Annual Report and Accounts 2018

Highlights of the year

- 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 4 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: £17.1 million);

- Process to return up to £8.0 million of cash to Shareholders through tender offer, expected to take place over summer 2018.

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 5 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 2 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 4 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 3-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 reference ability, and enhanced management focus fed through. A total of 57 units were shipped in the year, with 54 of these in the 5-month period from October. These were spread reasonably evenly across our 4 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 3 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 4 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 4 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 fulfil 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 £'000	2017 £'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 £'000**	2017 £'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 from 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 £'000**	2017 £'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.

Overheads	**2018 £'000**	2017 £'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.

Continuing operations	**Year ended 31 March 2018 £'000**	Year ended 31 March 2017 £'000
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	**(17,130)**	(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 cash flow from operating activity	**(9,529)**	(8,437)
Net cash flow from investing activities	**19,257**	(485)
Net cash flow 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe the following risks to be the most significant for the Group. However, the risks listed do not necessarily comprise all those associated with the Group. In particular, the Company's performance may be affected by changes in market, political or economic conditions and in legal, regulatory and tax requirements.

If any of the following risks were to materialise, the Company's business, financial condition, results or future operations could be materially adversely affected. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial may also have an adverse effect upon the Company.

RISKS RELATING TO THE GROUP'S BUSINESS

INTERNATIONAL EXPANSION

The Group's future success will depend in part on its ability to continue sell and expand its operations internationally, requiring the Group to ensure any impact from BREXIT is considered and mitigated. Such expansion is expected to place significant demands on management, support functions, accounting, financial control, sales, marketing and other resources and would involve a number of risks, including:

- developing good relationships with customers and partners, and exploiting these to deliver sales of the Group's capabilities;
- ensuring capabilities are delivered successfully to customers and partners, obtaining appropriate contractual sign-off and maintaining good levels of customer satisfaction;
- recruiting appropriately skilled staff;
- putting in place appropriate governance and controls, including meeting appropriate legal and financial obligations;
- ensuring the Group obtains export licenses and is compliant with appropriate export control legislation; and
- increased working capital requirements.

Mitigation
A robust recruitment process is in place for all Group employees ensuring that required skills are available to the Group to facilitate international sales and expansion.

An international sales operation, targeting key geographies and partners, is in place to ensure that the major markets and customers are identified and addressed. The sales pipeline is monitored on a weekly basis in order that sales performance below expectation can be identified and actions taken quickly to rectify the position.

A formal management structure to ensure that managers have responsibility for project delivery, cash collections, governance and compliance is in place throughout the Group with a formal reporting structure into the Board to ensure that issues are identified early and remedial action taken where appropriate.

DEPENDENCE UPON KEY INTELLECTUAL PROPERTY

The Group's success depends in part on its ability to protect its rights in its intellectual property. It may be possible for third parties to obtain and use the Group's intellectual property without the Group's authorisation and as such the Group may become involved in litigation which could be costly and time consuming.

Mitigation
The Group relies upon various intellectual property protections, including patents, copyright, trademarks, trade secrets and contractual provisions to preserve its intellectual property rights. These are reviewed regularly to ensure the Group is adequately protected in the most appropriate manner at all times.

COMPETITION

The Group has experienced, and expects to continue to experience, competition from a number of companies. This competition may take the form of new products and services that better meet industry needs and competitors who respond more quickly to client requirements. In addition, competitors may have greater financial or technical resources than the Group.

Mitigation
A careful watching brief is maintained on competitors to enable the Group to react quickly to any change in circumstance or technical developments. In addition, we work closely with our clients to ensure that we understand their requirements and market dynamics to ensure existing products are being developed and utilised in new and innovative ways to meet client needs and achieve differentiation.

AVAILABILITY OF CAPITAL AND CASH FLOW

In order to enable the Company to progress through further stages of development it may be desirable for the Company to raise additional capital and there can be no assurance that such funding, if required, will be available to the Company. The availability of long or short-term bank debt will depend on the Company's progress with stated strategy and trading prospects.

Mitigation
At 31 March 2018, cash of £17.6 million is available to the Group from its own resources. The Company currently intends to return up to £8 million to Shareholders in the coming months. This will be implemented through either a tender offer or an on-market buyback programme, or a combination of the two. It is expected that the remaining cash will be sufficient to fulfil the short to medium term needs of the Group.

KEY MANAGEMENT AND EMPLOYEES

The Group depends on the Directors and other senior managers with specific sector and industry knowledge, and in addition on the recruitment and retention of the services of its key technical, sales, marketing and management personnel. Competition for such personnel can be intense, and the Group cannot give assurances that it will be able to attract or retain such staff.

Mitigation
The Remuneration Committee annually reviews the appropriate remuneration structure and median market levels in respect of the Executive Directors and senior managers. It has also met recently to update the Company's remuneration policy to ensure it remains competitive and aligned with our objectives.

A robust recruitment process is in place for all Group employees ensuring that required skills are available to the Group. In addition, an internal performance review process has been established to ensure, as far as possible, that employees are motivated and that suitable remuneration structures are in place.

MANUFACTURING CAPABILITY

The Group's manufacturing capability is based at its Oxfordshire facility and loss of this facility would cause a short-term impact on the ability to manufacture and hence deliver Thruvision units. In addition, should a significant increase in demand be experienced the Group would need to scale the manufacturing capability to meet this demand.

Mitigation
Where possible, subsystems are outsourced to third parties and a number of different manufacturing partners have been engaged. It is planned to invest resource in the coming year to identify additional manufacturing partners so that the loss of any one facility or partner or a significant increase in demand would not have a significant effect of the Group's ability to manufacture and deliver Thruvision products or meet market demand.

DELIVERY

The reputation of the Group depends on effective and timely delivery of its products and services to clients. Technology failure, supplier failure, a performance failure by a local country partner, availability of key components and/or failure to deliver promised services in a timely and efficient manner in accordance with the contract terms could have a significant impact on the reputation and hence future growth of the Group.

Mitigation
In accordance with the tender process all potential contracts are subject to risk assessment to ascertain technical complexity, IP compatibility, available internal and external resource and delivery timescale. A project plan is formulated to ensure that, should the contract be obtained, the Group is able to deliver the project in accordance with the contract terms.

FOREIGN BUSINESS, POLITICAL AND ECONOMIC RISKS

The successful penetration of overseas markets by the Group may take longer than the Directors currently expect.

The Group contracts and expects to contract with various entities from around the world including prime system integrators, value added resellers and directly with overseas clients. As a result, the Group is exposed to foreign business, political and economic risks including managing customer and supplier relationships from outside of their jurisdiction, political and economic instability, less developed infrastructures, interest rate and currency instability, exposure to possible litigation in foreign jurisdictions, competition from foreign-based service providers and the existence of protectionist laws and business practices that favour such providers.

Mitigation
Prior to the acceptance of an overseas contract, a detailed review, in accordance with the delegated authority schedule is undertaken to ensure the risks are identified and mitigated where possible. It is anticipated that the proportion of the Group's business contracted in currencies other than Sterling will increase, making consolidated results and net assets more subject to exchange rate fluctuations. Translation movements are not formally hedged but the Group's policy intends to naturally hedge material transactions in foreign currencies.

GOVERNMENT SPENDING

A significant portion of the Group's revenues are generated from international central government agencies. Continued pressures on Government spending within certain territories may materially and adversely affect the Group's business, operating results or financial condition.

Mitigation
It is the strategy of the Group to widen the client base, on a global basis, to diversify Group revenue whilst maintaining appropriate relationships with central government both within the UK and in other territories.

CLAIMS BY THIRD PARTIES

While the Directors believe that the Group's products and other intellectual property do not infringe upon the proprietary rights of third parties, there can be no assurance that the Group will not receive infringement claims from third parties which could be both costly and time consuming.

Mitigation
Where appropriate the Group will confirm the validity of its intellectual property via patent and trademark searches and will robustly defend such claims if appropriate.

SYSTEM FAILURES AND BREACHES OF SECURITY

The successful operation of the Group's business depends upon maintaining the integrity of the Group's computer, communication and information technology systems which are vulnerable to damage, breakdown or interruption from events which are beyond the Group's control.

Mitigation
All systems are backed up on a regular basis and appropriate investment is made in the infrastructure of systems within the Group to maintain appropriate standards of integrity and security.

The Strategic Report on pages 2 to 12 has been approved by the Board and signed on its behalf:

Ian Lindsay
Finance Director

25 June 2018

Directors’ biographies

Tom Black, (58) Executive Chairman

Tom was appointed a Director on 8 February 2010 and is the Executive Chairman of Thruvision Group plc. Prior to joining the Company, Tom spent over 20 years with Detica Group plc, following studies at the Universities of Strathclyde and Oxford. He was appointed Chief Executive in 1995 and led the £12 million management buyout of Detica in 1997 and the Group’s flotation on the London Stock Exchange in April 2002. He then oversaw the acquisition of Detica by BAE Systems in 2008 for £538 million, at which time Detica was a business with revenues of over £200 million and around 1,600 staff. He is currently a Non-Executive Director of Adept 4 plc, and Herald Investment Trust plc, a Director of Grantdean Ltd and a Trustee of the Black Family Charitable Trust. Tom is a member of the Remuneration, Nomination and Audit Committees of Thruvision Group plc.

Colin Evans, (50) Managing Director

Colin was appointed a Director on 8 February 2010 and leads the engineering, operations and sales teams at Thruvision. Colin has 22 years’ experience working in the defence and homeland security industry, delivering complex technology systems, managing relationships with other technology partners and system integrators, and optimising internal delivery processes. Prior to joining Thruvision, Colin spent 15 years with Detica Group plc, where he was Group Chief Operating Officer.

Ian Lindsay, (38) Finance Director

Ian was appointed a Director on 1 March 2018 and leads the finance team at Thruvision. He is a member of the Institute of Management Accountants having qualified in 2006. Ian has significant finance and commercial experience in the technology sector following senior finance roles at BT Openreach, Virgin Media and Vodafone. Ian joined Thruvision from BT Openreach where he was Senior Head of Finance for 2 years.

Paul Taylor, (53) Non-Executive Director

Paul was appointed a Non-Executive Director on 1 April 2012. He is a qualified Certified Accountant who started his career at Price Bailey Partners in 1986 and has subsequently served in a number of senior finance roles. Paul has spent most of his career at AVEVA Group plc and served as Group Finance Director from March 2001 to December 2010. During this period, revenues increased from £28 million to £164 million, resulting in pre-tax profit of £63 million and a market capitalisation of over £1 billion. He is currently Non-Executive Director, Chairman of the Audit Committee Senior Independent Director and Chairman of the Remuneration Committee of Ubisense Group plc and a Trustee of the CAD Centre Pension Fund. Paul is Chairman of the Audit, Remuneration and Nomination Committees of Thruvision Group plc.

John Woollhead, (57) Company Secretary

John was appointed Company Secretary on 13 April 2010 and is responsible for the core Company Secretarial function within the Group. John qualified as a Chartered Secretary in 1987 and has previously acted as Company Secretary to Eve Group plc, Peterhouse Group plc and Detica Group plc. John is Secretary to the Board and acts as Secretary to the Board Committees.

Directors' report

The Directors of Thruvision Group plc (the 'Company') present the Annual Report to Shareholders together with the audited financial statements of the Company and its subsidiaries for the year ended 31 March 2018.

The purpose of the Annual Report is to provide information to members of the Company. The Company, its Directors, employees, agents and advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. It contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those currently anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and except to the extent required by applicable regulations or by law, the Group undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast or guarantee of future results.

The Company is committed to appropriate standards of corporate governance as an efficient and effective approach to managing the Company and its subsidiaries.

The Company is not required to comply with the 2016 UK Corporate Governance Code (the 'Code') given the Company is listed on the AIM market of the London Stock Exchange. However, the Directors have agreed to adopt many of the principles contained in the Code.

Name

On 31 October 2017 the Company changed its name from Digital Barriers plc to Thruvision Group plc.

Principal activities

The principal activities of the Group are currently the development and sale of passive people screening technology to the global security market. Further information can be found within the Business review Section on pages 5 to 6.

Going concern

The Group and Company's business activities, together with factors likely to affect future development, performance and position are set out in the Strategic report incorporating the Chairman's statement on pages 2 to 6, the update on strategy on page 4, the Business review on pages 5 to 6 and the review of principal risks and uncertainties on pages 10 to 12. The financial position, cash flows and liquidity position are described in the Financial review on pages 7 to 10. In addition, Note 19 of the financial statements include the Group and Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group's net loss for the year was £19.5 million (2017: £16.7 million). As at 31 March 2018, the Group had net current assets of £19.2 million (2017: £10.0 million) and net cash reserves of £17.6 million (2017: £1.0 million).

The impact of the sale of the Video Business on the net loss, net current assets and cash position at the year-end is detailed in Note 25.

On 31 October 2017 the Group disposed of the entities comprising the Video Business of the Group. As a result, net cash received amounted to £16.3 million following the settlement of outstanding debt with Investec and fees relating to the transaction. It is anticipated that this cash will be used to maintain a strong balance sheet to instil customer confidence and allow maximum trading flexibility. However, this will not require the entire cash reserves and it is the Board's current intention to return up to £8 million of surplus cash to Shareholders in due course. This will be implemented through either a tender offer or an on-market buyback programme, or a combination of the two. It is not currently envisaged that the business will make any acquisitions with its cash reserves.

The Board has reviewed the cash flow forecasts for the period up to and including 30 September 2019. These forecasts and projections take into account not only the proposed return of funds to Shareholders but also 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 our 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 financial statements.

Given the above, the Board confirms that it has a reasonable expectation that the Group will continue as a going concern. Therefore, these financial statements have been prepared on this basis and do not contain any adjustments that would result if the Group were unable to continue as a going concern.

Group results

The Group's Consolidated income statement set out on page 45 shows a loss before tax from continuing operations for the year of £3.2 million (2017: £1.0 million), and a loss for the year of £19.6 million (2017: £16.7 million).

Dividends

The Directors are not recommending a dividend in respect of the year ended 31 March 2018 (2017: £nil).

Governance

Thruvision Group plc is committed to maintaining high standards of corporate governance. The Group is not bound by the provisions of the Code, given it is listed on AIM. However, the Board endeavours, so far as is practicable, to comply with many of the principles of the Code. During the year under review, the Board has maintained the internal controls and processes to ensure as far as possible compliance with the Code.

Following the disposal of the Video Business the Board has only 1 Independent Non-Executive Director. This is not in accordance with the Code or the Quoted Companies Alliance Corporate Governance code applicable to smaller businesses. However, due to the nature and complexity of the business and its current stage of development the Board has satisfied itself that it has the right balance of Board membership at this time. It is anticipated that the composition of the Board will be reviewed again later in the year.

Further explanation of the high-level corporate governance principles is given in the Corporate governance Section of this report on pages 21 to 28 and in connection with Directors' remuneration in the relevant Section of the Remuneration report on pages 29 to 36.

It is the responsibility of the Board to prepare the annual report and accounts. The Board considers that the annual report and accounts, when taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

Share capital

The issued Share capital of the Company, together with details of movements in the Company's issued Share capital during the financial period, are shown in Note 16 to the financial statements. As at the date of this report, 165,130,024 Ordinary Shares of 1 pence each ('Ordinary Shares') were in issue and fully paid with an aggregate nominal value of £1,651,300. In addition, 163,124 Deferred Shares of £1 each ('Deferred Shares') were in issue and fully paid with an aggregate nominal value of £163,124. It is anticipated that the Deferred Shares will be transferred to the Company and subsequently cancelled in the coming year.

At the date of this report no Incentive Shares were in issue.

On 28 August 2013, the Company was granted a Blocklisting authority over 600,000 Ordinary 1 pence Shares in order to satisfy awards that have vested and are capable of exercise under the Long-term Incentive Plan. From 28 August 2013 to the date of this report, 70,500 Shares have been issued from the Blocklisting facility. Accordingly, at 31 March 2018, 529,500 (2017: 529,500) Shares remain outstanding to be issued from the Blocklisting facility.

The holders of Ordinary Shares are entitled to receive the Company's reports and accounts; to attend and speak at general meetings of the Company; to appoint proxies; and to exercise voting rights. To be effective, electronic and paper proxy appointments and voting instructions must be received at the Company's registered office, or such other place in the UK specified in the relevant notice of meeting, not later than 48 hours before a general meeting. Subject to applicable statutes, there are no restrictions on transfer or limitations on the holding of Ordinary Shares and no requirements for prior approval of any transfers other than:

- certain restrictions may from time to time be imposed by laws and regulations (for example insider trading laws); and
- pursuant to the Company's Share dealing code whereby the Directors and certain senior employees of the Company require approval to deal in the Company's Shares.

None of the Shares carry any special rights with regard to control of the Company. There are no known arrangements under which financial rights are held by a person other than the holder of the Shares and no known agreements on restrictions on Share transfers or on voting rights.

The holders of Deferred Shares are not entitled to receive notice of, to attend, to speak at or to vote at general meetings of the Company (other than in respect of a class meeting of the holders of Deferred Shares). The Deferred Shares do not confer a right to be paid a dividend. The transfer of Deferred Shares is prohibited except with the prior written consent of the Board.

The Company established an Employee Benefit Trust ('EBT') in 2010, which in certain circumstances holds Shares in connection with the Group's employee Share incentive plans. As the registered holder, the voting rights in the Shares are exercisable by the trustee. However, the trustee does not ordinarily exercise those rights. At 31 March 2018, the EBT did not hold any Shares in the Company.

The Articles may only be amended by a special resolution at a general meeting of Shareholders.

The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control. Further details of the Directors' service contracts can be found in the Remuneration report on page 33.

The provisions of the Company's LTIP may cause options and awards granted to employees under such schemes and plans to vest on a change of control.

Issue of Shares

At the general meeting held on 23 October 2017, Shareholders granted authority to the Board under the Articles and Section 551 of the Companies Act 2006 (the 'Act') to exercise all powers of the Company to allot relevant securities up to an aggregate nominal amount of £550,433.

It is proposed at the forthcoming Annual General Meeting (AGM) to renew the authority to allot relevant securities up to an aggregate nominal amount of £550,433, being one third of the nominal value of the current issued Share capital.

Also, at the general meeting held on 23 October 2017, Shareholders granted authority to the Board under the Articles and Section 570(1) of the Act to exercise all powers of the Company to allot equity securities wholly for cash in certain circumstances, including in connection with a rights issue or otherwise up to an aggregate nominal amount of £82,565 for general purposes and an additional £82,565 in connection with an acquisition or specified capital investment, without application of the statutory pre-emption rights contained in Section 561(1) of the Act.

It is proposed at the forthcoming AGM to renew the authority to allot relevant securities wholly for cash, including in connection with a rights issue or otherwise, up to an aggregate nominal amount of £82,565, being 5% of the current nominal value of the issued Ordinary Share capital, for general purposes and an additional £82,565 being 5% of the current nominal value of the issued Ordinary Share capital, to be used in connection with an acquisition or specified capital investment, in each case without application of the statutory pre-emption rights.

Purchase of own Shares

At the Annual General Meeting held on 23 October 2017, Shareholders granted authority for the Company to make market purchases of up to 24,752,990 of its own Shares provided that the maximum price (excluding expenses) which may be paid for an Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share derived from the AIM appendix of the Daily Official List of the Exchange for the 5 business days immediately prior to the day on which the Share is contracted to be purchased and the minimum price is 1 pence exclusive of attributable expenses payable by the Company.

It is proposed to renew the above authority at the Annual General Meeting to be held on 21 September 2018 and to increase the maximum price (excluding expenses) that may be paid for an Ordinary Share up to an amount equal to 110% of the average of the middle market quotations for an Ordinary Share derived from the AIM appendix of the Daily Official List of the Exchange for the 5 business days immediately prior to the day on which the Share is contracted to be purchased. Accordingly, the required resolution is set out in the notice of meeting on page 96 of this report.

Following the sale of the Video Business it is planned that cash will be returned to Shareholders by way of a tender offer and subsequent cancellation of those Shares. It is expected that this process will launch July 2018 and complete later in the summer and further information will be communicated to Shareholders in due course.

Significant agreements – change of control

A change of control of the Company following a takeover bid may cause a number of agreements to which the Company or its subsidiaries are party to take effect, alter or terminate. These include client contracts, leases, supplier contracts and provisions relating to the LTIP. No other individual contract is considered to be significant in terms of its potential impact on the business of the Group as a whole.

Substantial Shareholdings

As at 25 June 2018, the Company was aware of the following Shareholdings representing 3% or more in the Company's existing issued Ordinary Share capital.

	No. of Shares	Percentage of issued Share capital
Schroder Investment Management	33,003,109	19.99
Hargreave Hale, Stockbrokers	27,115,321	16.42
Herald Investment Management	15,329,712	9.28
Volantis	14,055,879	8.51
Tom Black	11,349,444	6.87
Invesco Perpetual Investment Management	8,502,010	5.15
Soros Fund Management	7,159,453	4.34
Janus Henderson Investors	5,982,143	3.62
Hargreaves Lansdown Asset Management	4,968,460	3.01

Directors

The names and biographical details of the current Directors of the Company are given on page 13. Paul Taylor is considered to be an independent Non-Executive Director.

Tom Black and Colin Evans were appointed Directors on 8 February 2010, prior to the IPO. Ian Lindsay was appointed a Director on 1 March 2018 and Paul Taylor on 1 April 2012.

Tom Black was Non-Executive Chairman in the period 1 April 2017 to 31 October 2017. On 1 November 2017 he was appointed Executive Chairman of the Group. Given his substantial Shareholding in the Group he was not considered to be independent in the period prior to 1 November 2017.

Colin Evans was Chief Operating Officer in the period 1 April 2017 to 31 October 2017. On 1 November 2017 he was appointed Managing Director of the Group.

Following the disposal of the Video Business, Zak Doffman stepped down from the Board on 31 October 2017, Bernie Waldron stepped down from the Board on 23 October 2017 and Sharon Cooper stepped down from the Board on 10 November 2017.

Ian Lindsay was appointed to the Board on 1 March 2018 as Finance Director.

The rules on appointment, re-appointment and retirement by rotation of Directors are contained in the Articles. A Director may be appointed by Shareholders' Ordinary resolution or by the Board. The current Articles require that all Directors are subject to election at the first AGM following appointment and thereafter to re-election at least every 3 years. Accordingly, Paul Taylor and Ian Lindsay are submitting themselves for re-election at the forthcoming AGM. A review of Director performance will be undertaken after the publication of this report.

Directors' interests

Details of the interests in the Shares of the Company of the Directors holding office as at the date of this report, and their immediate families, appear in the Remuneration report on page 36.

Details of the Directors' service contracts and letters of appointment appear in the Remuneration report on page 33.

On 28 September 2017 the Group agreed a 15 month £5.25 million loan facility with Herald Investment Trust. An amount of £272,281 (arrangement fee of £262,500 plus interest due of £9,781) was paid to Herald Investment Trust in respect of the facility. Tom Black was a Director of both Herald Investment Trust and the Company. The facility was terminated on 31 October 2017 following the completion of the sale of the Video Business.

Zak Doffman was appointed a Director of Project Gateway Bidco Limited, the Company which purchased the Video Business of the Group on 31 October 2017. Prior to the completion of the disposal, appropriate procedures had been implemented to ensure that the potential conflict of interest was appropriately managed and controlled.

Other than as disclosed above, no Director had a material interest in any significant contract with the Company or any of its subsidiaries during the year. Procedures for dealing with Directors' conflicts of interest are in place and are operating effectively.

Directors' and Officers' indemnities and insurance

The Company maintains liability insurance for its Directors and Officers. The Directors and Officers have also been granted a qualifying third-party indemnity provision under the Act. That indemnity provision has been in force throughout the year and remains in force at the date of this report.

Research and development

The Group is active in the development of software and hardware in respect of people screening technologies and intends to remain so involved in the future. In the year under review, expenditure totalling £0.5 million (2017: £0.5 million) related to development of such technologies. In addition, expenditure totalling £1.4 million (2017: £2.6 million) related to discontinued operations. Additional information is given in the Strategic report on page 6.

Employees

At 31 March 2018, the Group employed 21 people in the UK and 2 in the US, and depends on the skills and commitment of its employees in order to achieve its objectives. Personnel at every level are encouraged to make their fullest possible contribution to the success of Thruvision.

Employees are kept regularly informed on matters affecting them and on issues affecting the Group's performance primarily through office briefings, email updates and one to one meetings.

The Group introduced a Long-term Incentive Plan for certain employees in 2010. Details are given in the Remuneration report on page 30.

An award of EMI options was made to all employees in January 2018.

The Board is committed to ensuring that a culture free from discrimination and harassment remains embedded within the Group and discrimination of any sort is not tolerated. Proper consideration is given to applications for employment from disabled people who are employed whenever suitable vacancies arise. Wherever practicable, staff who become disabled during employment are retained. The Group practices equality of opportunity for all employees, irrespective of ethnic origin, religion, political opinion, gender, marital status, disability, age or sexual orientation.

Pensions

The Group does not operate any defined benefit pension funds. A defined contribution scheme, in accordance with the auto enrolment regulations, is in operation for all UK-based employees unless an individual employee has waived their rights under the legislation.

Corporate and social responsibility

The Board recognises the importance of relationships with the wider community and its obligations to employees, Shareholders, customers, suppliers, the local community and others. Given the size, structure and on-going development of the Group a formal Group policy has yet to be implemented.

Through procedures and policies that are currently in place, Thruvision aims to:

- meet all legislative requirements in respect of environmental issues;
- seek to conserve energy and natural resources by minimising waste, recycling where possible and maximising the use of renewable resources;
- adopt the highest standards of business ethics, including anti-corruption compliance and respect for human rights in all our dealings; and
- ensure all contractors follow its practices whilst working on its sites and respond promptly and efficiently to adverse occurrences.

Environmental

The Board believes that the environmental impact of the Group's operations is low and consists mainly of building occupancy, business travel, including a small number of Company vehicles, and IT.

Through procedures that are currently in place, Thruvision aims to:

- use video and audio conferencing facilities where possible to reduce travel requirements;
- use electronic communications to reduce the amount of printing waste produced;
- recycle waste where possible; and
- purchase paper and other products that are manufactured from recycled products.

Health and safety

The Group aims to provide and maintain a safe environment for all employees, customers and visitors to its premises and to comply with relevant health and safety legislation. Day-to-day health and safety management is delegated to operational managers with oversight from the Company Secretary. External audit and advice is utilised as appropriate.

Financial instruments

The Group's financial risk management objectives and policies are discussed in the Financial review on pages 7 to 10 and in Note 19 of the financial statements.

Post balance sheet events

On 1 May 2018, following the approval of the High Court of Justice, Chancery Division, the balances standing to the credit of the Share premium account and the capital redemption reserve of the Company were cancelled creating distributable reserves on the Balance Sheet. These distributable reserves will enable the Company to buy back its own Ordinary Shares, as in order to lawfully buy back its Shares the Company is required to have sufficient distributable reserves on its balance sheet.

Other than as detailed above no other reportable events have occurred since 31 March 2018.

Political donations

No political donations were made during the year (2017: £nil).

Strategic Report

The Group is required by the Companies Act 2006 to set out the development and performance of the business of the Group during the financial year ended 31 March 2018 and of the position of the Group at the end of the year and a description of the principal risks and uncertainties facing the Group and Group's policy regarding equal opportunities and employing disabled people. The information concerning the Strategic Report can be found on pages 2 to 12.

Disclosure of information to the auditor

So far as each Director in office at the date of approval of this report is aware, there is no relevant audit information of which the Company's external auditor (Grant Thornton UK LLP) is unaware.

Each of the Directors has taken all steps that they ought to have taken in performing their roles as Directors to exercise due care, skill and diligence in order to make themselves aware (i) of any relevant audit information and (ii) to establish that the Company's external auditor is aware of such information.

For the purposes of this statement on disclosure of information to the external auditor, 'relevant audit information' is the information needed by the Company's external auditor in connection with the preparation of its report on pages 38 to 44.

Annual General Meeting

The Annual General Meeting (AGM) will be held at the offices of Osborne Clarke, One London Wall, London, EC2Y 5EB on Friday 18 September 2018 at 10.00 am. The notice convening the meeting is on pages 96 and 97 of this report together with details of the business to be considered and explanatory notes relating to each of the resolutions being proposed.

Auditor

Grant Thornton UK LLP were appointed during the year under review and have expressed their willingness to continue as auditor of the Company. A resolution to re-appoint Grant Thornton UK LLP as the Company's auditor will be put to the forthcoming AGM.

Approved by the Board of Directors and signed on behalf of the Board:

John Woollhead
Company Secretary
121, Olympic Avenue
Milton Park
Abingdon
Oxon
OX14 4SA

Registered in England and Wales No. 07149547

25 June 2018

Corporate governance report

This report for Shareholders sets out Thruvision's approach to Corporate Governance. The Company is listed on AIM and accordingly is not required to comply with the provisions contained in the 2016 UK Corporate Governance Code ('the Code') published by the Financial Reporting Council, available at www.frc.org.uk.

However, the Directors have agreed to adopt, as far as practicable, many of the principles contained in the Code.

The Board

The Board of Thruvision recognises its responsibility to provide entrepreneurial and responsible leadership to the Group within a framework of prudent and effective controls (described below) allowing assessment and management of the key issues and risks impacting the business. The Board sets Thruvision's overall strategic direction, reviews management performance and ensures that the Group has the necessary financial and human resources in place to meet its objectives. The Board is satisfied that the necessary controls and resources exist within the Group to enable these responsibilities to be met.

The Chairman is responsible for the leadership of the Board and ensuring its effectiveness.

Following the disposal of the Video Business the Board has only 1 Independent Non-Executive Director. This is not in accordance with the Code or the Quoted Companies Alliance Corporate Governance code. It is anticipated that the composition of the Board will be reviewed in the current year.

Operational management of the Group is delegated to the Executive Directors and business unit heads who meet regularly to discuss such matters. These matters include project delivery, product development, resource allocation, sales, customer relationships and initial due diligence on mergers and acquisitions.

At the date of this report, the Board comprises 3 Executive and 1 Non-Executive Director whose Board and Committee responsibilities are set out below.

		Board	Audit	Remuneration	Nomination
Tom Black	Executive Chairman	Chairman	Member	Member	Member
Colin Evans	Managing Director	Member	–	–	–
Ian Lindsay	Finance Director	Member	–	–	–
Paul Taylor	Non-Executive Director	Member	Chairman	Chairman	Chairman

Biographies of each of the current Directors and their responsibilities can be found on page 13.

Ian Lindsay was appointed as Finance Director on 1 March 2018.

Following the disposal of the Video Business, Zak Doffman stepped down from the Board on 31 October 2017, Bernie Waldron stepped down from the Board on 23 October 2017 and Sharon Cooper stepped down from the Board on 10 November 2017.

During the year, all the Non-Executive Directors confirmed to the Board that they had sufficient time available to fulfil their obligations as Directors and, should any individual's position change, that they would inform the Board.

After careful review, the Board has concluded that Bernie Waldron and Paul Taylor were both independent and that Paul Taylor remains independent at the date of this report. Bernie Waldron stepped down from the Board on 23 October 2017. In coming to these assessments, the Board considered their strength of character and independence of judgement and opinion, and the fact that none of them:

- has ever been an employee of the Group;
- has had a material business relationship with the Group;
- receives any remuneration other than fees;
- has close family ties with advisors, other Directors or senior management of the Group;
- has significant links with other Directors through involvement with other companies;
- represents a significant Shareholder; and
- has served on the Thruvision Board for more than 9 years.

Given his previous executive role with the Company and his significant Shareholding, the Board did not consider Tom Black to be an independent Non-Executive Director prior to his appointment as Executive Chairman on 1 November 2017.

In the year under review, the Board met on 10 scheduled occasions; further meetings and conference calls are held as and when necessary. Details of Directors' attendance at scheduled meetings during the year are set out in the table below:

	Scheduled Board meetings attended
Tom Black	10/10
Colin Evans	10/10
Ian Lindsay	1/1
Paul Taylor	10/10
Zak Doffman	5/5
Bernie Waldron	5/5
Sharon Cooper	6/6

During the year, the Chairman met with the Non-Executive Directors without the Executives present on several occasions.

The Board also ensures that the principal goal of the Company is to create Shareholder value, while having regard to other stakeholder interests, and takes responsibility for setting the Company's values and standards. Accordingly, the long-term interests of Shareholders, together with consideration of the wider community of interests represented by employees, customers and suppliers, and community and the environment are factored into the Group's management processes. They are reinforced through employee participation in Equity Incentive Schemes. The steps taken to achieve these goals are communicated to Shareholders and other interested parties through the Company's website (www.thruvision.com) and to employees via formal and informal briefings. Through formal policies, the Board seeks to engender a culture where business ethics, integrity and fairness are values that all employees endorse and apply in their everyday conduct.

There is a documented schedule of matters reserved for the Board, the most significant of which are:

- responsibility of the overall strategy and management of the Group;
- approval of strategic plans, profit plans and budgets and any material changes to them;
- approval of the acquisition or disposal of subsidiaries and major investments, projects and contracts;
- oversight of the Group's operations ensuring competent and prudent management, sound planning and management of adequate accounting and other records;
- changes relating to the Group's capital structure;
- final approval of the annual and interim financial statements and accounting policies;
- approval of the dividend policy;
- ensuring an appropriate system of internal control and risk management is in place;
- approval of changes to the structure, size and composition of the Board;
- review of management structure and senior management responsibilities;
- with the assistance of the Remuneration Committee, approval of remuneration policies across the Group;
- delegation of the Board's powers and authorities including the division of responsibilities between the Chairman and the Executive Directors;
- consideration of the independence of the Non-Executive Directors; and
- receiving reports on the views of the Company's Shareholders.

During the year, the Board received monthly briefings upon the Group's performance (including detailed commentary and analysis) and key issues and risks affecting the Group's business. Amongst other matters, it reviewed the content of the Group's risk register and the Group's health and safety policies, processes and performance. Reports on Group operations, human resources, governance and regulatory matters affecting the Group were provided to the Board on a regular and timely basis. Briefings on customer activity, together with the views of Shareholders, were also provided to the Board.

The Company maintains liability insurance for its Directors and Officers. The Directors and Officers have also been granted a qualifying third party indemnity provision under the Companies Act 2006. That indemnity provision has been in force throughout the year and remains in force at the date of this report.

Procedures exist to allow the Directors to seek independent legal and professional advice in respect of their duties at the Company's expense where the circumstances are appropriate. All Directors have access to the Company Secretary for advice.

The process for appraising the Chairman's performance is set out on page 27.

Board Committees

Summary
There are 3 principal Board Committees: Audit; Remuneration; and Nomination. The roles and responsibilities of each of these Committees are detailed below. Prior to 31 October 2017 all members of Board Committees were independent Non-Executive Directors. From 1 November 2017 Tom Black as Executive Chairman joined each of the Committees. The Committees are provided with sufficient resources via the Company Secretary and, where necessary, have direct access to independent professional advisors to undertake their duties.

Audit Committee

Paul Taylor was Chairman of the Committee during the year under review and to the date of this report. Bernie Waldron was a member of the committee until he stepped down from the Board on 23 October 2017. Tom Black joined the Committee on 1 November 2017. Paul Taylor is a qualified Certified Accountant. Paul Taylor is deemed by the Board to have recent and relevant financial experience and is independent for the purposes of the Code. All of the Committee members have extensive commercial experience, the details of which, along with their qualifications, are set out in the Directors' biographies on page 13. Further information on the work of the Audit Committee during the year is given below.

Terms of reference
The Audit Committee's terms of reference are available on request. The Audit Committee reviewed and re-approved its terms of reference in May 2018. Under its terms of reference, the Committee is responsible for providing advice to the Board on the Group's interim results and final financial statements; on accounting policies; and on the control of its financial and business risks as well as reviewing the work of the external auditors.

Frequency of meetings
The Audit Committee met 3 times during the year under review. The Chairman of the Audit Committee provided a report on the work of the Committee and any significant issues that may have arisen at the Board meeting following each Committee meeting.

Attendees at meetings
The Chairman, the Group Finance Director and Executive Directors attend Committee meetings by invitation of the Committee. Representatives of the Group's external auditor also attend these meetings by invitation. During the year, the external auditors attended all meetings, had direct access to the Committee during the meetings and time was also set aside for them to have private discussions (jointly and independently) with the Committee, in the absence of management.

The attendance of individual Committee members at Audit Committee meetings during the year under review is shown in the table below:

	Meetings attended
Paul Taylor	3/3
Tom Black	2/2
Bernie Waldron	1/1

Audit Committee activity
The purpose of the Audit Committee is to assist the Board in the discharge of its responsibilities for financial reporting and corporate control and to provide a forum for reporting by the external auditors. The responsibilities of the Audit Committee include:

- to monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Group's financial performance, including reviewing significant financial reporting judgements and any disclosures contained in them;
- to review the Group's internal financial controls and its internal control and risk management systems including the management of intellectual property and to make recommendations to the Board;
- to consider the requirement for an internal audit function;
- to make recommendations to the Board, for it to be put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- to agree the nature and scope of the external audit;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;

- to review the Group's policy on the engagement of the external auditor to supply non-audit services and report to the Board, identifying matters in respect of which it considers action or improvement is needed and make recommendations as to the steps to be taken;
- to review the Group's whistle-blowing procedures; and
- to review the effectiveness of the audit process.

The Audit Committee's work during the year and up to the date of this report included:

- reviewing the interim results, preliminary announcement and the Annual Report and Accounts prior to their submission to the Board;
- reviewing significant accounting policies, financial reporting issues and judgements used in the preparation of the Company's preliminary announcement and interim results and final financial statements;
- reviewing management's Letters of Representation in connection with the Company's financial statements and the auditor's Management Letter;
- reviewing areas where control weaknesses had been identified by the external auditor and monitoring the mitigation and remediation plans of management;
- reviewing the regular reports of the external auditor including any weaknesses identified in respect of the Group's internal controls;
- approving the external audit plan (including audit scope, level of materiality, resources dedicated to the audit engagement, the seniority, expertise and experience of the engagement team), and satisfying itself as to the appropriateness and adequacy of the plan;
- reviewing, evaluating and approving the appointment of Grant Thornton UK LLP as the external auditor;
- evaluating the performance of the external auditor and satisfying itself as to the effectiveness of the audit;
- reviewing the Group's risk management processes and controls, and their effectiveness;
- reviewing the effectiveness of the Group's whistle-blowing procedures and satisfying itself that they allow for appropriate investigation and suitable follow-up actions; and
- reviewing the effectiveness of the Committee.

At the conclusion of each meeting of the Audit Committee, the Non-Executive Directors met with the external auditor without the Executives present. In addition, the Audit Committee Chair met with the external auditor to discuss the audit review process and other relevant matters.

External auditor
The Audit Committee is responsible for overseeing the relationship with the external auditor.

Following the disposal of the Video Business, the Audit Committee oversaw the process to appoint Grant Thornton UK LLP in place of Ernst & Young LLP which was effective on 10 November 2017.

During the year and to the date of this report, the Committee:

- approved the Audit Engagement Letters and fee proposal, and satisfied itself as to the auditor's ability to conduct an effective audit for such fee;
- reviewed and assessed the external auditor's independence and objectivity taking into account relevant UK professional and regulatory requirements. In doing so, the Committee reviewed the external auditor's own policies and procedures to safeguard its objectivity, independence and integrity, together with its representations as to independence. The Committee received assurances from the Audit Engagement Partner that the external auditor's reward and remuneration structure includes no incentives for audit engagement partners to cross-sell non-audit services to audit clients;
- approved the annual audit plan and ensured that it was consistent with the scope of the Audit Engagement;
- reviewed the findings of the audit, including discussion of any major issues arising, any accounting and audit judgements and the internal control reports (including responses from management and any proposed remedial action);
- reviewed the effectiveness of the audit and the external auditor; and
- reviewed the requirement for an internal audit function.

Auditor independence
The Audit Committee and the Board consider auditor objectivity and independence ensuring, in particular, that it is not compromised where the auditor provides non-audit services. It is the Group's policy to use the services of advisors other than the external auditors for non-audit work unless the nature of the non-audit work makes it more timely, efficient or cost-effective to select advisors who already have a good understanding of the Group. The Chairman of the Audit Committee is consulted prior to each major non-audit engagement where the use of the auditor is proposed. During the year under review, the non-audit-related work undertaken by Ernst & Young LLP related to corporation tax returns and R&D. Non-audit work undertaken by Grant Thornton UK LLP related to a report on distributable reserves on the balance sheet of subsidiary companies.

Details of audit and non-audit-related fees paid to Ernst & Young LLP and Grant Thornton UK LLP in the year under review are given in Note 3 to the accounts on page 62.

Internal audit function
The Audit Committee concluded that an internal audit function is not appropriate given the current stage of the Group's development.

Re-appointment of Grant Thornton UK LLP
Grant Thornton UK LLP were appointed as external auditor on 10 November 2017 following the sale of the Video Business. There are no contractual restrictions on the Company with regard to its appointment. Ernst & Young LLP were auditors for the period 1 April 2017 to 9 November 2017.

At its meeting in June 2018, the Audit Committee considered the appropriateness of the re-appointment of Grant Thornton UK LLP as the Group's external auditor for the year to 31 March 2019.

The Audit Committee was satisfied, in view of their performance in respect of the 2018 audit process, that it should recommend to the Board the re-appointment of Grant Thornton UK LLP as the Company's and Group's external auditor at the AGM to be held on 21 September 2018.

Remuneration Committee

Bernie Waldron was Chairman of the Remuneration Committee until 23 October 2017. The other member during this period was Paul Taylor who was appointed Chairman of the committee from 23 October 2017 and remains Chairman at the date of this report. Tom Black was appointed to the committee on 23 October 2017.

The Remuneration Committee is responsible for reviewing remuneration arrangements for the Executive Directors and other senior employees of the Group and for providing general guidance on aspects of remuneration policy throughout the Group. New Bridge Street are retained as independent external advisors in order to assist the Committee in setting appropriate remuneration arrangements.

During the year and up to the date of this report, the Remuneration Committee made recommendations to the Board regarding:

- basic salary and other benefits of the Executive Directors and other senior employees of the Group;
- bonus payable to Executive Directors in respect of the year ended 31 March 2017 and following the completion of the sale of the Video Business;
- policy regarding the provision of equity incentive for Executive Directors and senior management following the sale of the Video Business;
- awards made under the EMI and unapproved Share option scheme in 2017 and to the date of this report;
- treatment of outstanding LTIP awards in respect of employees of the Video business who will leave the Group following the sale of the Video business; and
- the appointment of New Bridge Street as Remuneration Consultants.

It is expected that formal bonus arrangements for the Executive Directors for the year ended 31 March 2019 will be formalised after the publication of this report.

The terms of reference of the Remuneration Committee are available on request. The Chairman of the Remuneration Committee provided a report to the Board following each meeting of the Remuneration Committee.

The attendance of individual Committee members at Remuneration Committee meetings during the year under review are shown in the table below:

	Meetings attended
Paul Taylor	6/6
Bernie Waldron	2/2
Tom Black	4/4

The Remuneration report is set out on pages 29 to 36.

Nomination Committee

Bernie Waldron was Chairman of the Nomination Committee until 23 October 2017. The other member during this period was Paul Taylor who was appointed Chairman of the committee from 23 October 2017 and remains Chairman at the date of this report. Tom Black was appointed to the committee on 23 October 2017.

The Nomination Committee meets as and when required. During the year under review, it met 3 times and details of Directors' attendance at that meeting are set out in the table below. Company executives and advisors attend meetings by invitation only. The Nomination Committee updates the Board and makes recommendations as and when required.

The terms of reference of the Nomination Committee are available on request. The Nomination Committee is responsible for succession planning at Board level, overseeing the selection and appointment of Directors and making its recommendations to the Board. It is also responsible for evaluating the commitments of individual Directors and the balance of skills, knowledge and experience on the Board and ensures that the membership of the Board and its principal Committees are refreshed periodically. Where appropriate, the Nomination Committee will prepare an outline of the role and capabilities required for particular appointments and use an external search consultancy and/or advertising in relation to Board appointments.

During the year under review and up to the date of this report, the Nomination Committee met and made recommendations to the Board regarding:

- the appointment of Ian Lindsay as Finance Director
- the proposed re-election of Paul Taylor by rotation at the forthcoming AGM
- the proposed election of Ian Lindsay at the forthcoming AGM; and
- the appointment of an interim Finance Director following the departure of Sharon Cooper.

The appointment of Ian Lindsay as Finance Director was undertaken during the year. A detailed specification for the role was prepared in order to facilitate the identification of suitable candidates. A search consultant was retained in order to assist the search and prepare a shortlist for consideration. A number of candidates were met by the Nomination Committee and the Executive Chairman with the recommended candidate being met by the other Directors prior to appointment.

The appointment of Nick Deman as Interim Finance Director, following the departure of Sharon Cooper, was undertaken during the year. A search consultant, specialising in interim appointments, was appointed to prepare a shortlist for consideration. A number of candidates were met prior to the appointment of Nick Deman.

The attendance of individual Nomination Committee members at Nomination Committee meetings during the year under review is shown in the table below:

	Meetings attended
Paul Taylor	3/3
Tom Black	1/1
Bernie Waldron	2/2

Chairman and Executive Directors
During the year and to the date of this report there is a clear division of responsibilities between the role of the Chairman (who served in a Non-Executive capacity until 31 October 2017 and assumed an executive role from 1 November 2017) and the other Executive Directors, which is set out in writing and which has been approved by the Board.

Appointments to the Board
Appointments to the Board and its Committees are reserved for the Board, based on recommendations from the Nomination Committee. The appointment and removal of the Company Secretary is a matter reserved for the Board as a whole.

Information and professional development
Under the Chairman's stewardship the Company Secretary advises the Board on all governance matters and ensures Board procedures are followed and applicable rules and regulations complied with.

The Company Secretary ensures that Directors undergo a comprehensive induction programme on appointment.

All Directors individually, and each of the Board Committees, have access to the advice and services of the Company Secretary. There are also procedures in place enabling Directors in the furtherance of their duties to seek independent professional advice at the Company's expense.

Performance evaluation
A formal appraisal process for the Board and its Committees was last undertaken in May 2016. This was an internal process using detailed questionnaires completed by all relevant Directors and collated and summarised by the Company Secretary. As a result of this process certain actions were agreed and have been implemented.

The questionnaire in respect of the Board, the Remuneration and the Nomination Committees covered objectives and strategy, management oversight, Board performance, meetings, external relationships, governance, succession planning and Board/Committee constitution. The results of the exercise were discussed by the Board who concluded that the Board and its Committees were operating effectively.

Given the significant changes to the Group following the sale of the Video Business a formal Board and Committee evaluation was not undertaken in 2017. It is anticipated that a formal evaluation process will be undertaken following the publication of this report and annually thereafter.

In April 2018, the Chairman reviewed the performance of the Executive Directors. The Senior Independent Director reviewed the performance of the Chairman, and the Board reviewed the performance of the Non-Executive Director. As part of this process the training needs of all Directors were reviewed.

The process confirmed that all Directors continued to contribute effectively, and with sufficient commitment to their roles in order to facilitate the progress of the Group.

Re-election
The current Articles require that all Directors are subject to election by Shareholders at the first AGM following appointment and thereafter to re-election at least every 3 years.

The AGM of the Company will be held on 21 September 2018. In accordance with the Articles, Paul Taylor and Ian Lindsay are offering themselves for re-election at the AGM.

Internal control
The Board is responsible for establishing and maintaining the Group's system of internal control and for reviewing the effectiveness of those controls. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. By their nature however, internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material errors, losses, fraud or breaches of laws and regulations.

The systems of internal control have been maintained during the year as the Group has developed. The effectiveness of these systems has been periodically reviewed by the Audit Committee and the Board.

The systems of internal control are based on an on-going process of identifying, evaluating and seeking to manage key risks and include the preparation and refreshment of Group risk registers, together with appropriate risk mitigation activities along with the other risk management processes as set out below. With oversight from the Board and Audit Committee, individual members of the Group's Board are responsible for the ownership and mitigation of significant risks. The Audit Committee and the Board regularly review the identified risks, changes in their status and the composition of the Group's risk matrix.

Key elements of the internal control system are described below:

- clearly defined management structure and delegation of authority to Board Committees and business units;
- high recruitment standards to ensure integrity and competence of staff;
- regular and comprehensive information provided to management, covering financial and non-financial performance indicators;
- technical, financial and legal due diligence undertaken prior to acquisitions;
- a detailed budgeting process where business units prepare budgets for the coming year for Board approval;
- monthly monitoring and re-forecasting of annual and half-yearly results against budget, with major variances followed up and management action taken where appropriate;
- procedures for the approval of capital expenditure, investments and acquisitions;
- regular review and updating of the Group risk register including the implementation of mitigating actions; and
- formal consideration of progress made against significant business risks on a quarterly basis.

The above system was in place for the year under review and up to the date of this report and has been used in the preparation of the consolidated financial statements as at 31 March 2018.

The Board, with the assistance of the Audit Committee, has conducted its annual review of the effectiveness of the system of internal control based on a review of significant risks identified, external audits and reports from management and concluded that the system of internal control is adequate given the stage of the Group's development.

Communication with investors
The Group believes it is important to explain business developments and financial results to its Shareholders and to understand any Shareholder views and concerns, and that suitable arrangements are in place to ensure a balanced understanding of the issues and concerns of major Shareholders. The Chairman, the Managing Director and the Finance Director have primary responsibility for investor relations. Meetings are held with institutional Shareholders to discuss strategy, financial performance and investment activities immediately after the full year and interim results announcements. The Annual Report and the interim results are available on the Company's website. The Non-Executive Director is available to meet with major Shareholders, if such meetings are required. Further financial and business information is available on the Investor Section of the Company's website.

Feedback from meetings with Shareholders is provided to the Board to ensure that the Non-Executive Director has a balanced understanding of the issues and concerns of major Shareholders.

The principal method of communication with private Shareholders is through the Annual Report and interim results, the AGM and through the Company's website.

Annual General Meeting (AGM)
Arrangements are made for all Directors to attend the AGM and to be available to answer Shareholders' questions. Notice of the AGM is, in accordance with the applicable Companies Act and the Articles, either posted in hard copy to Shareholders or posted on the Company's website at least 21 days before the date of the AGM. Resolutions are proposed for each substantially separate issue and details of the proxy voting on each resolution are announced at the AGM after the results of the show of hands is known and are posted on the Company's website following the conclusion of the meeting.

The Company counts all proxy votes and indicates the level of proxies lodged on each resolution. It also publishes the level of votes for and against resolutions and the number of votes withheld. The Company ensures that votes cast are properly received and recorded.

Remuneration report

Composition of the Remuneration Committee

Bernie Waldron was Chairman of the Remuneration Committee until 23 October 2017. The other member during this period was Paul Taylor who was appointed Chairman of the committee from 23 October 2017 and remains Chairman at the date of this report. Tom Black was appointed to the committee on 23 October 2017.

Paul Taylor has no potential conflict of interest arising from cross-directorships and he is not involved in the day-to-day running of the Company. Tom Black is a member of the committee but is not involved in decisions concerning himself.

The Remuneration Committee has appointed New Bridge Street to provide advice on executive remuneration including the valuation of awards under the Equity Incentive Programme. New Bridge Street (a trading name of Aon plc) is an independent advisor to the Remuneration Committee. Neither New Bridge Street nor any other part of Aon plc provided other services to the Company during the year under review.

Role of the Remuneration Committee

The Remuneration Committee is responsible for the Board policy with respect to senior executives' salary and other remuneration. It specifically determines within remuneration principles agreed with the Board, the total remuneration package of each Executive Director and reviews the remuneration packages for other senior executives. A copy of the terms of reference of the Committee is available on request.

The Committee met 6 times during the year. Details of attendance are shown in the Corporate Governance statement on page 26.

Remuneration policy

The Group's policy is to provide Executive Directors with a competitive market-based package in order to reward individual and Group performance and deliver outstanding Shareholder returns.

The Remuneration Committee is committed to ensuring that the Company's key executive team is incentivised to drive sustainable earnings growth and returns to Shareholders, thereby creating a genuinely strong alignment of interests between management and investors. A robust, strategically-focused equity-based long-term incentive policy is a key ingredient of this.

Year ending 31 March 2018

During the year under review, it was the policy of the Company that Executive Directors receive a basic salary, a bonus opportunity, life assurance of 4 times salary, private medical insurance and pension fund membership.

Given the on-going strategic review undertaken during the year and resultant sale of the Video Business in October 2017 no bonus payments were made to the Executive Directors (except that payable to Sharon Cooper as detailed on page 33).

Following completion of the Video Business disposal, awards were made to the remaining Executive Directors early in 2018 under the EMI Share option scheme as detailed on page 34 of this report.

Year ending 31 March 2019 and subsequent periods

A similar structure of remuneration will be payable for the year ending 31 March 2019 in respect of base salary, life assurance, private medical insurance and pension fund membership. It is anticipated that a further award under the EMI Share Option scheme will be made later in the year. Consideration will be given to the implementation of an executive bonus scheme following the publication of this report.

Base salary
It is the policy of the Company to pay a competitive base salary which is regularly benchmarked against organisations of a similar size and in a similar sector.

Bonus opportunity
It is expected that formal bonus arrangements for the Executive Directors will be agreed subsequent to the publication of this report. Any bonus payments will be paid fully in cash.

Long-term Incentive Scheme
It is expected that annual awards will be made under the LTIP.

Pension
The Company introduced a Defined Contribution pension scheme, in line with legislation, for all employees (including Directors) in October 2015.

Accordingly, Zak Doffman, Colin Evans and Sharon Cooper were automatically enrolled into the scheme in October 2015 and Ian Lindsay in March 2018. The scheme provides for both employer and employee contributions to be made at the rate of 1% of base salary up to 31 March 2018 and at 2% thereafter. The employer contributions of Zak Doffman and Sharon Cooper are given on page 33. Colin Evans and Tom Black (who became eligible to join on 1 November 2017) decided not to participate in the scheme and accordingly no contributions have been made on their behalf.

Other benefits
Currently the Executive Directors are offered life cover of 4 times salary and private medical insurance. It is anticipated that these benefits will continue and that no other benefits will be offered.

Base salary

Following the sale of the Video Business the base salary of Colin Evans reduced to £235,000 from £310,000 (2017: £310,000) and the base salary of Tom Black (who assumed an executive position on that date) reduced to £45,000 from £60,000 (2017: £60,000). The base salary of Ian Lindsay, who was appointed on 1 March 2018 is £155,000.

The base salaries of Zak Doffman £330,000 (2017: £330,000), and Sharon Cooper £210,000 (2017: £210,000) remained unchanged to the date they respectively stepped down from the Board.

Termination payments

No termination payment was made to Zak Doffman on his stepping down from the Board on 31 October 2017.

Sharon Cooper stepped down from the Board on 10 November 2017. She received a payment in lieu of notice of £105,000 and following the successful conclusion of the Video Business sale a bonus of £35,000. In addition, she received £14,538 in respect of accrued but untaken holiday. No other payments were made to her.

Bonus scheme

Year ending 31 March 2018
During the year under review, the Executive Directors did not participate in a formal bonus arrangement and accordingly no payments were made to them in this regard.

Year ending 31 March 2019
It is expected that formal bonus arrangements for the Executive Directors will be agreed subsequent to the publication of this report. Any bonus payments will be paid fully in cash.

Equity incentives

Historically, the Company has operated the Long-term Incentive Plan ('LTIP'), with the aim of providing employees who are granted an award with nil-cost Shares on exercise. The historic LTIP awards consisted of 3 constituent elements, an HMRC Approved Option, a Top-Up Award and a Parallel Option. All awards made under the LTIP to both Executive Directors and senior management are approved by the Remuneration Committee.

HMRC Approved Options
A grant of options can be made under this scheme up to a maximum value of £30,000. The exercise price is the market value of Thruvision Shares the day prior to the grant date and the option can be exercised between 3 and 10 years from date of award.

Top-Up Award
A further grant of nil-cost options can be made under this scheme if the Remuneration Committee considers that the employee concerned should receive an award with a value in excess of £30,000. Again, the option can be exercised between 3 and 10 years from date of award.

Parallel Option
A Parallel Option is a nil-cost option and made in conjunction with an award of HMRC Approved Options. The value of the award on exercise is capped at the value required in respect of the exercise price of the HMRC Approved Options. Parallel Options must be exercised at the same time as the associated HMRC Approved Option is exercised unless the entitlement to the associated HMRC Approved Option has been waived.

Performance condition
All awards made under the LTIP prior to 31 March 2015 have lapsed given that the performance condition has not been achieved.

Awards made since 1 April 2015 were subject to future performance, based on specific profit and revenue targets.

Enterprise Management Incentive Scheme (EMI)
Following the disposal of the Video Business the Remuneration Committee agreed that future equity awards would be made under the EMI Section of the LTIP. Awards under the EMI provide tax efficient Share options up to certain limits as set by HMRC. Awards were made under the EMI scheme as detailed on page 34 of this report. Performance Conditions do not apply to these awards but the option price Is payable by the employee concerned on exercise.

Changes to the LTIP
It is proposed, at the AGM to be held on 21 September 2018, to seek Shareholder approval for 2 schedules to the LTIP that will facilitate (if any) the lawful grant of stock options to Californian residents and the grant of qualified incentive stock options for the purposes of US tax law. Each schedule makes purely technical changes to the terms on which awards may be granted to provide either for grants of stock options in California in compliance with Californian laws or to provide potential tax favoured treatment for any market priced option awards granted to US tax payers.

Sharesave Scheme
At the General Meeting held on 1 November 2013, the introduction of a Sharesave Scheme ('the Scheme') was approved by Shareholders. The Scheme was launched in June 2014.

A further award under this scheme was made on 29 July 2016. All awards held by employees of the Video Business lapsed on 1 May 2018.

At 31 March 2018 818,473 options remain capable of exercise under this award. At the date of this report 249,206 options remain capable of exercise at an exercise price of 31p per Share.

At the date of this report no options remain capable of exercise by the Executive Directors in respect of this scheme.

It is anticipated that the Scheme will be re-launched to all UK employees within 6 weeks of the publication of this report.

There are no other Share Option schemes operated by the Group.

Deferred Share Bonus Plan ('the Plan')
The introduction of a Deferred Share Bonus Plan for use in conjunction with the bonus arrangements for the Executive Directors and for other senior employees of the Group who may have an entitlement to Deferred Shares under Group bonus arrangements was approved by the 2013 AGM.

Full details of the Plan are given in the 2015 Annual Report.

To date no awards have been made under the Plan.

Dilution limits and Employee Benefit Trust
It is the policy of the Company that awards made under the LTIP (including the EMI scheme), the Sharesave Scheme, via the Deferred Share Bonus Plan and any other long-term incentive scheme which are to be satisfied by new issue Shares will, in total, not exceed 1% per annum on average of the issued Share capital over the medium to long term. However, in the short term, awards may be made which would exceed 1% in any one particular year.

At 31 March 2018, potentially dilutive awards have been made and are still outstanding as detailed below:

	31 March 2018	31 March 2017
Awards under the EMI scheme	**5,875,662**	nil
Awards under the unapproved scheme	**374,513**	nil
Awards under the LTIP	**182,984**	7,327,646
Awards under the Sharesave Scheme[(1)]	**818,473**	1,922,574
Awards under the Deferred Share Bonus Plan	**nil**	nil
Total	**7,251,632**	9,244,076

Notes:

1. On 1 May 2018, 569,267 awards under the Sharesave scheme held by Video Business leavers lapsed. Accordingly, at the date of this report 249,206 awards remain outstanding and capable of exercise in respect of current Thruvision employees.

All awards made under the LTIP (excluding EMI awards) will be satisfied by Shares held in the Thruvision Group plc Employee Benefit Trust ('EBT'). The Company has confirmed to the EBT that sufficient Shares will be made available prior to the requirement to satisfy the exercise of awards under the LTIP.

It is anticipated that the majority of outstanding awards under the LTIP (excluding EMI awards) made prior to 31 March 2017 are unlikely to vest given that the performance condition is unlikely to be achieved.

The Remuneration Committee has agreed amended performance conditions applicable to outstanding LTIP awards to reflect the disposal of the Video Business in October 2017.

The Remuneration Committee agreed that any awards made to employees of the Video Business would be capable of exercise (subject to the satisfaction of the performance condition) on the sale of the business in October 2017. Following the sale of the business on 31 October 2017 the Remuneration Committee concluded that the performance conditions had not been achieved in the period from LTIP award to 31 October 2017 and accordingly 4,082,500 awards made under the LTIP to Video Business employees lapsed on that date.

The performance conditions of those equity incentives capable of exercise by 'good leavers' have been modified to ensure that they are not materially more or less difficult to satisfy than intended at the time of their award.

All current employees surrendered their awards under the LTIP in January 2018.

Full details of awards made under the LTIP, the EMI scheme and the Sharesave Scheme during the year are given in Note 17 on pages 72 to 75.

Pensions

Ian Lindsay joined the Thruvision Group Pension Scheme, a defined contribution scheme, from 1 March 2018.

Zak Doffman and Sharon Cooper participated in the Pension Scheme until they stepped down from the Board on 31 October 2017 and 10 November 2017 respectively.

Tom Black and Colin Evans did not participate in the scheme or any other scheme operated by the Company.

Remuneration of the Non-Executive Directors

The remuneration of the Non-Executive Directors comprises solely of fixed fees which are set by the Board. Advice is taken on appropriate levels taking account of the development of the Group, market practice, time commitment and responsibility. Directors are not involved in discussions relating to their own salary, benefits or fees.

The total fees for Non-Executive Directors remain within the aggregate limit of £250,000 per annum as set out in the Articles. There are no pre-determined special provisions for Non-Executive Directors with regard to compensation in the event of loss of office.

In the year under review and to the date of this report the annual fee payable to Paul Taylor was £35,000 (2017: £35,000) per annum. In addition, Paul Taylor was paid £10,000 in respect of his additional workload in connection with the sale of the Video Business during the year.

Tom Black assumed the role of Executive Chairman on 1 November 2017. Prior to this he was Non-Executive Chairman and his annual fee was £60,000 (2017: £60,000).

Bernie Waldron stepped down from the Board on 23 October 2017 and prior to this his fee was £35,000 (2017: £35,000).

Directors' remuneration for the year ended 31 March 2018

	Basic salary/fees 2018 £'000	Pension 2018 £'000	Other 2018 £'000	Benefits 2018 £'000	Bonus 2018 £'000	Remuneration 2018 £'000	Remuneration 2017 £'000
Executive Directors							
Tom Black (as Executive Chairman)	19	nil	nil	nil	nil	**19**	nil
Colin Evans	279	nil	nil	2	nil	**281**	311
Ian Lindsay (appointed 1 March 2018)	13	nil	nil	nil	nil	**13**	nil
Zak Doffman (to 31 October 2017)	193	2	0	1	nil	**196**	334
Sharon Cooper (to 10 November 2017)	129	1	120	1	35	**286**	213
Non-Executive Directors							
Tom Black (as Non-Executive Chairman)	35	nil	nil	nil	nil	**35**	60
Paul Taylor	35	nil	10	nil	nil	**45**	35
Bernie Waldron (to 23 October 2017)	20	nil	nil	nil	nil	**20**	35
Total	**723**	**3**	**130**	**4**	**35**	**895**	988

Tom Black, Colin Evans and Paul Taylor were in office during the year and remuneration has been presented from 1 April 2017 to 31 March 2018.

Zak Doffman stepped down from the Board on 31 October 2017, Sharon Cooper stepped down from the Board on 10 November 2017 and Bernie Waldron stepped down from the Board on 23 October 2017. In each case remuneration is presented from 1 April 2017 to date of leaving the Board.

The remuneration of Ian Lindsay is presented from 1 March 2018 to 31 March 2018.

Service contracts

Tom Black and Colin Evans are subject to rolling service contracts with a notice period of 1 year. Ian Lindsay is subject to a rolling service contract with a notice period of 6 months. Payments on termination for Executive Directors, other than on grounds of incapacity or in circumstances justifying summary termination, are restricted to the value of any unexpired notice period and the cost of providing other contractual benefits during the unexpired notice period.

During the year an updated service contract was agreed with Tom Black to reflect his move from Non-Executive Chairman to an Executive role.

The letter of appointment in respect of Paul Taylor is for a fixed period of 3 years and may be terminated by either party giving to the other not less than 1 month's notice. The initial 3-year period in respect of Paul Taylor expired on 1 April 2015, was extended to expire on 1 April 2018 and has again been extended for a further period of 3 years to expire on 1 April 2021.

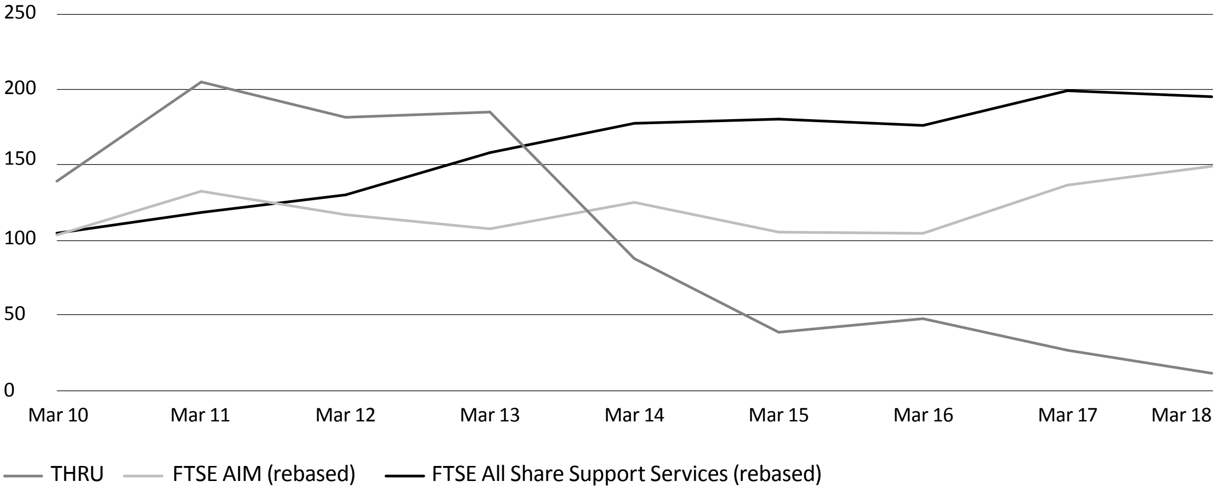
Details of the Directors offering themselves for re-election at the forthcoming Annual General Meeting are set out in the Directors' report on page 17.

The service contracts and letters of appointment include the following terms:

Executive Chairman	Date of contract	Notice period (months)
Tom Black	12 January 2018	12
Executive Directors		
Colin Evans	23 October 2010	12
Ian Lindsay	13 December 2017	6
Independent Non-Executive Directors	Letters of appointment	Notice period (months)
Paul Taylor	3 May 2018	1

TSR performance

The graph below sets out for the period from IPO to 31 March 2018 the Total Shareholder Return of Thruvision Group plc and the performance of FTSE Aim sector and the FTSE All Share Support Services index.



The Share price of the Company on 8 February 2010 (being the date of the Company's IPO) was £1. During the year under review, the Share price varied between 10 pence and 32 pence and at 31 March 2018 was 11 pence.

Share awards under the EMI scheme held at 31 March 2018

	At 1 April 2017	Awarded during the year	Lapsed during the year	Vested during the year	At 31 March 2018	Grant date	Exercisable from	Share price at grant	Exercise price
Tom Black EMI Share options awarded in January 2018	nil	585,175	nil	nil	585,175	17/1/18	17/1/21 to 17/1/28	15.38p	15.38p
Colin Evans EMI Share options awarded in January 2018	nil	1,625,487	nil	nil	1,625,487	17/1/18	17/1/21 to 17/1/28	15.38p	15.38p
Ian Lindsay EMI Share options awarded in January 2018	nil	400,000	nil	nil	400,000	14/3/18	14/3/18 to 14/3/28	12.75p	12.75p

Share awards under the unapproved Share option scheme held at 31 March 2018

	At 1 April 2017	Awarded during the year	Lapsed during the year	Vested during the year	At 31 March 2018	Grant date	Exercisable from	Share price at grant	Exercise price
Colin Evans Unapproved Share options awarded in January 2018	nil	374,513	nil	nil	374,513	17/1/18	17/1/21 to 17/1/28	15.38p	15.38p

Share awards under the LTIP held at 31 March 2018

	At 1 April 2017	Awarded during the year	Lapsed during the year	Vested during the year	At 31 March 2018	Grant date	Exercisable from	Share price at grant	Exercise price
Colin Evans[2]									
LTIP award granted June 2014	125,523	nil	125,523	nil	nil	12/06/14	13/06/17 to 12/06/24	£1.195	n/a
LTIP award granted July 2015	500,000	nil	500,000	nil	nil	02/07/15	03/07/18 to 02/07/25	£0.365	nil
LTIP award granted July 2016	250,000	nil	250,000	nil	nil	28/07/16	29/07/19 to 28/07/26	£0.48	nil
Total LTIP award	**875,523**	**nil**	**875,523**	**nil**	**nil**				
comprising:									
HMRC Approved Options	25,104	nil	25,104	nil	nil	12/06/14	13/06/17 to 12/06/24	£1.195	£1.195
Parallel Option[1]	25,104	nil	25,104	nil	nil	12/06/14	13/06/17 to 12/06/24	£1.195	nil
Top-Up Award	100,419	nil	100,419	nil	nil	12/06/14	13/06/17 to 12/06/24	£1.195	nil
Top-Up Award	500,000	nil	500,000	nil	nil	02/07/15	03/07/18 to 02/07/25	£0.365	nil
Top-Up Award	250,000	nil	250,000	nil	nil	28/07/16	29/07/19 to 28/07/26	£0.48	nil
Zak Doffman									
LTIP award granted June 2014	125,523	nil	125,523	nil	nil	12/06/14	13/06/17 to 12/06/24	£1.195	n/a
LTIP award granted July 2015	1,000,000	nil	1,000,000	nil	nil	02/07/15	03/07/18 to 02/07/25	£0.365	nil
LTIP award granted July 2016	500,000	nil	500,000	nil	nil	28/07/16	29/07/19 to 28/07/26	£0.48	nil
Total LTIP award	**1,625,523**	**nil**	**1,625,523**	**nil**	**nil**				
comprising:									
HMRC Approved Options	25,104	nil	25,104	nil	nil	12/06/14	13/06/17 to 12/06/24	£1.195	£1.195
Parallel Option[1]	25,104	nil	25,104	nil	nil	12/06/14	13/06/17 to 12/06/24	£1.195	nil
Top-Up Award	100,419	nil	100,419	nil	nil	12/06/14	13/06/17 to 12/06/24	£1.195	nil
Top-Up Award	1,000,000	nil	1,000,000	nil	nil	02/07/15	03/07/18 to 02/07/25	£0.365	nil
Top-Up Award	500,000	nil	500,000	nil	nil	28/07/16	29/07/19 to 28/07/26	£0.48	nil
Sharon Cooper									
LTIP award granted June 2014	104,602	nil	104,602	nil	nil	12/06/14	13/06/17 to 12/06/24	£1.195	n/a
LTIP award granted July 2015	250,000	nil	250,000	nil	nil	02/07/15	03/07/18 to 02/07/25	£0.365	nil
LTIP award granted July 2016	200,000	nil	200,000	nil	nil	28/07/16	29/07/19 to 28/07/26	£0.48	nil
Total LTIP award	**554,602**	**nil**	**nil**	**nil**	**nil**				
comprising:									
HMRC Approved Options	25,104	nil	25,104	nil	nil	12/06/14	13/06/17 to 12/06/24	£1.195	£1.195
Parallel Option[1]	25,104	nil	25,104	nil	nil	12/06/14	13/06/17 to 12/06/24	£1.195	nil
Top-Up Award	79,498	nil	74,104	nil	nil	12/06/14	13/06/17 to 12/06/24	£1.195	nil
Top-Up Award	250,000	nil	250,000	nil	nil	02/07/15	03/07/18 to 02/07/25	£0.365	nil
Top-Up Award	200,000	nil	200,000	nil	nil	28/07/16	29/07/19 to 28/07/26	£0.48	nil

Notes:

1. The Parallel Option is awarded to deliver the exercise price of the HMRC Approved Option and as such is not included in the calculation of the total LTIP award. Full details are given on page 30.
2. Colin Evans surrendered all awards made to him under the LTIP on 16 January 2017 and hence they lapsed on that day.

Share awards under the Sharesave Scheme at 31 March 2018

	At 1 April 2017	Awarded during the year	Lapsed during the year	Vested during the year	**At 31 March 2018**	Grant date	Exercisable from	Share price at grant	Exercise price
Sharon Cooper									
Sharesave option granted July 2016	46,683	nil	46,683	nil	nil	27/07/16	28/7/19 to 27/1/20	£0.48	£0.33
Total Sharesave award	**875,523**	**nil**	**875,523**	**nil**	**nil**				

Directors' interests in Shares

The interests of the Directors at the end of the year in the Share capital of the Company were as follows:

	As at 31 March 2018 Ordinary Shares	As at 1 April 2017 Ordinary Shares	**As at 31 March 2018 Deferred Shares**	As at 31 March 2017 Deferred Shares
Tom Black	**11,349,444**	9,319,432	**81,562**	54,375
Colin Evans	**2,423,900**	1,574,920	**40,781**	27,187
Ian Lindsay	**nil**	n/a	**nil**	n/a
Paul Taylor	**272,489**	118,651	**nil**	nil

No Director holds a non-beneficial interest in the Company's Share capital. There have been no changes in Directors' Shareholdings between 31 March 2018 and 25 June 2018.

Approved by the Board and signed on its behalf:

Paul Taylor
Chairman, Remuneration Committee

25 June 2018

Directors’ responsibility statement – Group financial statement

The Directors are responsible for preparing the Strategic Report and Directors’ Report the Directors’ Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law[1] the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors’ Remuneration report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company’s auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

To the best of our knowledge:

- the Group and parent financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors’ Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Tom Black
Chairman

25 June 2018

Ian Lindsay
Finance Director

25 June 2018

1. Section 393, Companies Act 2006.

Independent auditors' report to the members of Thruvision Group plc

Opinion

Our opinion on the financial statements is unmodified
We have audited the financial statements of Thruvision Group Plc (the 'parent Company') and its subsidiaries (together, the 'Group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosures Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

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

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

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

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

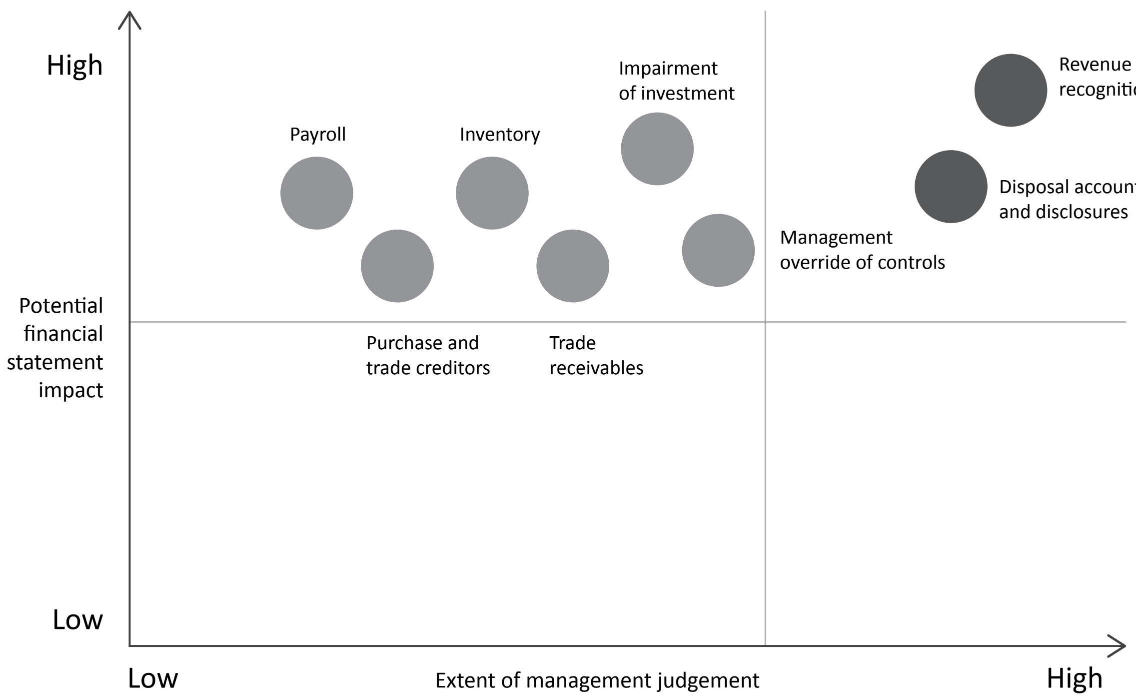
- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Overview of our audit approach

- Overall materiality: £447,000, which represents 2.75% of the Group's revenue
- Key audit matters were identified as follows:
  - Revenue recognition
  - Completeness and accuracy of disposal accounting and disclosures, including validity and recoverability of contingent consideration
- We performed a full scope audit covering Thruvision Group Plc and Thruvision Limited, as well as targeted procedures on Thruvision Inc. and comprehensive procedures on the discontinued operations recognised in the Statement of Comprehensive Income.

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



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

Key Audit Matter – Group	How the matter was addressed in the audit
Revenue Recognition Revenues of £16,232,000 have been recognised in the year ended 31 March 2018, arising from 3 revenue streams. This is a highly material number within the accounts. Revenue is a KPI for the business and is a key metric for investors. There is a degree of management judgement involved in relation to the timing and recognition of revenues. We therefore identified improper revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Evaluating the Group's accounting policies for revenue recognition for compliance with IAS18 and IAS11. • A sample of revenue transactions was selected from the revenue listing for the Group for the full year, covering sales for the discontinued and continuing operations, and agreed to third party evidence. • For sales of goods, we traced recognised transactions to proof of delivery, or other evidence that the customer had accepted ownership, in order to provide evidence of occurrence and of appropriate revenue recognition. • For software and maintenance licence sales, we agreed to sales invoice, and the original sales contract as signed by the customer. We also recalculated the revenue recognised based on the length of the licence, and ensured that deferred revenue was correctly recognised. • For project revenue, we agreed the allocation of costs to the projects sampled and traced the allocated costs to relevant support, such as purchase invoices. Based on a recalculation of the costs incurred as a proportion of the total cost of the project, we ensured that revenue had been recognised on a percentage completion basis. In addition, we agreed the proportion of project revenue recognised by agreeing to customer acceptance of the service provided. Finally, we assessed and challenged management's assessment of costs to complete to ensure that the overall contracts were profit making. The Group's accounting policy on revenue recognition is shown in Note 1 to the financial statements and related disclosures are included in Note 2. **Key observations** Overall, based on our audit work, our assessment is that revenue has been recognised in accordance with IAS18 and IAS 11, and that the estimates applied by management resulted in an appropriate level of revenue recognised in the Statement of Comprehensive Income.

<table>
<tr><th>Key Audit Matter – Group and Parent</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>

Completeness and accuracy of disposal accounting and disclosures, including validity and recoverability of contingent consideration

In October 2017, Thruvision Group Plc completed the sale of its Video Business. The loss on disposal and disposal related costs recognised in the Group accounts was £4.5 million. This is a highly material number within the accounts.

The loss on disposal is a key figure within the accounts. There is also a degree of management judgement involved in the assessment of the amount of contingent consideration that is expect to be receivable.

We therefore identified completeness of disposal accounting and disclosures, including validity and recoverability of contingent consideration, as a significant risk, which was one of the most significant assessed risks of material misstatement.

</td><td>

Our audit work included, but was not restricted to:

- Obtaining the Share Purchase Agreement (SPA) and agreeing key terms to management's calculation on the loss on disposal.
- Tracing the proceeds received to the SPA and to cash receipt.
- Agreeing the mechanism for calculating the contingent consideration receivable with reference to the SPA
- Discussing and challenging key judgements with regards to management's assessment of the contingent consideration likely to be received, and obtaining evidence available to support management's judgements.
- Agreeing disposal related costs to supporting documentation, such as purchase invoices.
- Ensuring that the financial statement disclosures are complete and in accordance with IFRS.
- Related disclosures are included in Note 25 to the financial statements.

Key observations
Overall, based on our audit work, our assessment is that the disposal accounting and disclosures are complete, and that the contingent consideration is valid and recoverable.

</td></tr>
</table>

Our application of materiality

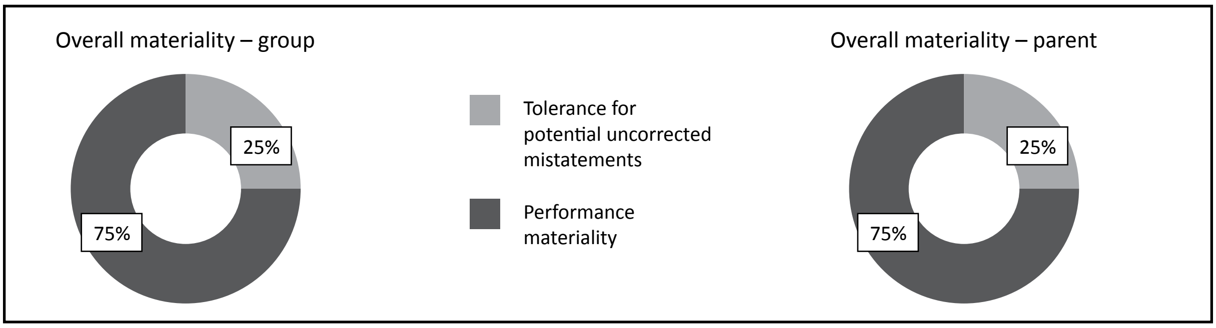
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality Measure	Group	Parent
Financial statements as a whole	£447,000 which is 2.75% of total revenues. This benchmark is considered the most appropriate because this is a key performance indicator. Furthermore, we benchmarked this against the loss for the year and net assets, and deemed the level to be appropriate.	£423,000 which is 1.75% of preliminary total assets. This benchmark is considered the most appropriate because the parent Company's principal activity is that of a holding Company and therefore the entity does not generate any revenues.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Communication of misstatements to the Audit Committee	£22,350 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£21,150 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

An overview of the scope of our audit



Our audit approach was a risk-based approach founded on a thorough understanding of the Group's business, its environment and risk profile. We considered material components using Group materiality and our scope included the following:

- Understanding the Group's internal control environment by performing process walkthroughs and documenting the controls covering all of the Key Audit Matters and Other Risks shown in the graph above;
- Results of the prior year audit which we considered as part of our risk assessment process and review of the prior year auditor's work;
- Performing a full scope audit of the financial statements of the parent Company Thruvision Group Plc, which includes 100% of the Group's investments;
- Performing a full scope audit of the financial statements of Thruvision Ltd, the main trading entity;
- Performing comprehensive audit procedures on the discontinued operations recognised in the Statement of Comprehensive Income;
- Performing targeted procedures covering Thruvision Inc., a subsidiary incorporated in the United States; and
- Our full scope and targeted audit procedures covered 100% of the revenue recognised, 100% of the loss recognised and 99% of the assets held.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 1 to 36, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 37, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Mark Bishop FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford

25 June 2018

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	6	**70**	1,870
Finance costs	7	**(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)	25	**(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 period/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)

Consolidated statement of financial position
at 31 March 2018

	Note	31 March 2018 £'000	31 March 2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	**278**	1,132
Goodwill	11	**–**	17,076
Other intangible assets	12	**2**	11,380
		280	29,588
Current assets			
Inventories	13	**1,813**	8,018
Trade and other receivables	14	**1,229**	7,656
Current tax recoverable		**90**	1,304
Cash and cash equivalents	19	**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	17	**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	8	**–**	620
Provisions	20	**36**	90
		36	710
Current liabilities			
Trade and other payables	15	**1,455**	7,908
Provisions	20	**29**	36
		1,484	7,944
Total liabilities		**1,520**	8,654
Total equity and liabilities		**20,999**	47,568

The financial statements on pages 45 to 84 were approved by the Board of Directors on 25 June 2018 and were signed on its behalf by:

Tom Black
Chairman

Ian Lindsay
Finance Director

Consolidated statement of changes in equity
for the year ended 31 March 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 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**

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	10	**400**	481
Amortisation of intangible assets	12	**716**	1,588
Impairment of goodwill	11	**4,291**	7,500
Share-based payment transaction expense	17	**109**	424
Unrealised gains on foreign exchange		**62**	(119)
Realisation of foreign exchange losses on disposal of Video Business		**708**	–
Release of deferred consideration	18	**–**	(2,329)
Disposal of fixed assets	10	**(5)**	5
Loss on disposal of Video Business		**2,085**	–
Recovery of purchase consideration	18, 25	**(1,126)**	–
Finance income	6	**(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	10	**(196)**	(760)
Expenditure on intangible assets	12	**(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	18	**1,126**	288
Net cash flow utilised in investing activities		**19,257**	(485)
Financing activities			
Proceeds from borrowings		**7,635**	–
Finance costs		**(741)**	(549)
Net cash flow from investing 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)
Net 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 25 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 2 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.

1. Accounting policies continued

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 intercompany 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 3) and long-term (beyond year 3 up to 5 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).

1. Accounting policies continued

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.

1. Accounting policies continued

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 – 3 to 12 years;
- order backlog – 1 to 3 years;
- intellectual property and Software – 1 to 7 years;
- patents – 8; and
- trademarks – 10 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.

1. Accounting policies continued

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 interest 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.

1. Accounting policies continued

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 3 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.

1. Accounting policies continued

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 3 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

1. Accounting policies continued

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.

1. Accounting policies continued

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 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 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 5-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:

- revenue recognition; and
- 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:

- IAS 17 Leases;
- IFRIC 4 Determining whether an Arrangement contains a Lease;
- SIC-15 Operating Leases-Incentives; and
- 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 2 recognition exemptions for lessees:

- leases of 'low-value' assets (e.g., personal computers); and

1. Accounting policies continued

- 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; and

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.

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.

2. Segmental information continued

	Year ended 31 March 2018					
	Services	**Solutions**		**Central**		
	Services Discontinued £'000	**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 3 (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(1)	**52**	113
Financing set up costs(2)	**263**	421
Total adjustments	**315**	632

1. 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.
2. During the year end 31 March 2017 the Group obtained a new facility, incurring legal and set up fees.

5. Employees

The number of employees at the end of the period were as follows:

	At 31 March 2018	At 31 March 2017
Continuing operations	**23**	20
Discontinued operations	**–**	144
	23	164

Continuing and discontinued operations

The average number of employees during the period and the number at the end of the period were as follows:

	Average 2018	At 31 March 2018	Average 2017	At 31 March 2017
Directors	**5**	**4**	6	6
Business units	**81**	**15**	134	129
Corporate	**14**	**4**	30	29
	100	**23**	170	164

The employee benefit expense for the period of these employees amounted to:

	2018 £'000	2017 £'000
Salaries and short-term employee benefits	**7,591**	11,056
Social security costs	**888**	1,306
Pension costs	**108**	193
Share-based payments (Note 18)	**109**	424
	8,696	12,979

Continuing operations

The average number of employees during the period and the number at the end of the period were as follows:

	Average 2018	At 31 March 2018	Average 2017	At 31 March 2017
Directors	**4**	**4**	5	5
Business units	**12**	**14**	11	11
Corporate	**4**	**4**	4	4
	20	**22**	20	20

The employee benefit expense for the period of these employees amounted to:

	2018 £'000	2017 £'000
Salaries and short-term employee benefits	**2,227**	1,457
Social security costs	**239**	181
Pension costs	**21**	22
Share-based payments	**52**	311
	2,539	1,971

6. Finance income

Continuing operations only	2018 £'000	2017 £'000
Bank interest receivable	**36**	8
Other interest receivable	**34**	–
Foreign exchange gain on intercompany loan	**–**	1,862
	70	1,870

7. Finance costs

	2018 £'000	2017 £'000
Bank interest payable	**–**	8
Finance set up fees	**263**	421
Finance fees	**9**	1
Loss on forward contract measured at fair value through income statement	**–**	476
Foreign exchange loss on intercompany loan	**486**	–
	758	906

8. Taxation

	2018 £'000	2017 £'000
Current tax – continuing operations		
Corporation tax	**(99)**	(100)
Adjustment in respect of prior year	**9**	(29)
Overseas tax	**–**	–
	(90)	(129)
Deferred tax – continuing operations		
Origination and reversal of temporary differences	**–**	–
Adjustment in respect of prior year	**–**	–
Change in tax rate	**–**	–
	–	–
Total tax credit for the year – continuing	**(90)**	(129)

	2018 £'000	2017 £'000
Current tax – discontinued operations		
Corporation tax	**(238)**	(480)
Adjustment in respect of prior year	**(49)**	(162)
Overseas tax	**(28)**	(35)
	(315)	(677)
Deferred tax – discontinued operations		
Origination and reversal of temporary differences	**407**	564
Adjustment in respect of prior year		–
Change in tax rate		–
	407	564
Total tax credit for the year – discontinued	**92**	(113)
Total tax charge/(credit) for the year	**2**	(242)

8. Taxation continued

The tax credit for the year is lower than the standard rate of corporation tax in the UK applied to the loss before tax. The differences are explained below:

	2018 £'000	2017 £'000
Loss before tax – continuing operations	**(3,212)**	(1,091)
Loss before tax – discontinued operations	**(16,337)**	(15,831)
Loss for the period before tax	**(19,549)**	(16,922)
Tax at the UK corporation tax rate of 19% (2017: 20%)	**(3,714)**	(3,384)
Tax effects of:		
Prior year adjustments	**(40)**	(191)
Expenses not deductible for tax purposes	**2,353**	41
Deferred tax movements on amortisation of acquired intangible assets	**136**	63
Unrecognised deferred tax movements on depreciation in excess of capital allowances	**16**	55
Unrecognised deferred tax movements on Share-based payments	**21**	85
Non-deductible impairment of goodwill	**815**	1,500
Unrecognised deferred tax movements on unrelieved tax losses carried forward net of losses used against deferred tax liabilities	**385**	1,561
Tax on loss of Services division	**–**	41
Difference in foreign tax rate	**172**	261
Impact on research and development credits	**(143)**	(270)
Impact of rate change on deferred tax	**1**	(4)
Total tax charge/(credit) for the period	**2**	(242)

Deferred taxation

The tax charge relating to deferred tax included in the income statement is as follows:

	2018 £'000	2017 £'000
Other intangibles	**407**	564

Deferred tax included in the statement of financial position is as follows:

	2018 £'000	2017 £'000
At beginning of the year	**(620)**	(57)
Prior year adjustments	**–**	1
Origination and reversal of temporary differences	**(407)**	(564)
Reversal of deferred tax assets upon disposal of Video Business	**1,027**	–
Change in tax rate	**–**	–
At end of the year	**–**	(620)

The deferred tax amount of £nil (2017: £620,000) represents £nil (2017: £767,000) relating to acquired intangible assets less an offset of £nil (2017: £147,000) relating to tax losses.

Unrecognised deferred tax assets

	2018 £'000	2017 £'000
Fixed assets	**107**	–
Tax losses	**1,440**	9,285
	1,547	9,285

Unrelieved tax losses amount to approximately £8.7 million (2017: £56.7 million – split £7.1 million continuing, £49.6 million discontinuing), which are available indefinitely for offset against future taxable trading profits. The final losses as at 31 March 2018 will be determined after the Company has filed the relevant tax returns and is dependant on warrants and conditions included within the Share Purchase Agreement for the disposal of the Video Business. There are no current claims under these terms at the time the financial statements are signed. A deferred tax asset has not been recognised on £8.7 million (2017: £56.2 million – split £7.1 million continuing, £49.1 million discontinuing) of these losses on the basis that there is insufficient evidence that this asset will be recoverable as at the statement of financial position's date. An asset will only be recognised with improved certainty and quantification of taxable profits.

9. 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)

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.

10. Property, plant and equipment

	Leasehold improvements £'000	Office furniture and equipment £'000	Computers, ancillary equipment and electronic test equipment £'000	Motor Vehicles £'000	Demonstration stock £'000	Plant & Equipment £'000	Total £'000
Cost							
At 1 April 2016	519	552	410	52	1,779	–	3,312
Additions	242	16	223	–	279	–	760
Disposals	(7)	–	(6)	(6)	(1)	–	(20)
Exchange movements	9	6	8	5	14	–	42
At 31 March 2017	763	574	635	51	2,071	–	4,094
Additions	–	4	36	35	120	1	196
Reclassifications	–	–	–	–	(67)	67	–
Video Business disposals	(222)	(350)	(555)	(14)	(1,494)	–	(2,635)
Disposals	(78)	(183)	(94)	(42)	(266)	–	(663)
Exchange movements	(9)	(6)	(5)	(6)	(12)	–	(38)
At 31 March 2018	**454**	**39**	**17**	**24**	**352**	**68**	**954**
Accumulated depreciation							
At 1 April 2016	277	453	273	17	1,464	–	2,484
Charge for the year	119	58	101	10	193	–	481
Disposals	(3)	–	(5)	(6)	(1)	–	(15)
Exchange movements	3	1	7	–	1	–	12
At 31 March 2017	396	512	376	21	1,657	–	2,962
Charge for the year	91	24	78	10	195	2	400
Reclassifications	–	–	–	–	(48)	48	–
Video Business disposals	(151)	(312)	(345)	(1)	(1,304)	–	(2,113)
Disposals	(53)	(183)	(94)	(23)	(195)	–	(548)
Exchange movements	(6)	(4)	(4)	(3)	(8)	–	(25)
At 31 March 2018	**277**	**37**	**11**	**4**	**297**	**50**	**676**
Net book value							
At 31 March 2018	**177**	**2**	**6**	**20**	**55**	**18**	**278**
At 31 March 2017	367	62	259	30	414	–	1,132

11. 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	**–**

11. Goodwill continued

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 2 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.

The Group prepares cash flow forecasts for the cash-generating unit based on the most recent 3-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 1 to 3)[(1)]	25%
Revenue growth from FY20 onwards (year 4 onwards)[(2)]	2.0%
Gross margin improvement compound from FY17 to FY20 (years 1 to 3)[(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 3 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 6 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 6 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.

12. Other intangible assets

	Patents and Trademarks £'000	Intellectual property & Software £'000	Order backlog £'000	Customer relationships £'000	Total £'000
Cost					
At 1 April 2016	355	5,827	942	13,717	20,841
Purchased	–	32	–	–	32
Exchange movements	21	6	43	1,605	1,675
At 31 March 2017	376	5,865	985	15,322	22,548
Purchased	–	2	–	–	2
Disposals	(376)	(5,811)	(985)	(15,322)	(22,494)
At 31 March 2018	**–**	**56**	**–**	**–**	**56**
Accumulated amortisation					–
At 1 April 2016	134	5,239	756	3,315	9,444
Charge for the year	71	366	181	970	1,588
Exchange movements	3	6	47	80	136
At 31 March 2017	208	5,611	984	4,365	11,168
Charge for the year	42	110	1	563	716
Disposals	(250)	(5,667)	(985)	(4,928)	(11,830)
At 31 March 2018	**–**	**54**	**–**	**–**	**54**
Net book value					
At 31 March 2018	**–**	**2**	**–**	**–**	**2**
At 31 March 2017	168	254	1	10,957	11,380

The net book values of individually material intangible assets and their remaining useful life at the end of each period were as follows:

	Carrying value 2018 £'000	**Remaining useful life Years 2018**	Carrying value 2017 £'000	Remaining useful life Years 2017
Brimtek customer relationships	**–**	**–**	10,957	10.9
Brimtek trademark	**–**	**–**	117	2.9
Keeneo intellectual property	**–**	**–**	121	3.0
Omniperception intellectual property	**–**	**–**	95	0.8

13. Inventories

	2018 £'000	2017 £'000
Raw materials	**886**	685
Work in progress	**124**	327
Finished goods and goods for resale	**803**	7,006
	1,813	8,018

The movement on stock provision during the year is set out below.

	2018 £'000	2017 £'000
Opening provision	**1,641**	655
Released	**(37)**	(64)
Increase to provision from continuing operations (charged to cost of sales during year)	**168**	–
Increase to provision from discontinued operations (charged to cost of sales during year)	**1,044**	1,050
Disposal of the Video Business	**(2,468)**	–
Closing provision	**348**	1,641

14. Trade and other receivables

	Gross carrying amounts 2018 £'000	**Provision for impairment 2018 £'000**	**Net carrying amounts 2018 £'000**	Gross carrying amounts 2017 £'000	Provision for impairment 2017 £'000	Net carrying amounts 2017 £'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.

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 3 months past due	**35**	617
More than 3 months but not more than 6 months past due	**11**	–
More than 6 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.

15. 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 2 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.

16. 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.

17. Employee Share schemes

Long-term Incentive Plan

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 prior to 31 March 2015 are subject to performance and service conditions which included market based 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 Stochastic model. Market conditions are incorporated into the fair value calculation at grant date using multiple simulations of the Stochastic 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.

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) over the subsequent 3 year period. The total amount to be expensed over the vesting period of the awards is determined by reference to the fair value at the date on 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.

Enterprise Management Incentive Scheme

Certain employees of the Group receive remuneration in the form of Share options under an Enterprise Management Incentive Scheme ('EMI'). The first option awards under the scheme were made in the year ended 31 March 2018.

All awards made under the EMI scheme are subject to service 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 on 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 awards and options that actually vest on the above basis.

Unapproved Share Option Scheme

Certain employees of the Group receive remuneration in the form of Share options under an Unapproved Share Option Scheme. The first option awards under the scheme were made in the year ended 31 March 2018.

All awards made under the Unapproved Share Option Scheme are subject to service 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 on 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 awards and 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.

17. Employee Share schemes continued

Sharesave Scheme

The Group have in place a Thruvision Group Sharesave Scheme, which allows eligible employees to use regular savings to purchase Shares. Options are granted at a discount of 20% of the market value of the Shares. No financial performance criteria are attached to these options and they vest 3 years from the date of grant with an exercise period of 6 months. There are no cash settlement alternatives. The fair value is determined using the Black-Scholes model.

The movements in the number of awards and options is shown below:

	HMRC Approved Options		Parallel Options	
	Number of options	Weighted average exercise price £	Number of options*	Weighted average exercise price £
Outstanding at 1 April 2016	1,289,323	0.614	1,289,323	nil
Granted	344,214	0.480	344,214	nil
Forfeited	(242,454)	0.829	(242,454)	nil
Outstanding at 31 March 2017	1,391,083	1.484	1,391,083	nil
Forfeited	(1,295,473)	0.517	(1,295,473)	nil
Outstanding at 31 March 2018	**95,610**	**0.855**	**95,610**	**nil**
Exercisable at 31 March 2017	13,353	1.56	13,353	nil
Exercisable at 31 March 2018	**50,124**	**1.292**	**50,124**	**nil**
For the year ended 31 March 2018:				
Range of exercise prices	£1.195 – £1.56		nil	
Weighted average remaining contractual life	6.19 years		6.19 years	
For the period ended 31 March 2017:				
Range of exercise prices	£0.365 – £1.85		nil	
Weighted average remaining contractual life	8.32 years		8.32 years	

	Top-Up Awards		Sharesave Scheme	
	Number of options*	Weighted average exercise price £	Number of awards	Weighted average exercise price £
Outstanding at 1 April 2016	4,929,088	nil	447,685	0.96
Granted	2,073,286	nil	1,717,853	0.31
Forfeited	(1,065,809)	nil	(471,026)	0.96
Outstanding at 31 March 2017	5,936,565	nil	1,694,512	0.31
Forfeited	(5,509,050)	nil	(901,536)	0.31
Outstanding at 31 March 2018	**427,515**	**nil**	**792,976**	**0.31**
Exercisable at 31 March 2017	11,818	nil	–	–
Exercisable at 31 March 2018	**294,181**	**nil**	**–**	**–**
For the year ended 31 March 2018:				
Range of exercise prices	nil		nil	
Weighted average remaining contractual life	6.48 years		1.83 years	
For the period ended 31 March 2017:				
Range of exercise prices	nil		£0.31	
Weighted average remaining contractual life	8.31 years		2.83 years	

* The number of Parallel Options that will vest are not fixed and will, together with an HMRC Approved Option, deliver the same value to the employee as a Top-Up Award.

17. Employee Share schemes continued

	EMI Options		Unapproved Options	
	Number of options	Weighted average exercise price £	Number of awards	Weighted average exercise price £
Granted	5,875,662		374,513	0.154
Outstanding at 31 March 2018	**5,875,662**		**374,513**	**0.154**
Exercisable at 31 March 2018	**–**		**–**	

	EMI Options	Unapproved Options
For the year ended 31 March 2018:		
Range of exercise prices	£0.1275 – £0.1538	£0.1538
Weighted average remaining contractual life	9.84 years	9.83 years

Assumptions used in the valuation of Share-based payment charge

The fair value of Share awards granted in the period and the assumptions used in the calculation of their fair value on the date of grant were as follows:

	HMRC Approved Options 28 July 2016	Parallel Options 28 July 2016	Top-Up awards 28 July 2016	Sharesave Options 29 July 2016	Top-Up awards 9 January 2017
Number granted	344,214	344,214	1,798,286	1,717,853	275,000
Fair value per option/award	£0.16	£0.32	£0.48	£0.22	£0.398
Share price on date of grant	£0.48	£0.48	£0.48	£0.47	£0.41
Exercise price	£0.48	nil	nil	£0.31	nil
Vesting period (years)	3.0	3.0	3.0	3.0	3.0
Volatility	48.04%	48.04%	48.04%	46.4%	48.74%
Risk-free rate of return	0.05%	0.05%	0.05%	0.06%	0.22%
Expected life (years)	3.0	3.0	3.0	3.25	3.0
Expected dividend yield	nil	nil	nil	nil	nil

	EMI Options 17 January 2018	**Unapproved Options 17 January 2018**	Top-Up awards 9 January 2017
Number granted	**5,475,662**	**374,513**	400,000
Fair value per option/award	**£0.0690**	**£0.0690**	£0.0596
Share price on date of grant	**£0.1538**	**£0.1538**	£0.1275
Exercise price	**£0.1538**	**£0.1538**	£0.1275
Vesting period (years)	**3**	**3**	3
Volatility	**44.65%**	**44.65%**	46.38%
Risk-free rate of return	**0.99%**	**0.99%**	1.21%
Expected life (years)	**6.5**	**6.5**	6.5
Expected dividend yield	**nil**	**nil**	nil

It has been assumed that there will not be any early exercise of awards.

A charge of £109,000 (2017: £424,000) has been made in the income statement to spread the fair value of the awards over the 3 year service obligations of these incentives. 490,101 options granted under the Sharesave Scheme to Video Business employees will lapse on 30 April 2018, as under the rules of the scheme participants employed by a Company which ceases to be an Associated Company of the Company by reason of a change of control have 6 months to exercise their options after such cessation.

17. Employee Share schemes continued

Employee Benefit Trust

The Thruvision Group plc Employee Benefit Trust's (the 'Trust') objective is to hold Shares in Thruvision Group plc to satisfy awards under the Long-term Incentive Plan. Costs of running the Trust are charged to the Income Statement. Shares held by the Trust are deducted from the profit and loss reserve and held at cost to the Trust. At 31 March 2018 the Trust did not hold any Shares in the Company (2017: nil).

Incentive Shares

On 22 February 2010, Tom Black, Colin Evans and Zak Doffman were issued a total of 217,500 Incentive Shares totalling £217,500 in a Share for Share exchange for Digital Barriers Services Limited Shares. The Incentive Shares only reward participants if Shareholder value s created, thereby aligning the interests of the Executive Directors with those of Shareholders. The Incentive Shares carry 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. The Incentive Shares did not carry any voting or dividend rights and were 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 convert the Shares by choosing to redeem them.

On issue, in February 2010, the terms relating to the Incentive Shares provided that 50% of the Incentive Shares would vest (i.e. become capable of conversion into Ordinary Shares) on 1 February 2013 and 50% would vest on 1 February 2014.

The fair value was determined using a Stochastic model. The fair value of the Incentive Shares was recognised as a current liability on the statement of financial position as it becomes repayable if the Executive Directors leave office. The fair value of the Incentive Shares was determined to be equivalent to the original amount issued (£217,500) and hence no Share-based payment charge was recognised.

The valuation of Incentive Shares was determined by running a series of scenarios, which used variables of the amount of equity capital raised at the IPO and the amount of cash used in acquisitions. The scenarios incorporated assumptions on the market valuation of the Company at grant (£3 million), inflation over the period to conversion (2.91%), expected Beta of companies invested in (0.7) and expected equity risk premium at grant date (4.82%). It has also been assumed that there will not be any early exercise of Incentive Shares.

Modification to terms

At a General Meeting held on 27 December 2012, the terms relating to the Incentive Shares were changed so that 25% of the Incentive Shares will vest on the date being 5 business days after the publication of the Company's preliminary results for the immediately preceding financial year and 31 May of that year whichever is earlier in each of 2013, 2014, 2015 and 2016.

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. The total incremental fair value chargeable over the period to June 2016 is £246,000. This resulted in a charge to the Consolidated Income Statement in the year of £nil (2017: £5,000) There were nil incentive Shares held at 31 March 2018 (31 March 2017: nil).

The key assumptions used in the calculation of the incremental fair value on modification were as follows:

Conversion date	June 2013	June 2014	June 2015	June 2016	June 2017
Share price volatility	26.9%	25.4%	26.2%	26.9%	48.04%
Risk free rate of return	0.33%	0.32%	0.39%	0.53%	0.05%
RPI	3.1%	2.7%	2.5%	2.9%	3.5%

Conversion

In accordance with the provisions relating to the Incentive Shares contained in the Articles of Association, no Ordinary Shares were due in respect of the Incentive Share conversion in the year ended 31 March 2017 (vesting period 8 June 2015 to 6 September 2015).

Provision had not been made in the Articles for the circumstance whereby Incentive Shares did not convert into Ordinary Shares on the conversion date. Accordingly, a resolution was passed so that Incentive Shares which did not convert to Ordinary Shares on the relevant conversion date convert to Deferred Shares with limited rights.

18. Business combinations

On 1 March 2016, the Group acquired 100% of the issued Share capital of Brimtek Inc. The purchase consideration included initial cash consideration and an amount of deferred consideration.

The following movements in the amounts recognised for deferred consideration have taken place:

	£'000
As at 1 April 2016	2,018
Exchange movement	311
Release of deferred consideration	(2,329)
As at 31 March 2017	–

The exchange movement on the deferred consideration is a translation reserve movement.

Based on forecasts, the deferred consideration was fully released at 31 March 2017. In June 2017 the Group agreed early finalisation terms with the vendors of Brimtek. The terms of the finalisation involved a release of £1,126,000 from escrow back to the Group and no deferred consideration to be paid.

19. Financial instruments

Categories of financial assets and liabilities
The Group had the following financial assets and liabilities:

The amounts below are contractual undiscounted cash flows and include both interest and principal amounts.

	Note	**Amortised cost 2018 £'000**	Amortised cost 2017 £'000
Assets as per statement of financial position			
Trade receivables	14	**603**	6,012
Accrued income	14	**10**	168
Other receivables	14	**484**	860
Cash and cash equivalents		**17,587**	1,002
		18,684	8,042

	Note	**On demand or less than 1 year 2018 £'000**	**1 to 2 years 2018 £'000**	**Total 2018 £'000**	On demand or less than 1 year 2017 £'000	1 to 2 years 2017 £'000	Total 2017 £'000
Liabilities							
Trade payables	15	**732**	**–**	**732**	5,115	–	5,115
Accruals	15	**549**	**–**	**549**	1,735	–	1,735
Other payables	15	**4**	**–**	**4**	350	–	350
		1,285	**–**	**1,285**	7,200	–	7,200

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 has no level 2 or level 3 financial liabilities. 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.

19. Financial instruments continued

Financial risk management

The Group has a centralised treasury function, providing a service to the Group for funding and foreign exchange management. Treasury activities are managed under policies and procedures approved and monitored by the Board. These are designed to reduce the financial risks faced by the Group, which primarily relate to credit risk, foreign currency risk, interest rate risk and liquidity risk. The Group has not undertaken any trading in financial instruments during the year (2017: nil).

Credit risk

The Board monitors the Group's exposure to credit risk on an on-going basis. Cash investments are only allowed in liquid securities with major financial institutions that satisfy specific criteria. The maximum credit risk exposure at the statement of financial position's date is represented by the carrying value of financial assets. Cash investments have been held with 2 major financial institutions in the year.

The Board carries out a formal review of its banking arrangements on a 6-monthly basis. Details of the Group's credit risk on trade and other receivables can be found in Note 14.

Customer concentration risk

The Group monitors its exposure to customer concentration risk on an on-going basis. The amount of the risk exposure is shown in Note 14.

Market risk analysis

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk); credit risk; and liquidity risk and certain other price risks. The main risks faced by the Group relate to the availability of funds to meet business needs and the risk of credit default by customers. The Group's overall risk management programme focuses on the unpredictability of the currency markets, and its ongoing operating activities, seeking to minimise potential adverse effects on the Group's financial performance.

Foreign currency risk

Operations are subject to foreign exchange risk from committed transactions denominated in currencies other than their functional currency and, once recognised, the revaluation of foreign currency denominated assets and liabilities.

Approximately, 42% (2017: 74%) of Group revenue was invoiced in currencies other than Sterling, predominantly USD. To mitigate foreign exchange risk arising from transactions denominated in other currencies, forecast revenues and costs are regularly reviewed to assess any potential currency exposures and whether forward currency contracts should be put in place. Following the acquisition of Brimtek Inc. the Group expected to generate a surplus of USDs. To mitigate foreign currency risk exposure, the ability to increase inventory procurements in USD was regularly reviewed, which provided a natural hedge. Following the disposal of the Video Business which included Brimtek, the potential foreign currency exposure has reduced but potential currency exposures continue to be reviewed. There were no material currency contracts entered into during the year (2017: nil).

The Group is also exposed to movements in foreign currency exchange rates in respect of the translation of net assets and income statements of foreign subsidiaries. However, this translation risk is not hedged as it is immaterial within the Group and has reduced following the disposal of the Video Business.

As part of the acquisition of Brimtek, intercompany loans were established between Digital Barriers Inc. and Thruvision Group Plc which exposed the Group to exchange differences on retranslation as noted in Note 6 and Note 7 (2018: £486,000 loss, 2017: £1,862,000 gain). These loans were settled prior to the disposal of the Video Business.

The Group has total cash assets of £17,587,000 (2017: £1,020,000) of which £17,318,000 (2017: £321,000) are Sterling denominated and £268,000 (2017: £681,000) are in other currencies, mainly USD and Euro.

Interest rate risk

The Group has £nil financial assets on fixed rate deposits (2017: £nil), and £16,338,000 on floating rate deposits.

A reasonably possible change in interest rates is 25 basis points. An increase of 25 basis points would give rise to an additional £41,000 (2017: £nil) of finance income. A decrease of 25 basis points would give rise to a reduction in finance income of £41,000 (2017: £nil). The Group is not exposed to interest rate risks on other assets and liabilities, which are transacted on normal commercial terms.

Liquidity risk

The Group's policy is to maintain sufficient headroom to meet its foreseeable financing requirements. Substantial financial assets are held by the Group to meet its planned requirements. Further information on the Group's cash position can be found in the Financial review on page 9.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows in the long and short-term.

19. Financial instruments continued

On 17 October 2016 the Group replaced an existing £5.25 million secured working capital facility for export activities with a new 2 year £10.0 million secured revolving credit facility with Investec Bank plc. The funds available through this facility were to be 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. The facility was not being utilised at 31 March 2017, but was drawn during the year ended 31 March 2018. No banking covenants were breached and waivers to covenants tests were agreed with Investec during the testing period. In addition to this secured facility, 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 the disposal of the Video Business both facilities were cancelled.

Capital risk management

The Group defines its capital as its total equity. At this stage of the Group's development, its policy is to have available the necessary financial resources to allow the Group to invest in areas that may deliver future benefit to investors and to fund its existing operations. The Group reviews the capital structure on a regular basis and considers the cost of capital and the risks and benefits associated with different forms of capital available to the Group. At 31 March 2018, total equity amounted to £19,479,000 (2017: £38,914,000).

Following the disposal of the Video Business, the cash proceeds from the sale, after related fees, are significantly greater than the funding requirements of the continuing operations of the Group, and as a result the Board announced on 12 March 2018 its intention to return up to £8 million to Shareholders via a tender offer, possibly combined with an on-market Share buy-back programme.

The declaration and payment by the Group of any future dividends on the Ordinary Shares and the amount will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. However, given the Group's early stage of development, the Directors do not envisage that the Group will pay dividends in the foreseeable future and intend to reinvest surplus funds in the development of the Group's business. The Board will regularly review the appropriateness of its dividend policy.

20. Obligations under operating leases

At year end, the Group had commitments under non-cancellable operating leases, principally for offices and vehicles, as follows:

	Continuing Operations	**Discontinued Operations**		Continuing Operations	Discontinued Operations	
	Land and buildings 2018 £'000	**Other 2018 £'000**	**Total 2018 £'000**	Land and buildings 2017 £'000	Other 2017 £'000	Total 2017 £'000
Future minimum lease payments payable						
Within 1 year	**143**	**9**	**152**	691	28	719
After 1 year but not more than 5 years	**355**	**22**	**377**	716	8	724
After 5 years	**8**	**–**	**8**	–	–	–
	506	**31**	**537**	1,407	36	1,443

The Group has no significant sub-leases or contingent rentals.

21. Provisions

	Other provision £'000	Onerous lease provision £'000	Total £'000
At 1 April 2016	20	134	154
Utilisation	–	(28)	(28)
Charged to income statement	–	–	–
At 31 March 2017	20	106	126
Utilisation	–	(41)	(41)
Disposal of Video Business	(20)	–	(20)
At 31 March 2018	**–**	**65**	**65**
Current	**–**	**29**	**29**
Non-current	**–**	**36**	**36**

21. Provisions continued

A provision was recognised in relation to lease rentals on vacant properties in the year ended 31 March 2014. The £36,000 (2017: £77,000) non-current provision relates to a lease that expires in 2020.

The Other provision, consists of a dilapidations provision of £nil (2017: £13,000) in relation to the lease of the Singapore office and a legal provision of £nil (2017: £7,000) in respect of a dispute in France. Both the Singapore and France subsidiaries were disposed of as part of the disposal of the Video Business.

22. Commitments

There are no capital commitments at 31 March 2018 (2017: nil).

The Group has provided guarantees to none (2017: two) third party customers in relation to the performance and delivery of contracts. No liability is expected to arise as a result of these commitments.

23. 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**	–

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 36.

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.

24. 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.

25. 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	**(16,429)**	(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 £16,429,000 loss as shown on the Income Statement.

25. 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 cash flow note	
Net proceeds	**19,187**
Less net assets disposed of	**(21,272)**
Loss per cashflow note	**2,085**

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.

25. Disposal Group classified as held for sale continued

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 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 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.

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	–	–

26. Subsidiaries

Details of the Company's subsidiary undertakings as at 31 March 2018 are as follows:

Company name	Principal activity	Registered offices	Group interest in allocated capital	Principally operates in	Country of incorporation
Thruvision Limited	People-screening technology	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Thruvision Inc.	People-screening technology	21440, Ashburn Crossing Drive, Suite 140, Ashburn VA 20147, USA	100%	USA	USA
Thruvis Limited **	Dormant	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Codestuff Limited **	Non-trading	C/O Grant Thornton Company Secretarial Services, 110 Queen Street, Glasgow, Scotland, G1 3BX	100%	UK	Scotland
Waterfall Solutions Limited	Non-trading	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Zimiti Limited	Non-trading	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
COE Group Ltd **	Non-trading	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Essential Viewing Systems Limited* **	Non-trading	C/O Grant Thornton Company Secretarial Services, 110 Queen Street, Glasgow, Scotland, G1 3BX	100%	UK	Scotland
COE Limited* **	Dormant	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Timeload Local Ltd* **	Dormant	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Timeload Holdings Ltd* **	Dormant	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Timeload UK Ltd* **	Dormant	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales

* Held indirectly via intermediate holding companies.

** Dormant subsidiaries exempt from audit under s479A of the Companies Act 2006.

Waterfall Solutions Limited and Zimiti Limited will audit exempt as a subsidiary for the accounting period 1 April 2017 to 31 March 2018, as they are designated for wind up prior to the filing deadline of 31 December 2018.

The period of accounts for all companies is 1 April 2017 to 31 March 2018.

26. Subsidiaries continued

The following subsidiaries were disposed of as part of the disposal of the Video Business:

Company name	Principal activity	Registered offices at date of disposal	Group interest in allocated capital	Principally operates in	Country of incorporation
Digital Barriers Services Limited	Consulting services Integrated security solutions	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Digital Barriers SAS	Proprietary video analytics software solutions	WTC Entrée J, 1300 Route Des Cretes, CS 50255, 06905 Sophia Antipolis Cedex, France	100%	France	France
OmniPerception Limited*	Standoff facial recognition	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Brimtek Inc.*	Provider of technical surveillance solutions	21660 Red Rum Drive, Suite 105, Ashburn, VA 20147, USA	100%	Virginia, USA	USA
Digital Barriers Inc,	Holding Company	C/O Corporation Services Company, 2711 Centerville Rd, Suite 400 Wilmington, New Castle, Delaware 19808, USA	100%	Delaware, USA	USA
Digital Barriers ME FZ-LLC	Service Office	Office 902, Thuraya Tower 1, Dubai Internet City, Dubai, UAE	100%	Dubai – UAE	UAE
Digital Barriers Singapore PTE Ltd	Service Office	32-01 Singapore Land Tower, 50 Raffles Place, 048623, Singapore	100%	Singapore	Singapore
Digital Barriers SDN BHD	Service Office	Suite 21 02 & 03, 21st Floor, Menara Haw Par, Jalan Sultan Ismail, 50250 KL, Malaysia	100%	Malaysia	Malaysia
OmniPerception Holdings Limited*	Non-trading	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Applied Image Recognition Limited*	Provider official recognition solutions	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Security Applications Limited*	Non-trading	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
D Ford Associates Limited*	Non-trading	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Stryker Communications Limited*	Non-trading	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Mutanderis 354 Ltd*	Dormant	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales

* Held indirectly via intermediate holding companies.

** Dormant subsidiaries exempt from audit under s479A of the Companies Act 2006.

The period of accounts for all companies is 1 April 2017 to 31 March 2018.

Statement of Directors’ responsibilities – Company financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (FRS 101) and applicable law. Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, including FRS 101 ‘Reduced Disclosure Framework’ have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company’s Shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Company balance sheet
at 31 March 2018

	Note	**31 March 2018 £'000**	31 March 2017 £'000
Non-current assets			
Investments	4	**7,317**	42,451
Trade and other receivables	5	**–**	6,187
		7,317	48,638
Current assets			
Trade and other receivables	5	**809**	8,095
Cash and cash equivalents		**16,393**	44
		17,202	8,139
Total assets		**24,519**	56,777
Equity and liabilities			
Equity Share capital	6	**1,814**	1,814
Share premium		**109,078**	109,078
Capital redemption reserve		**4,786**	4,786
Merger reserve		**–**	106
Other reserves		**16**	2,114
Retained earnings		**(100,647)**	(61,562)
Total equity		**15,047**	56,336
Current liabilities			
Trade and other payables	7	**9,472**	441
Total liabilities		**9,472**	441
Total equity and liabilities		**24,519**	56,777

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and have not presented a statement of comprehensive income for the Company. The loss for the year dealt with in the accounts of the Company was £39,151,000 (2017: £41,673,000).

The financial statements on pages 86 and 87 (along with notes on pages 88 to 95 of Thruvision Group PLC (registered Company number: 07149547) were approved by the Board of Directors on 25 June 2018 and were signed on its behalf by:

Tom Black
Chairman

Ian Lindsay
Finance Director

Company statement of changes in equity

at 31 March 2018

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Other reserves £'000	Retained Earnings £'000	Total equity £'000
At 1 April 2016	1,760	109,078	4,786	106	1,789	(19,988)	97,531
Loss for the year	–	–	–	–	–	(41,673)	(41,673)
Incentive Share conversion	54	–	–	–	–	–	54
Share-based payment credit	–	–	–	–	325	99	424
At 31 March 2016	1,814	109,078	4,786	106	2,114	(61,562)	56,336
Loss for the year	–	–	–	–	–	(39,151)	(39,151)
Share-based payment credit	–	–	–	–	43	66	109
On disposal of the Video Business	–	–	–	(106)	(2,141)	–	(2,247)
At 31 March 2018	**1,814**	**109,078**	**4,786**	**–**	**16**	**(100,647)**	**15,047**

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 arises on investments in subsidiaries acquired in Share for Share exchanges where merger relief from establishing a Share premium account applies.

Other reserves represent Share awards granted to subsidiary employees where no repayment has been sought. These amounts are non-distributable.

The notes on pages 88 to 95 form part of these financial statements.

Details of the Company's Share capital are in the Group Statement of Changes in Equity and Note 16 to the consolidated Group financial statements.

Notes to the Company balance sheet
at 31 March 2018

1. Authorisation of financial statements and statement of compliance with FRS101

The Company financial statements for the year ended 31 March 2018 were authorised for issue by the board of Directors on 25 June 2018 and the balance sheet was signed on the board's behalf by Tom Black and Ian Lindsay. Thruvision Group plc is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 ´Reduced Disclosure Framework` (FRS 101) and in accordance with applicable accounting standards. The Company has adopted an IAS 1 format in its financial statements, as permitted by FRS 101 (amended July 2015) using the 'adapted formats' in Company law, as amended by SI 2015/980.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The principal accounting policies adopted by the Company are set out in Note 2.

2. Accounting policies

Basis of preparation
The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2018.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of IFRS 7 Financial Instruments: Disclosures;

b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;

c) the requirements of IAS 7 Statement of Cash Flows;

d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between 2 or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

f) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share Based Payment;

g) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements';

h) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1; and

i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to135(e) of IAS 36 Impairment of Assets.

Basis of measurement
The Company financial statements are prepared on the historical cost basis with the exception of derivative financial instruments which are classified as at fair value through profit or loss.

Going concern
The accounts have been prepared on a going concern basis as described in Note 1 of the consolidated Group financial statements.

Critical accounting judgements and key sources of estimation uncertainty
The key accounting judgement of the Company is the carrying value of its investments in subsidiary undertakings. The Company does not deem its investments in subsidiary undertakings to be impaired.

2. Accounting policies continued

Share-based payments

Certain employees of the Company 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 prior to 31 March 2015 are subject to performance and service conditions which included market based 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 Stochastic model. Market conditions are incorporated into the fair value calculation at grant date using multiple simulations of the Stochastic 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.

All awards made under the LTIP after 31 March 2015 are subject 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 Share options under an Enterprise Management Incentive Scheme ('EMI'). The first option awards under the scheme were made in the year ended 31 March 2018.

All awards made under the EMI scheme are subject to service 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 on 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 awards and options that actually vest on the above basis.

Certain employees of the Group receive remuneration in the form of Share options under an Unapproved Share Option Scheme. The first option awards under the scheme were made in the year ended 31 March 2018.

All awards made under the Unapproved Share Option Scheme are subject to service 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 on 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 awards and 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.

2. Accounting policies continued

Certain Executive Directors have been issued an aggregate of 217,500 for 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 carry 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 of the Group financial statements). 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 total amount to be expensed over the vesting period of the Incentive Shares is determined by reference to the fair value at the date at which the Incentive Shares were acquired. The fair value is determined using a Stochastic model. The fair value of the Incentive Shares was recognised as a current liability on the balance sheet as it becomes repayable if the Executive Directors left office during the market vesting period.

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 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 Income Statement in the year of £nil (2017: £5,000).

Foreign currencies
The Company's financial statements are presented in Sterling. 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 balance sheet date. All differences are taken to the income statement.

Investments
Fixed asset investments in subsidiaries' Shares are held at cost (or deemed cost as at the date of transition) less any accumulated impairment losses in accordance with IAS 27: 'Separate financial statements'.

Share options granted to subsidiary employees are included within capital contributions within fixed asset investments at the amount of the Share based payment charge incurred by the subsidiary. Investments made by way of a capital contribution into the subsidiary are carried at cost.

Impairment
The Company's accounting policies in respect of impairment of financial assets are consistent with the Group.

The carrying values of investments in subsidiary undertakings are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Loans to Group undertakings
Loans to Group undertakings are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

Cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less.

Employee Benefit Trust
The Thruvision Group plc Employee Benefit Trust (the 'Trust'), which purchases and holds Ordinary Shares of the Company in connection with certain employee Share schemes, is included in the Company's 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.

2. Accounting policies continued

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 balance sheet 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 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 balance sheet date.

Income tax is charged or credited to the Income statement 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.

3. Employees

The average number of employees during the period were as follows:

	Average 2018	Average 2017
Directors and administration	**7**	8

The employee benefit expense for the period of these employees amounted to:

	2018 £'000	2017 £'000
Salaries and short-term employee benefits	**1,207**	1,173
Social security costs	**142**	156
Pension costs	**4**	6
Share-based payments	**66**	99
	1,419	1,434

4. Investments

	Shares in Group undertakings £'000	Capital contributions £'000	Total £'000
Cost			
At 1 April 2016	23,327	35,092	58,419
Additions	89	7,691	7,780
At 31 March 2017	23,416	42,783	66,199
Additions	7,300	6,045	13,345
Disposals	(13,105)	(48,812)	(61,917)
At 31 March 2018	**17,611**	**16**	**17,627**
Amounts provided			
At 1 April 2016	9,279	–	9,279
Provision for impairment	5,118	9,351	14,469
At 31 March 2017	14,397	9,351	23,748
Disposals	(4,087)	(9,351)	(13,438)
At 31 March 2018	10,310	–	10,310
Net book value			
At 31 March 2018	**7,301**	**16**	**7,317**
At 31 March 2017	9,019	33,432	42,451

Capital contributions in the period related to:

- share-based payments to employees of subsidiary undertakings of £43,000 (2017: £325,000);
- recapitalisation of part of the Digital Barriers Inc. loan held in place of £5,011,000 (2017: £7,366,000); and
- recapitalisation of part of the Digital Barriers SAS loan held in place of £991,000 (2017: £nil).

The additional investment in the current year relates to the investment in Thruvision Limited following the transfer of the assets and liabilities of the business from Digital Barriers Services Limited.

The additional investment in the year ended 31 March 2017 relates to the increase in Share capital of the subsidiary of Digital Barriers SDN BHD, to ensure the minimum Share capital is set to comply with Malaysian law.

The impairment of investments in the year ended 31 March 2017 of £14,469,000 reflected the reduced deemed recoverable value of the subsidiary entities which has been apportioned across the Shares in Group undertakings and capital contributions.

All of the Company's investments are unlisted.

Details of the Company's subsidiary undertakings as at 31 March 2018 are disclosed in Note 26 of the Group financial statements.

5. Trade and other receivables

	Gross carrying amounts 2018 £'000	**Provision for impairment 2018 £'000**	**Net carrying amounts 2018 £'000**	Gross carrying amounts 2017 £'000	Provision for impairment 2017 £'000	Net carrying amounts 2017 £'000
Amounts falling due after 1 year						
Interest bearing loans – subsidiary undertakings	–	–	–	6,187	–	6,187
Amounts falling due within 1 year						
Amounts owed by subsidiary undertakings	**315**	–	**315**	35,822	(28,522)	7,300
Interest bearing loans – subsidiary undertakings	–	–	–	752	–	752
Social security & other taxes	**40**	–	**40**	19	–	19
Prepayments and accrued income	**49**	–	**49**	24	–	24
Deferred consideration	**405**	–	**405**			
	809	–	**809**	36,617	(28,522)	8,095

5. Trade and other receivables continued

The intragroup interest-bearing loan was a US dollar denominated loan, with an interest rate of 5.5% above the FED rate.

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

	£'000
At 1 April 2016	–
Provided in period	28,522
At 31 March 2017	28,522
Provided in the period	665
Released on disposal	(29,187)
At 31 March 2018	**–**

6. 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 and 2018	**165,130,024**	**1,651**

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

	£'000
Total Share capital	
At 31 March 2017 and 31 March 2018	1,651

Full details on the movements in Share capital are provided in Note 16 of the Group financial statements.

7. Trade and other payables

	2018 £'000	2017 £'000
Amounts owed to subsidiary undertakings	**9,099**	–
Trade creditors	**155**	157
Accruals	**188**	231
Social security and other taxes	**30**	53
	9,472	441

On 17 October 2016 the Group replaced an existing £5.0 million secured working capital facility for export activities held with HSBC Bank plc with a new 2 year £10.0 million secured revolving credit facility with Investec Bank plc. The Company entered into cross-guarantee arrangements in respect of all assets of the Company. The funds available through this facility were to be used to meet the increasing working capital requirements of the Group's organic growth. 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 drawn during the year ended 31 March 2018. 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.

The interest rate for the borrowing under both these facilities was 10% over 3-month LIBOR, with a non-utilisation fee payable where applicable.

8. Financial liabilities

	2018 £'000	2017 £'000
Current		
Incentive Shares	–	–

Nil (2017: nil) incentive Shares were converted into Ordinary Shares (2017: nil), and none were converted into deferred Shares (2017: £54,375). Further details on the incentive Shares are provided in Note 17 of the Group financial statements.

9. Related party transactions

Transactions with the Directors of the Company are disclosed in the Remuneration report and in Note 23 of the Group financial statements.

Amounts outstanding due from related parties that have had transactions during the period are detailed below:

	2018 £'000	2017 £'000
Amounts owed by subsidiary undertakings	**315**	31,620
Interest bearing loans owed by subsidiary undertakings	–	6,939
	315	38,559

Amounts owed by subsidiary undertakings are interest free and repayable on demand. Interest is applied at commercial rates on the interest bearing loans.

Amounts outstanding due to related parties that have had transactions during the period are detailed below:

	2018 £'000	2017 £'000
Amounts owed to subsidiary undertakings	**9,099**	–
	9,099	–

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.

10. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2018. As at 31 March 2017, under the terms of the facility with Investec Bank Plc, the Company had entered into a cross-guarantee in respect of all assets in the Company as described in Note 7 above. Following completion of the Video Business the loan balance was repaid in full, the facility cancelled, and the charges fully satisfied.

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.

12. Statutory and other information

The Company is a public limited Company incorporated and domiciled in England and Wales. The Company's Ordinary Shares are listed on the Alternative Investment Market, regulated by the London Stock Exchange.

Directors' remuneration is disclosed in Note 23 of the Group financial statements.

The fee for the audit of the Company was £7,000 (2017: £7,816). The Company's individual accounts do not disclose fees for other services required by Regulation 5(1)(b) of the Companies (Disclosure of Auditor Remuneration) Regulations 2008 as exempt because the Group financial statements are required to comply with and include the disclosures required by Regulation 5(1)(b).

Details of Share-based payments are in the Remuneration Report on pages 29 to 36 part of these financial statements. Information on the main employee Share-based payments is given in Note 17 to the consolidated Group financial statements. Details of the remuneration of key management personnel are given in Note 23 to the consolidated Group financial statements.

Thruvision Group plc
Notice of Annual General Meeting

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 07149547)

NOTICE IS HEREBY GIVEN THAT an Annual General Meeting (the 'Meeting' or the 'AGM') of Thruvision Group plc (the 'Company') will be held at the offices of Osborne Clarke LLP, One London Wall, London, EC2Y 5EB at 10am on Friday 21 September 2018 to consider and, if thought fit, to pass the following resolutions of which Resolutions 1 to 8 will be proposed as Ordinary resolutions of the Company and Resolutions 9 to 11 will be proposed as special resolutions of the Company:

Ordinary business

1. To receive and adopt the audited financial statements of the Company for the year ended 31 March 2018 and the reports of the Directors and auditors thereon.
2. To approve the Directors' Remuneration report for the year ended 31 March 2018.
3. To re-elect Paul Taylor as a Director, who retires in accordance with the Company's Articles of Association.
4. To elect Ian Lindsay as a Director, who having been appointed since the last Annual General Meeting offers himself for election in accordance with the Company's Articles of Association.
5. To appoint Grant Thornton UK LLP as auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next general meeting of the Company at which accounts are laid before the Company.
6. To authorise the Directors to determine the remuneration of the auditors.
7. To approve 2 schedules which have been adopted into the rules of the LTIP, in the form presented to the Meeting and as summarised in Appendix 1 below, and that the Directors be and are hereby authorised to do all such acts and things as they may consider appropriate to implement the schedules.

Special business

8. That, in substitution for any existing authorities and powers granted to the Directors pursuant to Section 551 of the Companies Act 2006 (the 'Act') prior to the passing of this resolution, the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Act to exercise all powers of the Company to allot Shares in the Company, and to grant rights to subscribe for or to convert any security into Shares of the Company (such Shares, and rights to subscribe for or to convert any security into Shares of the Company being 'relevant securities') up to an aggregate nominal amount of £550,433 and unless previously renewed, revoked, varied or extended this authority shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months after the date of passing of this resolution, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if this authority had not expired.
9. That, conditional upon the passing of Resolution 8 and in substitution for all existing authorities and powers given to the Directors pursuant to Section 570 of the Act prior to the passing of this resolution, the Directors be and are hereby empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under Section 551 of the Act conferred by resolution 8 above, and/or where such allotment constitutes an allotment of equity securities by virtue of Section 560(2) of the Act as if Section 561(1) of the Act did not apply to any such allotment, provided that such power conferred by this resolution shall be limited to:
    a) the allotment of equity securities in connection with an invitation or offer of, or invitation to apply for, equity securities to the holders of Ordinary Shares in the capital of the Company (excluding any Shares held by the Company as treasury Shares (as defined in Section 724(5) of the Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such Shares or in accordance with the rights attached to such Shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever); and
    b) the allotment (otherwise than pursuant to paragraph (a) of this resolution) of equity securities up to a maximum nominal amount equal to £82,565.

And unless previously renewed, revoked, varied or extended this power shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months after the date of passing of this resolution, except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired.

Special business continued

10. That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this Resolution, the Directors be and they are empowered in addition to the authority granted pursuant to Resolution 9 to allot equity securities (as defined in Section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under Section 551 of the Act conferred by Resolution 8 above (in accordance with Section 570(1) of the Act) and/or by way of a sale of treasury Shares (in accordance with Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment provided that:
    a) the power conferred by this resolution shall be:
        (i) limited to the allotment of equity securities up to an aggregate nominal value equal to £82,565;
        (ii) used only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding 6-month period and is disclosed in the announcement of the allotment; and
    b) unless previously revoked, varied or extended, this power shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months after the date of passing of this resolution, except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.
11. That the Company be and is hereby generally and unconditionally authorised (pursuant to Section 701 of the Act) to make 1 or more market purchases (as defined in Section 693(4) of the Act) on the London Stock Exchange (the 'Exchange') of any of its own Ordinary Shares of 1 penny each ('Ordinary Shares') on such terms and in such manner as the Directors of the Company may from time to time determine provided that:
    a) the maximum number of Ordinary Shares hereby authorised to be purchased is 24,752,990;
    b) the maximum price (excluding expenses) which may be paid for an Ordinary Share is an amount equal to 110% of the average of the middle market quotations for an Ordinary Share derived from the AIM appendix of the Daily Official List of the Exchange for the 5 business days immediately prior to the day on which the Share is contracted to be purchased;
    c) the minimum price which may be paid for an Ordinary Share is 1 penny exclusive of attributable expenses payable by the Company; and
    d) the authority conferred by this resolution, unless previously renewed, revoked, varied or extended, shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months after the date of passing this resolution, except that the Company may, before such expiry, enter into 1 or more contracts for the purchase of Ordinary Shares which may be completed by or executed wholly or partly after the expiration of this authority.

By order of the Board:

John Woollhead
Company Secretary

25 June 2018

Registered Office
121, Olympic Avenue
Milton Park
Abingdon
Oxon
OX14 4SA

Appendix 1 Explanatory notes to certain resolutions

Resolution 7 – Amendments to the Long-term Incentive Plan
It is proposed to incorporate 2 schedules into the rules of the Company's Long Term Incentive Plan (the 'LTIP') that will:

(i) facilitate (if any) the lawful grant of stock options to participants who are resident in the State of California; and

(ii) facilitate (if any) the grant of qualified incentive stock options for the purposes of US tax law.

The effect of each of the proposed schedules is to make purely technical changes to the terms on which LTIP awards may be granted: (i) to ensure that the grant of stock options in the State of California meets the requirements as set out in applicable Californian laws; and (ii) to provide potential tax favoured treatment for any market priced option awards granted to US taxpayers.

It is a requirement of US law that each schedule is approved by an Ordinary resolution of the Shareholders no later than 12 months from the date on which the relevant schedule is adopted into the rules of the LTIP. Each schedule was adopted by the Remuneration Committee of the board of Directors on 17 January 2018, conditional on approval by Shareholders. Accordingly, Shareholder approval for the adoption of each schedule is now being sought at the AGM.

Resolution 8 – Directors' power to allot relevant securities
This resolution grants the Directors authority to allot Shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £550,433, representing approximately one-third of the nominal value of the issued Ordinary Share capital of the Company as at 25 June 2018, being the latest practicable date before the publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the passing of the resolution, whichever is the earlier.

Resolution 9 – Directors' power to issue Shares for cash
This resolution authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a Company to offer all allotments for cash first to existing Shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £82,565, representing approximately 5% of the nominal value of the issued Ordinary Share capital of the Company as at 25 June 2018 (being the latest practicable date before the publication of this notice) for general purposes. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier.

Resolution 10 – Directors' power to issue Shares for cash
This resolution authorises the Directors to allot further equity securities for cash in connection with acquisitions or other specified capital investments which are announced contemporaneously with the allotment, or which has taken place in the preceding 6 month period and is disclosed in the announcement of the allotment. This authority is limited to a maximum nominal amount of £82,565 which represents approximately 5% of the nominal value of the issued Ordinary Share capital of the Company as at 25 June 2018 (being the latest practicable date before publication of this notice). The Directors consider that the power proposed to be granted by resolution 10 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier.

Resolution 11 – Directors' authority to purchase Shares (market purchases)
This resolution authorises the Directors to make market purchases of up to 24,752,990 Ordinary Shares (representing approximately 14.99% of the Company's issued Ordinary Share capital as at 25 June 2018, being the latest practicable date before publication of this notice). Shares so purchased may be cancelled. The authority will expire at the end of the next Annual General Meeting of the Company or 15 months from the passing of the resolution, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent Annual General Meetings.

The minimum price that can be paid for an Ordinary Share is 1 penny, being the nominal value of an Ordinary Share. The maximum price that can be paid is 10% over the average of the middle market prices for an Ordinary Share, derived from the AIM appendix of the Daily Official List of the London Stock Exchange, for the 5 business days immediately before the day on which the relevant Share is contracted to be purchased.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per Share), they believe that such purchases are in the best interests of the Company and its Shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action.

Appendix 1 Explanatory notes to certain resolutions continued

Explanatory notes on proxy voting:

1. Every Shareholder has the right to appoint some other person(s) of their choice, who need not be a Shareholder, as his or her proxy to exercise all or any of his or her rights, to attend, speak and vote on their behalf at the AGM. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided on the reverse of the proxy form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name on the reverse of the proxy form, the number of Shares in relation to which they are authorised to act as your proxy. If returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise his or her discretion as to whether, and if so how, he or she votes (or if this proxy form has been issued in respect of a designated account for a Shareholder, the proxy will exercise his or her discretion as to whether, and if so how, he or she votes).
2. To appoint more than 1 proxy to exercise rights attached to different Shares, an additional proxy form(s) may be obtained by contacting the Registrar's helpline on 0370 707 1889 or you may photocopy the proxy form. Please indicate in the box next to the proxy holder's name on the reverse of the proxy form the number of Shares in relation to which they are authorised to act as your proxy. Please also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. To be valid a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated should reach the Company's registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS13 8AE by no later than 10.00 am on Wednesday 19 September 2018. You can only appoint a proxy using the procedures set out in these notes and in the notes to the proxy form.
4. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), entitlement to attend and vote at the AGM and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6.00 p.m. on Wednesday 19 September 2018 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the AGM.
6. To appoint 1 or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 10.00 am on Wednesday 19 September 2018 being 2 working days before the time appointed for holding the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
7. The address on the proxy form is how it appears on the Register of Members. If this information is incorrect please ring the Registrar's helpline on 0370 707 1889 to request a change of address form or go to www.investorcentre.co.uk to use the online Investor Centre service.
8. Any alterations made to the proxy forms should be initialled.
9. The completion and return of the proxy forms will not preclude a member from attending the AGM and voting in person.
10. In the case of joint holders of Shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
11. Please note that communications regarding the matters set out in this Notice of AGM will not be accepted in electronic form, other than as specified in the accompanying proxy form.
12. A member that is a Company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in either one of two ways: Either by appointment of a proxy (described in Note 1 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's Articles of Association and the relevant provision of the Companies Act 2006.
13. A copy of the draft rules of the LTIP, in the proposed amended form, will be available for inspection at the offices of New Bridge Street (an Aon Hewitt Ltd company) at The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN during normal business hours on any weekday (English public holidays excepted) until the close of the AGM and at the place of the AGM for at least 15 minutes prior to and during the AGM.

Officers and professional advisors

Directors and Officers

Tom Black
Chairman

Colin Evans
Managing Director

Ian Lindsay
Finance Director – appointed 1 March 2018

Paul Taylor
Non-Executive Director

Zak Doffman
Chief Executive Officer – resigned 31 October 2017

Sharon Cooper
Chief Financial Officer – resigned 31 October 2017

Bernie Waldron
Non-Executive Director – resigned 23 October 2017

John Woollhead
Company Secretary

Registered Office

121, Olympic Avenue
Milton Park
Abingdon
Oxon
OX14 4SA

Registered No: 07149547

Registrars

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

Auditors

Grant Thornton UK LLP
3140 Rowan Place
John Smith Drive
Oxford Business Park South
Oxford
OX4 2WB

Nominated Advisor

Investec
2 Gresham Street
London
EC2V 7QP

Financial PR

F T I Consulting
Holborn Gate, 26 Southampton Buildings
London
WC2A 1PB

Bankers

HSBC
City of London Corporate Banking Centre
60 Queen Victoria Street
London
EC4N 4TR

Solicitors

Osborne Clarke
One London Wall
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EC2Y 5EB

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PEOPLE-SCREENING

Annual Report and Accounts
2018

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