-
Share-based payment		**68**	35	52
Financing set up fees		**-**	263	263
Adjusted loss before tax for the period / year from continuing operations		**(610)**	(2,134)	(2,897)

THRUVISION GROUP PLC
Consolidated statement of comprehensive income
for the six months ended 30 September 2018

	6 months ended 30 September 2018 Unaudited £'000	6 months ended 30 September 2017 Unaudited £'000	Year ended 31 March 2018 Audited £'000
Loss for the period / year from continuing operations	**(794)**	(2,454)	(3,122)
Loss for the period / year from discontinued operations	**(330)**	(11,329)	(16,429)
Loss for the period / year attributable to owners of the parent	**(1,124)**	(13,783)	(19,551)
Other comprehensive (loss)/income from continuing operations			
Other comprehensive income that may be subsequently reclassified to profit and loss:			
Exchange differences on retranslation of foreign operations - discontinued	**(5)**	(926)	(694)
Reclassification to profit and loss	**-**	-	701
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(5)**	(926)	7
Total comprehensive loss attributable to owners of the parent	**(1,129)**	(14,709)	(19,544)

THRUVISION GROUP PLC
Consolidated statement of financial position
at 30 September 2018

	Note	**30 September 2018 Unaudited £'000**	30 September 2017 Unaudited £'000	31 March 2018 Audited £'000
Assets				
Non current assets				
Property, plant and equipment		**387**	407	278
Goodwill		**-**	-	-
Other intangible assets		**8**	-	2
		395	407	280
Current assets				
Inventories		**2,237**	2,359	1,813
Trade and other receivables		**1,496**	877	1,229
Current tax recoverable		**90**	145	90
Cash and cash equivalents		**12,636**	113	17,587
		16,459	3,494	20,719
Assets classified as held for resale	10	**-**	36,070	-
Total assets		**16,854**	39,971	20,999

	Note	**30 September 2018 Unaudited £'000**	30 September 2017 Unaudited £'000	31 March 2018 Audited £'000
Equity and liabilities				
Attributable to owners of the parent				
Equity share capital	6	**1,618**	1,814	1,814
Share premium		**-**	109,078	109,078
Capital redemption reserve		**-**	4,786	4,786
Merger reserve		**-**	454	-
Translation reserve		**3**	(925)	8
Other reserves		**-**	(307)	-
Retained earnings		**13,452**	(90,640)	(96,207)
Total equity		**15,073**	24,260	19,479
Non current liabilities				
Provisions		**38**	62	36
Current liabilities				
Trade and other payables		**1,743**	1,871	1,455
Provisions		**-**	28	29
		1,743	1,899	1,484
Liabilities directly associated with assets classified as held for sale	10	**-**	13,750	-
Total liabilities		**1,781**	15,711	1,520
Total equity and liabilities		**16,854**	39,971	20,999

THRUVISION GROUP PLC
Consolidated statement of changes in equity
for the 6 months ended 30 September 2018

	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 31 March 2017	1,814	109,078	4,786	454	1	(307)	(76,912)	38,914
Loss for the period	-	-	-	-	-	-	(13,783)	(13,783)
Other comprehensive income	-	-	-	-	(926)	-	-	(926)
Total comprehensive loss	-	-	-	-	(926)	-	(13,783)	(14,709)
Share-based payment credit	-	-	-	-	-	-	55	55
At 30 September 2017	1,814	109,078	4,786	454	(925)	(307)	(90,640)	24,260
Loss for the period	-	-	-	-	-	-	(5,768)	(5,768)
Other comprehensive income	-	-	-	-	933	-	-	933
Total comprehensive loss	-	-	-	-	933	-	(5,768)	(4,835)
On disposal of Video Business	-	-	-	(454)	-	307	147	-
Share-based payment charge	-	-	-	-	-	-	54	54
At 31 March 2018	1,814	109,078	4,786	-	8	-	(96,207)	19,479
Loss for the period	-	-	-	-	-	-	(1,124)	(1,124)
Other comprehensive income	-	-	-	-	(5)	-	-	(5)
Total comprehensive loss	-	-	-	-	(5)	-	(1,124)	(1,129)
Capital reduction	-	(109,078)	(4,786)	-	-	-	113,864	-
Share buyback	(196)	-	-	-	-		(3,149)	(3,345)
Share-based payment credit	-	-	-	-	-	-	68	68
At 30 September 2018	**1,618**	**-**	**-**	**-**	**3**	**-**	**13,452**	**15,073**

THRUVISION GROUP PLC
Consolidated statement of cash flows
for the 6 months ended 30 September 2018

	6 months ended 30 September 2018 Unaudited £'000	6 months ended 30 September 2017 Unaudited £'000	Year ended 31 March 2018 Audited £'000
Operating activities			
Loss before tax from continuing operations	**(794)**	(2,432)	(3,212)
Loss before tax from discontinued operations	**(330)**	(11,329)	(16,337)
Loss before tax	**(1,124)**	(13,761)	(19,549)
Non-cash adjustment to reconcile loss before tax to net cash flows			
Depreciation of property, plant and equipment	**77**	257	400
Amortisation of intangible assets	**1**	616	716
Impairment of goodwill	**-**	4,291	4,291
Share-based payment transaction expense	**68**	55	109
Unrealised gains on foreign exchange	**6**	(71)	62
Realisation of foreign exchange losses on disposal of Video Business	**-**	-	708
Disposal of fixed assets	**29**	26	(5)
Loss on disposal of Video Business	**-**	-	2,085
Recovery of purchase consideration	**-**	(1,126)	(1,126)
Finance income	**(41)**	-	(70)
Finance costs	**-**	1,126	1,227
Non-cash consideration	**-**	-	7,635
Non-cash settlement of borrowings – repayment of loan out of disposal proceeds	**-**	-	(7,635)
Working capital adjustments:			
Decrease in trade and other receivables	**(267)**	1,119	(109)
Decrease / (increase) in inventories	**(424)**	466	(108)
Increase / (decrease) in trade and other payables	**208**	795	370
Increase / (decrease) in deferred revenue	**82**	626	762
Decrease in provisions	**(27)**	(28)	(54)
Cash utilised in operations	**(1,412)**	(5,609)	(10,291)
Tax received	**-**	617	762
Net cash flow from operating activities	**(1,412)**	(4,992)	(9,529)
Investing activities			
Purchase of property, plant & equipment	**(213)**	(65)	(196)
Expenditure on intangible assets	**(7)**	(9)	(2)
Interest received	**41**	-	70
Cash proceeds from disposal of Video Business	**-**	-	19,187
Cash balance in Video Business at disposal	**-**	-	(928)
Recovery of purchase consideration	**-**	1,126	1,126
Net cash flow from investing activities	**(179)**	1,052	(19,257)
Financing activities			
Share buyback – reduction in share capital	**(3,345)**	-	-
Proceeds from borrowings	**-**	5,442	7,635
Finance costs	**-**	-	(741)
Net cash flow from financing activities	**(3,345)**	5,442	6,894
Net increase / (decrease) in cash and cash equivalents	**(4,936)**	1,502	16,622
Cash and cash equivalents at beginning of period / year	**17,587**	1,002	1,002
Effect of foreign exchange rate changes on cash and cash equivalents	**(15)**	24	(37)
Cash and cash equivalents at end of period / year	**12,636**	2,528	17,587

Reconciliation of net cash and cash equivalents			
Cash and cash equivalents (disclosed within current assets)	**12,636**	113	17,587
Cash held by disposal group (disclosed within assets classified as held for resale)	**-**	2,415	-
Net cash and cash equivalents at end of period / year	**12,636**	2,528	17,587

1. Accounting policies

Basis of preparation

The consolidated interim financial statements include those of Thruvision Group plc and all of its subsidiary undertakings (together “the Group”) drawn up at 30 September 2018, and have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as adopted for use in the European Union (“EU”). The consolidated interim financial statements have been prepared using accounting policies and methods of computation consistent with those applied in the consolidated financial statements for the period ended 31 March 2018.

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

Accounting policies

The annual consolidated financial statements of the Group are prepared on the basis of International Financial Reporting Standards (“IFRS”). The consolidated interim financial statements are presented on a condensed basis as permitted by IAS 34 and therefore do not include all the disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the most recent Annual Report and Accounts which were approved by the Board of Directors on 25 June 2018 and have been filed with Companies House. The condensed interim financial statements do not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and are unaudited for all periods presented. The financial information for the 12-month period ended 31 March 2018 is extracted from the financial statements for that period. The auditors’ report on those financial statements was unqualified and did not contain an emphasis of matter reference and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The half year results for the current period to 30 September 2018 have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance of Review of Interim Financial Information.

The comparative statement of comprehensive income has been re-presented as if an operation discontinued during the prior year had been discontinued from the start of the comparative year.

Adoption of new and revised International Financial Reporting Standards

The Group’s accounting policies have been prepared in accordance with IFRS effective as at its reporting date of 30 September 2018. The IASB issued amendments to 4 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 Group’s financial statements in the period of initial application.

Standards Issued

The standards and interpretations that are issued up to the date of issuance of the Group’s interim financial statements are disclosed below. The Group has adopted these standards, if applicable, when these became effective. Further details are disclosed in the 31 March 2018 Annual Report available on the Group’s website: thruvision.com

IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers

Management have conducted an assessment of IFRS 9 and IFRS 15 using the modified retrospective method. The Directors have assessed the impact of IFRS 15 with the study focussing on:

- revenue recognition; and
- accounting for commission on sales.

The assessment for both IFRS 9 and IFRS 15 show these haven’t materially impacted the Group’s financial results for the interim period to 30 September 2018.

IFRS 16 Leases

Management have assessed the impact of IFRS 16 and have concluded this will materially impact the value of Property, plant and equipment and Lease liabilities on the Balance Sheet. The impact has not been reflected in these interim results and will be completed in advance and included in the full year results to 31 March 2019 using the modified retrospective method. The Group’s lease commitments are detailed in Note 20 in the 31 March 2018 Annual Report.

1. Accounting policies (continued)

Going concern
The Group's loss before tax from continuing operations for the period was £0.8 million (H1 2018: £2.5 million, FY 2018 £3.1 million). As at 30 September 2018 the Group had net current assets of £14.7 million (31 March 2018: £19.2 million) and net cash reserves of £12.6 million (31 March 2018: £17.6 million).

The Board has reviewed cash flow forecasts for the period up to and including 31 December 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. However, 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.

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.

2. Segmental information

During the period ended 30 September 2017 the directors believed that providing segment analysis that showed the Video Business as a separate segment to the Thruvision Business would aid readers of the Financial Statements. The Video Business was subsequently disposed of on 31 October 2017, and as a result at 30 September 2017 the Video Business was classified as an asset held for sale, and has since been reported as a discontinued operation.

Until the disposal of the segment, the Group's 'Video Business' Division was focused on the advanced surveillance market. This covered 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 continuing Thruvision Business is focused on stand-off passive body scanning technology.

In accordance with IFRS 8, the Group 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 identified the Board of Directors as the Chief Operating Decision Maker as the Board is responsible for the allocation of resources to operating segments and assessing their performance.

Historically central overheads, which primarily relate to operations of the Group function, are not allocated to the business units. Following 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 were 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.

2. Segmental information (continued)

	6 months ended 30 September 2018				
	Solutions		Central		
	Video Business Discontinued Unaudited £'000	Thruvision Continuing Unaudited £'000	Central Discontinued Unaudited £'000	Central Continuing Unaudited £'000	Total Unaudited £'000
Revenue	-	3,169	-	-	3,169
Depreciation	-	77	-	-	77
Segment adjusted operating loss	-	(295)	-	(356)	(651)
Share based payment charge	-	(19)	-	(49)	(68)
Share buyback costs	-	-	-	(116)	(116)
Discontinued exceptional costs	(95)	-	-	-	(95)
Release of deferred consideration	-	-	(235)	-	(235)
Segment operating loss	(95)	(314)	(235)	(521)	(1,165)
Finance income	-	-	-	41	41
Segment loss before tax	(95)	(314)	(235)	(480)	(1,124)
Loss attributable to discontinued operations					(330)
Loss before tax from continuing operations					(794)
Income tax expense					-
Loss for the period from continuing operations					(794)

Following a review of key management time spent on the Thruvision segment, an increased cost has been allocated to the Thruvision segment, with a corresponding reduced cost being allocated to Central costs. This better reflects the actual time spent on developing the business following the conclusion of the sale of the Video Business, and is in line with how the management accounts have been presented internally since 1 April 2018.

	6 months ended 30 September 2017					
	Services	Solutions		Central		
	Services Discontinued Unaudited £'000	Video Business Discontinued Unaudited £'000	Thruvision Continuing Unaudited £'000	Central Discontinued Unaudited £'000	Central Continuing Unaudited £'000	Total Unaudited £'000
Total segment revenue	-	11,228	344	-	-	11,572
Revenue	-	11,228	344	-	-	11,572
Depreciation	-	173	84	-	-	257
Segment adjusted operating loss	-	(4,994)	(864)	(1,377)	(784)	(8,019)
Amortisation of intangibles initially recognised on acquisition	-	(616)	-	-	-	(616)
Share based payment charge	-	-	-	(20)	(35)	(55)
Acquisition related income/(costs)	-	1,126	-	-	-	1,126
Restructuring costs	-	(779)	-	-	-	(779)
Impairment of goodwill and intangibles	-	(4,291)	-	-	-	(4,291)
Segment operating loss	-	(9,554)	(864)	(1,397)	(819)	(12,634)
Finance costs	-	-	-	(378)	749)	(1,127)
Segment loss before tax	-	(9,554)	(864)	(1,775)	(1,568)	(13,761)
Loss attributable to discontinued operations						(11,329)
Loss before tax from continuing operations						(2,432)
Income tax expense						(22)
Loss for the year from continuing operations						(2,454)

	12 months ended 31 March 2018					
	Services	Solutions		Central		
	Services Discontinued Unaudited £'000	Video Business Discontinued Unaudited £'000	Thruvision Continuing Unaudited £'000	Central Discontinued Unaudited £'000	Central Continuing Unaudited £'000	Total Unaudited £'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 before tax from discontinued operations						(16,429)
Loss before tax from continuing operations						(3,212)
Income tax credit						90
Loss for the year from continuing operations						(3,122)

Analysis of revenue by customer

There have been two (H1 17: three) individually material customers during the period representing £1,826,000 of revenue (H1 17: £307,000).

	30 September 2018 Unaudited £'000	30 September 2017 Unaudited £'000	31 March 2018 Audited £'000
Asia Pacific	**2,287**	(10)	1,404
Europe, Middle East and Africa	**518**	116	1,286
Americas	**364**	238	413
	3,169	344	3,103

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

	30 September 2018 Unaudited £'000	30 September 2017 Unaudited £'000	31 March 2018 Audited £'000
United Kingdom	**369**	407	258
United States of America	**26**	-	22
	395	407	280

3. Adjusted loss before tax

An adjusted loss before tax measure has been presented as the Directors believe that this is a more relevant 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:

	6 months ended 30 September 2018 Unaudited £'000	6 months ended 30 September 2017 Unaudited £'000	Year ended 31 March 2018 Audited £'000
Share buyback costs (i)	**116**	-	-
Share-based payment (ii)	**68**	35	52
Financing set-up costs (iii)	**-**	263	263
Total adjustments	**184**	298	315

(i) On 24 July 2018 a Special Resolution was passed to allow the Group to repurchase up to 47,000,000 ordinary shares at 17p each. The legal and professional fees incurred in connection with the repurchase of shares have been split out from continuing costs.

(ii) 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. Historic LTIP awards have been 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.

(iii) On 28 September 2017 the Group arranged an unsecured £5.25 million loan facility with Herald Investment Trust, incurring legal and set up fees.

4. Loss per share

The following reflects the loss and share data used in the basic and diluted loss per share calculations:

	6 months ended 30 September 2018 Unaudited £'000	6 months ended 30 September 2017 Unaudited £'000	Year ended 31 March 2018 Audited £'000
Loss from continuing operations attributable to ordinary shareholders	**(794)**	(2,454)	(3,122)
Loss from continuing and discontinued operations attributable to ordinary shareholders	**(1,129)**	(13,783)	(19,551)
Weighted average number of shares	145,454,118	165,130,024	165,130,024
Basic and diluted loss per share – continuing operations	**(0.55p)**	(1.49p)	(1.89p)
Basic and diluted loss per share – continuing and discontinued operations	**(0.78p)**	(8.35p)	(11.84p)

4. Loss per share (continued)

	6 months ended 30 September 2018 Unaudited £'000	6 months ended 30 September 2017 Unaudited £'000	Year ended 31 March 2018 Audited £'000
Loss from continuing operations attributable to ordinary shareholders	**(794)**	(2,454)	(3,122)
Share buyback costs	**116**	-	-
Share-based payment	**68**	35	52
Financing set up fees	**-**	263	263
Adjusted (loss)/profit after tax	**(610)**	(2,156)	(2,807)
Weighted average number of shares	145,454,118	165,130,024	165,130,024
Basic and diluted loss per share	**(0.55p)**	(1.49p)	(1.89p)
Basic and diluted adjusted (loss)/profit per share	**(0.42p)**	(1.31p)	(1.70p)

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

5. Goodwill

Carrying amount of goodwill allocated to operating segments:

	6 months ended 30 September 2018 Unaudited £'000	6 months ended 30 September 2017 Unaudited £'000	Year ended 31 March 2018 Audited £'000
Video Business	**-**	12,151	-
Thruvision	**-**	-	-
Goodwill	**-**	12,151	-

Historically the Group was organised into Services and Solutions. In light of the completed disposal of the Video Business on 31 October 2017, the directors believed that providing segment analysis that showed the Video Business as a separate segment to the Thruvision Business would aid readers of the Financial Statements. Combined, the Video Business and Thruvision made up the previously reported Solutions segment. Consequently goodwill acquired through business combinations has been allocated for impairment testing purposes. These segments were 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 as at 28 February each year. Impairment testing is only re-performed if an impairment triggering event occurs in the intervening period. As a result of the proposed divestment the impairment review conducted at the annual testing date was revisited in the Annual Report for the year ended 31 March 2018.

Following the classification of the disposal group as held for sale, the recoverable amount of the Video Business CGU as at 30 September 2017 was based on fair value less costs of disposal. Fair value was assessed based on the agreed consideration for the Video Business, and as a result an impairment of £4.3 million in the carrying amount of goodwill was required.

The movement in goodwill in the prior period is a result of foreign exchange movement (decrease £0.6m) and the impairment of £4.3m.

6. Issued share capital

On 15 August 2018 the Group repurchased 19,675,906 Ordinary shares at 17p per share for a total consideration of £3,345k.

As at 30 September 2018, there were 145,454,118 Ordinary Shares in issue (30 September 2017: 165,130,024, 31 March 2018: 165,130,024). In addition, there were 163,124 Deferred Shares in issue (31 March 2018 and 30 September 2017: 163,124).

7. Share options

The following share awards were granted in the six month period ended 30 September 2018:

	EMI Approved Options	Sharesave options
Grant date	28 Aug 2018	21 Sept 2018
Number granted	360,000	1,443,600
Fair value per option/award	13.47p	9.46p
Exercise price	25.00p	20.00p
Vesting period (years)	3.0	3.0

The vesting and exercise of EMI share awards and Sharesave option awards are not subject to performance conditions.

The share-based payment charge in the period amounts to £68k (H1 2018: £35k, FY 2018: £52k), with the fair value charge attributable to new awards in the period determined using a Black Scholes calculation. Share option awards made prior to 2015 have been 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 these historic LTIP awards have failed to vest.

8. Related Party Transactions

As noted in note 7 above, on 21 September 2018 Sharesave Options were offered to employees as well as Directors of the Business. The following sharesave options with a vesting date of 1 November 2021 were taken up by Directors of the Group:

	Sharesave Options	Exercise Price
Tom Black	90,000	20.00p
Colin Evans	90,000	20.00p

9. Financial instruments

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group had one Level 2 financial liability of £30k (H1 2018: £nil, FY 2018 £nil) as a result of a financial swap measured at fair value. The fair values of other financial assets and liabilities, which are short term, are not disclosed as the Directors estimate that the carrying amount of the financial assets and liabilities are not significantly different to their fair value. These financial assets and liabilities are carried at amortised cost.

10. Disposal group classified as held for sale

Video Business

As reported in the 2017 Annual Report, the Board undertook a far-reaching internal review of the Group in early 2017. As a result of the review, the Board concluded that a sale of the Video Business would be in the best interests of the Group. A sale process was undertaken, managed by Investec Bank plc, which involved approaching a full range of potential trade and financial buyers. Following a multi-staged and competitive process, the Board received a number of indicative offers from interested parties. The disposal group was classified as held for sale in September 2017.

The sale completed on 31 October 2017.

In the six months ended 30 September 2018 revenues attributable to the disposal group amounted to £nil (H1 2018: £11.2 million, FY 2018: £13.1 million) with a loss attributable to the disposal group of £0.4 million (H1 2018: £11.3 million, FY 2018: £16.4 million).

The basic and diluted loss per share from discontinued operations for the six months ended 30 September 2018 is 0.22 pence (H1 2018: 6.86 pence, FY 2018: 9.52 pence) based on 145,454,118 (H1 2018 and FY 2018: 165,130,024) weighted average shares in issue. The inclusion of potential Ordinary Shares arising from LTIP awards would be anti-dilutive. Basic and diluted loss per share has therefore been calculated using the same weighted number of shares.