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Annual Report and Accounts 2019

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Highlights

- Strong revenue growth to £6.0 million (2018: £3.1 million) with operating loss before tax reduced to £2.1 million (2018: £2.5 million);
- Adjusted loss before tax* of £1.7 million (2018: £2.9 million)
- Strong growth in the number of Thruvision units sold to 109 (2018: 57) with eleven new customers acquired, including US State Department's Bureau of International Narcotics and Law Enforcement (INL);
- Further unit sales to seven existing customers in Loss Prevention and Transport who expanded the deployment of Thruvision units across a larger number of sites;
- Thruvision approved for operational use by US Government's Transportation Security Administration (TSA) in the mass transport market;
- Orders that were delayed by the US Government shut-down in early calendar 2019 have been received since the period end and are in the process of being delivered;
- Completed formal process of separating Digital Barriers from the Group, resulting in £0.2 million of one-off costs incurred and subsequent return of £3.3 million to shareholders through a Tender Offer in August 2018;
- Cash at 31 March 2019 of £9.4 million (31 March 2018: £17.6 million)

* Adjusted loss before tax is defined as loss before tax from continuing operations, adding back share based payments, share buyback costs and financing set up fees.

Strategic report

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Chairman's statement

In our first full year of trading since the disposal of the Digital Barriers business, we made good progress in firmly establishing Thruvision in the international security market. Focusing all our resources on the people security screening market resulted in a near doubling of revenues and good sales traction across all our market segments. Critically, Thruvision was vetted and approved by the US Government's Transportation Security Administration (TSA) which led to growing momentum in the US in the second half of the year, and provides an invaluable international reference point for future sales.

Markets

The macro demand environment for Thruvision remains very strong. Terrorism continues to spread globally, and governments around the world are continuing to invest accordingly in protecting transportation, public areas and critical infrastructure. In parallel, mass migration and the smuggling of drugs and other contraband across borders remains a headline issue, especially in the US. Closer to home, the rapid growth of online sales is changing the underlying structure of retailing and creating significant opportunities for theft in retailers' distribution infrastructure. Taken together, these factors reinforced our decision to focus on the four key market segments we first identified in our 2018 Annual Report and have since refined (see below) namely, Transportation, Customs, Entrance Protection, and Loss Prevention.

Focusing on these market segments allowed us to build sales momentum, with eleven new customers placing orders for Thruvision equipment during the year. New international government customers in the second half of the year were the US State Department's Bureau of International Narcotics and Law Enforcement (INL) and the Czech Government, adding to the TSA's Innovation Task Force, Los Angeles Metro and a major Asian government which purchased units in H1. In H2, we also added Matalan to Next and Sony, as new commercial customers. Some two-thirds of our orders in the year were received from existing customers who purchased second or even third batches of equipment, giving us confidence about the likelihood of repeat orders from newly acquired customers.

We have seen good progress in the US throughout the year although the US Government shut-down in early 2019 delayed orders until after year-end, meaning revenue growth was below our initial expectations. The opening of our showcase demonstration centre in Washington DC in the spring of 2018, followed by approval for mass transit from the TSA in August, and initiating manufacturing of our screening units in Florida in the autumn has now positioned us as a key new security technology vendor with the US Government. We received two orders early in the new financial year, the first of which was from the US State Department's INL, bringing the number of national Customs agencies now using Thruvision to six. The second order came in from Los Angeles International Airport who will be using Thruvision units to screen employees. Aviation security in the US is a key opportunity for us both with employee screening and passenger screening in main airport security checkpoints. For passenger screening, we are currently working with the TSA's Innovation Task Force and are going through approval processes.

Similarly, we saw very good growth in Asia over the year with notable demand for Thruvision across our Customs, Transportation and Entrance Protection segments. As a result of this, we opened an Asia Pacific office in Sydney at the start of the current financial year and we have now appointed an experienced regional sales leader to build on this momentum.

In our Loss Prevention business, we added five new customers and had follow-on orders from two existing customers in the year. This, combined with some very positive customer publicity from Next, has given us the confidence to significantly strengthen our sales leadership and team in this area.

Through the second half of the year, we successfully scaled our manufacturing capacity to allow us to build up to 20 units per month and, in the coming year, we expect to launch several new product variants, each designed to meet specific market needs.

People

Following Ian Lindsay's decision to relocate to Australia with his family, Adrian Crockett joined the company as Finance Director on 1 May 2019. Adrian brings significant AIM and technology business experience to the Board and I am delighted to welcome him to the team. Our headcount increased during the year and we now employ over 30 people. We remain a small business with a very strong culture and high morale and I would like to take this opportunity to thank all of our people for their exceptional dedication to the Company.

The Board is acutely aware that, as I cannot be regarded as independent due to my long association with Thruvision, we have only one independent director. It is the Board's intention to add another independent director to the Board in due course but we do not regard this as an urgent priority as we have a full-time Company Secretary and operate to very high levels of governance for a business of our size.

Finally, following the divestment of Digital Barriers to Volpi Capital in October 2017, we successfully completed the return of £3.3 million of cash to shareholders through a Tender Offer process that completed in August 2018. During the year, we also completed the formal process of separating Digital Barriers from the Group, incurring one-off costs of £0.2 million relating to warranties on the sale and a reassessment of the likely amount due in deferred consideration.

Outlook

With positive market drivers, a strong technology base and proven manufacturing capability, our focus now is on driving sales growth in our key market segments. We have strengthened our sales leadership and are experiencing growing international brand recognition, based on progress in the US and an increasing number of referenceable customers. We believe that Thruvision's growing sales pipeline shows that we are capable of exploiting a significant new niche in the international security market and the Board therefore remains confident about the company's prospects for the future.

Update on strategy

Thruvision addresses the growing international need to quickly and comprehensively security screen individuals for either weapons or contraband that might be concealed in their clothing, in a safe and respectful manner. The two most widely deployed existing technologies, walk-through metal detectors and active millimetre wave body scanners, do not meet this need as they either fail to detect non-metallic threats or are very slow for high throughput requirements. In both cases, possible alarms can only be resolved by physical searches that are both slow and invasive. These shortcomings create a significant market opportunity for people-screening, which cannot be met by existing technology, but which is achievable using Thruvision people-screening units.

Given this competitive positioning, we have focused on four distinct market segments, each offering a significant level of solution repeatability across a broad range of international markets:

- **Customs** – screening for prohibited items such as cash and drugs at all types of border checkpoints including airports, land crossings, seaports, cruise-liner terminals, bridges and railway stations. Customers are national government agencies resulting in total order quantities that could be substantial although sales cycles are extended by government procurement procedures. Key customers here include Hong Kong Customs and the US State Department's INL.
- **Entrance Protection** – screening for weapons at entrances to high profile or high security buildings, sports and entertainment venues and other public areas. 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. A key customer here is the Farnborough International Airshow.

- **Loss Prevention** – screening for items being stolen from distribution centres or factories. The market here consists of a potentially very large number of on-line retail and other customers. With a clear financial return on investment driving purchasing, relatively short sales cycles have been demonstrated. Flagship customers include Matalan, Next, Sony and more recently Morrisons.

- **Transportation** – screening for suicide vests and large guns at railways, subways and airport concourses, and screening of employees for smaller weapons in airport checkpoints. Following a purchase by TSA's Innovation Task Force, Thruvision is now being evaluated for use with aviation passengers, and this could lead to further TSA approval to operate in aviation checkpoints in due course. Customers in this segment include governments, airport operators and a combination of city or regional public sector organisations. In addition to the TSA, key customers here include Los Angeles Metro, Los Angeles World Airports and the Philippino Government.

With internationally recognised 'flagship' customers secured in each of these market segments, we are seeing increasing interest from a range of organisations looking for effective, higher throughput, people security screening solutions.

Moving forward, we aim to exploit this growing interest and awareness to increase sales of Thruvision units into these market segments across the world. We are confident we can grow revenues and gross margins more quickly than we need to increase costs and so deliver profitability for shareholders.

Business Review

Sales

We recorded strong sales growth with a total of 109 units delivered in the year. While performance was somewhat impacted by the delays in unit orders caused by the US Government shutdown early in calendar 2019, orders have been received after the period end and are in the process of being delivered. Sales into Transportation were particularly strong (accounting for a little over 50% of units delivered), with Customs and Loss Prevention showing good progress. In Entrance Protection, we secured one significant project in Asia and provided very high-profile visitor screening for the Farnborough International Airshow, which resulted in excellent feedback on convenience and speed of throughput.

We received orders from eleven new customers in the year, accounting for around a third of the units delivered. The balance was delivered to existing customers as second or even third batches of units, giving us confidence that, once organisations start using Thruvision, they are much more likely to buy again in the future. Based on this, we are shaping our sales team to ensure we are successful in both acquiring new customers and upselling existing customers through excellent post-sales support.

Regional updates

- **Americas:** We continued to focus heavily on the Transportation and Customs segments. We secured headline orders in the year from Los Angeles Metro, TSA's Innovation Task Force, State Department's INL, and since year-end, Los Angeles International Airport and a further INL order under a new framework purchasing agreement. We expect continued uptake across these Federal Agencies and within the US aviation security market for both airport employee screening and, subject to further TSA approvals, passenger screening. More broadly, on the back of the INL initiative we are seeing growing interest across Central and South America. Separately, we are working in North America with a specialist Loss Prevention sales partner and expect progress in this segment in the coming year.
- **Asia Pacific:** As with the US, we focused mainly on the Transportation and Customs segments. We deployed a fourth batch of units with our Hong Kong customer and made further progress in China around Customs and Entrance Protection, albeit with considerable care around protecting our IP. We received a third order from our Philippines-based partner for Transportation security and expect further orders in the future. We are seeing strong, growing interest across the region and in particular in Japan, Singapore and Australia. With new sales leadership in place, we expect to be able to accelerate progress in the coming months.
- **UK and Europe:** we made excellent progress on our primary focus of building our Loss Prevention business. We secured five new customers during the year including Next, Sony, JD Sports and Matalan, and received further orders from two existing customers. Morrisons was secured post year end. With Next publicly reporting a 59% reduction in one of its proxy measures for theft reduction from its distribution centres, we are very confident about the positive return on investment that our products provide for such customers. Separately, we secured initial small Customs sales with both the UK and Czech authorities.
- **Middle East and Africa:** Given demand elsewhere, we spent little time focusing on this region through most of the year. Following TSA approval however, we have seen interest levels increasing and we have set aside dedicated sales resource in this region for the coming period.

Routes to market

Our routes to market vary depending on region and market sector. For Loss Prevention in the UK and Europe, we sell directly to end-customers. As a company, we have built up a significant understanding of how best to use Thruvision in the context of distribution centre security, and customers value the advice we offer as well as the technology we supply. Given the niche nature of the market, we also benefit significantly from customer referrals. Our intention is to use the growing list of international retailers who use Thruvision to secure Loss Prevention customers in North America and Australasia as our next steps.

We operate directly with end customers in the US where we have built strong relationships with a number of key senior figures across TSA, CBP, State Department and the Defense Department. We install and support all our systems with our own staff to ensure the highest levels of service, and we intend on strengthening our account management in these areas to secure further sales.

Our model in Asia Pacific, Latin America and Middle East and Africa is different. We adopt a 'sell with' partner model, meaning we engage with end customers directly wherever possible alongside local partners. This means we can bring the very latest sales news and expertise to each opportunity and train the smaller number of partners we use to sell, install and then support our technology.

Manufacturing

We made good progress through the course of the year strengthening and multi-skilling our manufacturing team. We upgraded our manufacturing facilities in Didcot to increase both capacity and resilience and brought our Florida-based manufacturing partner fully on stream during the second half of the year. Collectively, we demonstrated we can sustain production at 20 units per month, with an ability to surge production above this to meet larger orders in a timely manner. We believe we now have a capable manufacturing platform which can produce around 240 units per year with little further investment.

New product development

We launched the new Thruvision TAC product in the summer of 2018. Developed with and approved by the TSA for the mass transit market, the Thruvision TAC is now our flagship product. It has also sparked significant international interest, especially for mass transit security given the publicity generated by Los Angeles Metro.

Based on the modular design of the Thruvision TAC product, we are now planning the launch of several new TAC variants, principally based on varying software functionality. Each new product will be optimised to meet the specific needs of its target market segment. We also expect to launch a completely new military specification, outdoor screening model as a result of funding from the TSA.

As well as making significant improvements to our hardware, we also increased investment in our Artificial Intelligence-based image processing software during the year. We expect this to form the basis of further improvements in detection performance over time.

Competition

We are seeing a number of smaller, early stage technology companies in the market, aiming also to provide high-throughput people security screening. These are largely based on active millimetre-wave technology, meaning they often require country-by-country Radio Frequency approval in order to be operated legally. None have yet entered any form of formal TSA testing and we do not believe any have yet reached volume production and sales. One has been acquired by a larger player, indicating growing corporate interest in our niche. We maintain a careful watching brief.

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. Included in this programme is an assessment of enforceability in certain high-risk countries and how best to mitigate such risks.

Facilities

Over the course of the year we invested in new sales facilities in the Washington DC area, upgraded our head office and main manufacturing centre in Didcot, England and early in the new financial year, opened a new sales office in Australia to cover the Asia Pacific region. No significant further investment in our facilities is planned in the coming year.

Staff

We increased headcount from 23 to 34 staff through the year. These increases were predominantly in Sales and Sales Support (specifically the US), and Engineering. Through the financial year-end period, we also strengthened sales leadership in the Asia Pacific and Loss Prevention areas and expect to further strengthen our Loss Prevention and US sales teams in FY20. Voluntary staff attrition was nil.

Financial Review

Summary

For the year ended 31 March 2019, Thruvision revenues grew significantly by 93% to £6.0 million (2018: £3.1 million) which resulted in a reduced operating loss of £2.1 million (2018 loss: £2.5 million).

The Directors believe that adjusted loss before tax is currently an important measure of the performance of the business.

The Group recorded an adjusted loss of £1.7 million (2018: £2.9 million) This was arrived at as follows:

Adjusted loss:

	2019 £'000	2018 £'000
Loss before tax from continuing operations	(2,060)	(3,212)
Share-based payment	207	52
Share buyback costs	119	–
Financing set up fees	–	263
Adjusted loss before tax for the year from continuing operations	(1,734)	(2,897)

Further details on the above are provided in note 4 on page 53.

A significant increase in sales of Thruvision units resulted in 109 units delivered in 2019 (2018: 57). This included eleven new customers and repeat business with seven others. The introduction of the higher priced new TSA-approved Thruvision TAC unit and a planned reduction in Customer development revenues helped increase Gross Margin to 39% (2018: 35%). Unit sales were spread evenly across all regions, showing balanced growth. Average revenue per unit increased to £54k (2018: £51k) year-on-year as a result of being able to achieve higher pricing on existing models as the business became more established and starting to sell higher priced TAC models in the US.

Continued focus on the reduction of non-productive overheads generated savings that were used to partially offset our investment in the Sales and Marketing resource required to drive growth, and to expand our manufacturing capacity. The manufacturing expansion allowed us to increase production capability and resulted in an average of 20 units produced per month in Q4, and has ensured we can continue to scale production moving forward.

Eleven employees joined the company during the year. Three of these joined in sales, marketing and pre-sales roles, two in post-sales support, one in Finance and five in the engineering team to increase both manufacturing capacity and strengthen our software capability.

Strategic report continued

The cash balance at the year-end was £9.4 million (2018: £17.6 million). The US Government shutdown in early calendar 2019 delayed several opportunities, for which we had been building up stock levels of our US-manufactured TAC model, as a result the cash receipt was delayed. As orders were received post year-end we now expect to see these stock levels reduce as units are delivered. We also completed a major order to the Philippines in Q4 resulting in a debtor over the period-end of £1.6 million. It is expected that this cash will be received in H1. In August 2018, the Group returned £3.3 million cash to shareholders via a Tender Offer, reducing the number of Ordinary Shares in issue to 145,454,118.

Key Performance Indicators ("KPIs")

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

KPIs

	2019 £'000	2018 £'000
Revenue	5,981	3,103
Number of units shipped	109	57
Average revenue per unit	54	51
Gross Profit	2,327	1,079
Gross Margin	39%	35%
Overheads*	(4,277)	(3,461)
Operating loss	(2,108)	(2,524)
Number of employees at 31 March 2019	34	23

* Overheads exclude for the period share buyback costs of £0.1 million (2018: nil), and Foreign exchange gains of £0.2 million (2018: £0.1m), Finance set-up fees of £0.2million in 2018 and Share based payment charge £0.2million (2018: £52,000).

Revenue

Thruvision revenues grew significantly by 93% to £6.0 million (2018: £3.1 million). Revenues from unit sales contributed £5.9 million (2018: £2.9 million), and development revenue was £0.1 million (2018: £0.2 million).

The growth in revenues over the prior year reflects strong organic unit sales in our main markets, with unit volumes increasing to 109 (2018: 57 units). We received orders from eleven new customers in the year with seven existing customers ordering for a second or third time showing increasing confidence in, and adoption of, Thruvision technology. Unit deliveries were impacted by procurement delays caused by the US Government shutdown and these orders have now been received.

In the US and Asia Pacific, our Transportation and Customs market segments grew strongly while in the UK and Europe, our primary focus was on Loss Prevention where strong progress has been made with customers including Next and Sony.

After a number of initial sales in the Middle East and Africa in 2018, high demand elsewhere resulted in a reduced focus on this region and it will continue to be a secondary priority moving forwards.

Revenue	2019 £'000	2018 £'000
Units	5,901	2,895
Development	80	208
Total	5,981	3,103

Revenue by Geography	2019 £'000	2018 £'000
UK & Europe	1,338	384
Middle East and Africa	28	902
Americas	975	413
Asia-Pacific	3,640	1,404
Total	5,981	3,103

Gross Profit

Gross Profit increased to £2.3 million in the period (2018: £1.1 million). Gross margin increased to 39% in the year (2018: 35%). The Gross margin increase was due to a higher mix of the TAC unit sales, improved Average Revenue Per Unit and manufacturing cost reduction work compared to the prior year, offset by lower development revenues. Development revenues represented 1% of revenue in 2019 (2018: 7%) demonstrating a move to a scalable unit sales-driven business model. The gross margin attributable to unit revenues increased to 40% (2018: 34%).

	2019 £'000	2018 £'000
Gross Margin		
Unit Revenue	5,901	2,895
Unit Gross Profit	2,337	991
Gross margin %	40%	34%
Development Revenue	80	208
Development Gross Profit	(10)	88
Gross margin %	(13)%	42%
Overall Revenue	5,981	3,103
Overall Gross Profit	2,327	1,079
Gross margin %	39%	35%

Overheads

Overheads increased by 21% to £4.2 million (2018: £3.5 million). Sales & Marketing expenditure increased by £0.6 million to deliver strategic investment in our US and Asia Pacific markets. This additional investment was made to capitalise on our 'flagship' customer deployments in these regions and was used to increase direct marketing and provide enhanced pre-sales capability. Manufacturing and R&D costs increased by £0.6 million which was focused on increasing production capacity and strengthening our software capability. These investments were offset by lower PLC costs following the sale of the Video Business and lower administration costs in the period.

2019 2018

Overheads	£'000	£'000
Sales and Marketing	1,701	1,102
Manufacturing and R&D	1,289	708
Property and administration	505	658
PLC costs	782	993
Total Overheads*	4,277	3,461

* Overheads exclude for the period share buyback costs of £0.1 million (2018: nil), and Foreign exchange gains of £0.2 million (2018: £0.1m), Finance set-up fees of £0.2million in 2018 and Share based payment charge £0.2million (2018: £52 thousand).

Looking forward, we expect to see further investment, principally in Sales & Marketing, 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.

Operating loss

Operating Loss from operations before tax including depreciation, share based payments, FX and interest narrowed to £2.1 million (2018 loss: £2.5 million). Of this, £0.2 million relates to one-off, non-recurring costs associated with the sale of the Digital Barriers business in November 2017. This loss would have been further reduced had orders not been delayed by the US Government shut-down in early calendar 2019.

Discontinued costs

Costs this year of £0.2m were allocated as discontinued on the basis that these costs were incurred as a result of one-off events related to the disposal of Digital Barriers. These were amounts due from warranties on the sale (£0.1 million) as well as a reassessment of the likely amount due in deferred consideration (£0.1 million).

Taxation

As a result of brought-forward tax losses we do not expect to pay the full rate of UK corporation tax in the next financial year. The Income Statement tax credit for the year of £23k (2018: £90k) relates to the expected R&D tax credit reclaim, with the decrease this year primarily due to a £34k prior year adjustment in respect of 2018.

At 31 March 2019, the Group had unutilised tax losses carried forward of approximately £10.5 million (2018: £9.1 million). Given the varying degrees of uncertainty as to the timescale of utilisation of these losses, the Group has not recognised £10.8 million (2018: £9.1 million) of potential deferred tax assets associated with these losses. At 31 March 2019, the Group's net deferred tax liability stood at £nil (2018: £nil).

Cash

The Group cash and cash equivalents at 31 March 2019 were £9.4 million (2018: £17.6 million).

The cash outflow as a result of operating activities was £4.4 million as increased revenues were offset by the Operating Loss, investment in inventory levels for delayed US Government orders and increased receivables driven principally by a large order delivered to the Philippines in Q4. Stock value at 31 March 2019 was £3.3 million (2018: £1.8 million)

In August 2018, the Group returned £3.3 million cash to shareholders by way of a Tender Offer process reducing the number of Ordinary Shares in issue to 145,454,118.

Currency Impact

The Group generated foreign currency exchange gains during the period of £0.2 million (2018: £0.1 million), due to the depreciation of GBP versus USD.

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 Group'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 Group'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 Group.

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, retaining directly employed sales management in key territories and 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. A fundamental review, in conjunction with advisors, was undertaken in FY19 resulting in a process being implemented to enhance patent protection in key geographies 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 2019, cash of £9.4 million is available to the Group from its own resources. It is expected that the current cash available will be sufficient to fulfil the short to medium term needs of the Group and that the Group is expected to become cash generative in the medium term.

Overview	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. <i>Mitigation</i> 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 Thrivision units. In addition, should a significant increase in demand be experienced the Group would need to scale the manufacturing capability to meet this demand. <i>Mitigation</i> 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 Thrivision products or meet market demand. The ability to manufacture ahead of planned levels was successfully tested in FY19.
	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. <i>Mitigation</i> 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. <i>Mitigation</i> 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. In addition, the long and protracted sales cycles of some governments could adversely impact forecast sales in any given period. <i>Mitigation</i> 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.
Strategic report	
Governance	
Financial statements	
Other information	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. <i>Mitigation</i> 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.

Strategic report continued

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 8 has been approved by the Board on 21 June 2019 and signed on its behalf by:



Colin Evans
Chief Executive



Adrian Crockett
Finance Director

Directors' biographies

Tom Black, (59) Executive Chairman

image removed

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, where he led the management

buyout 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. He is currently a Non-Executive Director of Adept 4 plc, and Herald Investment Trust plc and a Trustee of the Black Family Charitable Trust. Tom is a member of the Remuneration, Nomination and Audit Committees of Thruvision Group plc.

Paul Taylor, (54) Non-Executive Director

image removed

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 Chairman and Chairman of the Audit Committee of IQGEO Group plc, Non-Executive Director and Audit Chairman of Frontier Smart Technologies Group Limited, and a Trustee of the CAD Centre Pension Fund. Paul is Chairman of the Audit Remuneration and Nomination Committees of Thruvision Group plc.

Colin Evans, (51) Chief Executive Officer

image removed

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.

Adrian Crockett, (51) Finance Director

image removed

Adrian was appointed a director on 1st May 2019. Prior to joining Thruvision, he was CFO at Venture Life, an AIM listed consumer healthcare company. Before this he held senior financial management roles

at Abbott Diabetes Care Ltd, a division of the US Healthcare company, Abbott, GSK, Novartis and Chiron corporation (prior to acquisition by Novartis), and Powderject pharmaceuticals (prior to acquisition by Chiron). Adrian has a BA honours degree in accountancy from The University of Dundee and is a Chartered Management Accountant.

John Woolhead, (58) Company Secretary

image removed

John was appointed Company Secretary on 13 April 2010 and is responsible for not only the core Governance and Company Secretarial function within the Group but also manages the HR, Insurance,

property and a number of other functions. 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 2019.

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 2018 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. The Company formally reports against the QCA code on Corporate Governance and details are available on the Company website.

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 3 to 5.

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 3, the update on strategy on page 3, the Business review on pages 3 to 5 and the review of principal risks and uncertainties on pages 8 to 10. The financial position, cash flows and liquidity position are described in the Financial review on pages 5 to 7. In addition, Note 17 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 £2.3 million (2018: £19.5 million). As at 31 March 2019, the Group had net current assets of £13.3 million (2018: £19.2 million) and net cash reserves of £9.4 million (2018: £17.6 million).

On 4 July 2018 the Company announced its intention to return capital to shareholders by way of a Tender Offer for Ordinary shares. It was agreed that up to £7.99M be returned to shareholders by way of the purchase of up to 47,000,000 Ordinary Shares at a price of 17 pence per share, representing a premium of 17.6% to the mid-market closing price of 14.45 pence per share on 3 July 2018.

19,675,906 Ordinary Shares were validly tendered under the Tender Offer and as a result the Tender Offer was not fully subscribed. Following the cancellation of 19,675,906 Ordinary Shares on 15 August 2018, the number of Ordinary Shares in issue reduced from 165,130,024 to 145,454,118

The total value of Ordinary Shares purchased was £3.35M thus reducing the net cash reserves by this amount.

The Board has reviewed the cash flow forecasts for the period up to and including 30 September 2020. 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 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 38 shows a loss before tax from continuing operations for the year of £2.1 million (2018: £3.2 million), and a loss for the year of £2.3 million (2018: £19.6 million). Details are given in the Financial Review on page 5.

Dividends

The Directors are not recommending a dividend in respect of the year ended 31 March 2019 (2018: £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 in October 2017 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 and the fact that an experienced and qualified Company Secretary is retained to ensure appropriate governance arrangements, 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 2019.

Further explanation of the high-level corporate governance principles is given in the Corporate governance Section of this report on pages 19 to 25 and in connection with Directors' remuneration in the relevant Section of the Remuneration report on pages 26 to 31.

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 15 to the financial statements. As at the date of this report, 145,454,118 Ordinary Shares of 1 pence each ('Ordinary Shares') were in issue and fully paid with an aggregate nominal value of £1,454,541. 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. Subject to approval at the AGM it is anticipated that the Deferred Shares will be bought back by the Company for a nominal consideration of £1 per each of the three shareholders.

On 4 July 2018 the Company announced its intention to return capital to shareholders by way of a Tender Offer for Ordinary shares. It was agreed that up to £7.99M be returned to shareholders by way of the purchase of up to 47,000,000 Ordinary Shares at a price of 17 pence per share, representing a premium of 17.6% to the mid-market closing price of 14.45 pence per share on 3 July 2018.

19,675,906 Ordinary Shares were validly tendered under the Tender Offer and as a result the Tender Offer was not fully subscribed. The total value of Ordinary Shares purchased was £3.35M.

Following the cancellation of 19,675,906 Ordinary Shares on 15 August 2018, the number of Ordinary Shares in issue reduced from 165,130,024 to 145,454,118.

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 2019, 529,500 (2018: 529,500) Shares remain outstanding to be issued from the Blocklisting facility.

Directors' report continued

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 2019, 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 29.

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 21 September 2018, 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 £484,847.

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 £484,847, being one third of the nominal value of the current issued Share capital.

Also, at the general meeting held on 21 September 2018, 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 £72,727 for general purposes and an additional £72,727 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 £72,727, being 5% of the current nominal value of the issued Ordinary Share capital, for general purposes and an additional 72,727 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 21 September 2018, Shareholders granted authority for the Company to make market purchases of up to 21,803,572 of its own Shares provided that 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 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 23 September 2019 retaining the provision that 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 80 of this report.

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 22 May 2019, 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	29,552,912	20.30
Canaccord Wealth Management	27,682,500	19.03
Herald Investment Management	15,329,712	10.54
Lombard Odier Asset Management	14,842,022	10.20
Tom Black	11,349,444	7.80
Janus Henderson Investors	8,952,962	6.16
Invesco Perpetual Investment Management	8,536,850	5.87

Directors

The names and biographical details of the current Directors of the Company are given on page 11. 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. Adrian Crockett was appointed a Director on 1 May 2019 and Paul Taylor on 1 April 2012.

Tom Black was Executive Chairman in the period 1 April 2018 to 31 March 2019 and to the date of this report.

Colin Evans was Managing Director in the period 1 April 2018 to 31 March 2019. On 1 April 2019 he was appointed Chief Executive Officer of the Group.

Adrian Crockett was appointed to the Board on 1 May 2019 as Finance Director.

Ian Lindsay resigned from the Board on 1 May 2019 and left the Company on 24 May 2019.

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, Adrian Crockett is submitting himself for election at the forthcoming AGM and, in line with governance best practice, all other directors 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 31.

Details of the Directors' service contracts and letters of appointment appear in the Remuneration report on page 29.

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.

Directors' report continued

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 £0.4 million (2018: £0.5 million) related to development of such technologies.

Employees

At 31 March 2019, the Group employed 31 people in the UK and 4 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 27.

All employees participate in the LTIP via Share Option awards made on joining the Company and on a discretionary basis thereafter. In addition, the Group operates a Sharesave SAYE Share Option Scheme in which all UK based employees are able to participate. The scheme is normally launched annually after the announcement of full year results.

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. With effect from 1 April 2019 employee pension contributions are made via a salary sacrifice scheme.

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 advice is utilised as appropriate and satisfactory external audits have recently been undertaken.

Financial instruments

The Group's financial risk management objectives and policies are discussed in the Financial review on pages 5 to 7 and in Note 17 of the financial statements.

Post balance sheet events

No reportable events have occurred from 31 March 2019 to the date of this report.

Political donations

No political donations were made during the year (2018: £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 2019 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 10.

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 33 to 37.

Directors' report continued

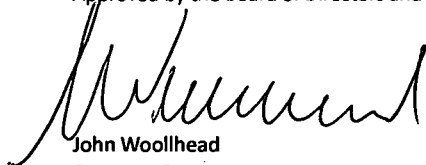
Annual General Meeting

The Annual General Meeting (AGM) will be held at the offices of Osborne Clarke, One London Wall, London, EC2Y 5EB on Monday 23 September 2019 at 1.00 pm. The notice convening the meeting is on pages 80 to 83 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 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 by order of the Board:



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

Registered in England and Wales No. 07149547

21 June 2019

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 2018 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 Company formally reports against the QCA code on Corporate Governance.

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 in October 2017 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. However, due to the nature and complexity of the business and its current stage of development and the fact that an experienced and qualified Company Secretary is retained to ensure appropriate governance arrangements, 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 2019.

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	Chief Executive Officer	Member	—	—	—
Adrian Crockett	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 11.

Adrian Crockett was appointed as Finance Director on 1 May 2019.

Ian Lindsay stepped down from the Board on 1 May 2019 and left the Company on 24 May 2019.

During the year, Paul Taylor confirmed to the Board that he had sufficient time available to fulfil his obligations as a Director and, should his circumstances change, that he would inform the Board.

After careful review, the Board has concluded that Paul Taylor was independent during the year under review and remains independent at the date of this report. In coming to this assessment, the Board considered his strength of character and independence of judgement and opinion, and the fact that he:

- has never been an employee of the Group;
- has not had a material business relationship with the Group;
- receives no remuneration other than fees;
- has no close family ties with advisors, other Directors or senior management of the Group;
- has no significant links with other Directors through involvement with other companies;
- does not represent a significant Shareholder; and
- has not served on the Thruvision Board for more than 9 years.

Corporate governance report continued

In the year under review, the Board met on 11 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	11/11
Colin Evans	11/11
Ian Lindsay	11/11
Paul Taylor	11/11

During the year, the Chairman met with the Non-Executive Director 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 on 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 24.

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. Paul Taylor is chair of each of the Committees with Tom Black as the other member.

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. Paul Taylor is a qualified Certified Accountant and 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 11. 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 February 2019. 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 4 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 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	4/4
Tom Black	4/4

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.

Corporate governance report continued

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;
- 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.

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 Grant Thornton UK LLP related to transfer pricing advice, corporation tax returns and R&D tax credits and a report on the tax implications of writing off distributable reserves on the balance sheet of subsidiary companies.

Details of audit and non-audit-related fees paid to Grant Thornton UK LLP in the year under review are given in Note 3 to the accounts on page 53.

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. There are no contractual restrictions on the Company with regard to its appointment.

At its meeting in May 2019, 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 2020.

The Audit Committee was satisfied, in view of their performance in respect of the 2019 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 23 September 2019.

Remuneration Committee

Paul Taylor was Chairman of the Committee during the year under review and to the date of this report.

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 2019;
- bonus arrangements for Executive Directors and other employees in respect of the year to 31 March 2020;
- policy regarding the provision of equity incentive for Executive Directors and senior management;
- awards made under the EMI and unapproved Share option scheme in 2018 and to the date of this report; and
- the appointment of New Bridge Street as Remuneration Consultants.

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	8/8
Tom Black	8/8

The Remuneration report is set out on pages 26 to 31.

Nomination Committee

Paul Taylor was Chairman of the Committee during the year under review and to the date of this report.

The Nomination Committee meets as and when required. During the year under review, it met twice 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.

Corporate governance report continued

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 Adrian Crockett as Finance Director;
- the proposed re-election of Tom Black by rotation at the forthcoming AGM;
- the proposed election of Adrian Crockett at the forthcoming AGM; and
- the change in job title of Colin Evans from Managing Director to Chief Executive Officer.

The appointment of Adrian Crockett 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 including the Executive Chairman with the recommended candidate being met by the other Directors and senior managers prior to appointment.

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	2/2
Tom Black	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 undertaken in May 2018. 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.

In April 2019, 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 Senior Independent 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 23 September 2019. In accordance with the Articles, Tom Black is offering himself for re-election at the AGM and Adrian Crockett is offering himself for election at the AGM it being the first General Meeting since his appointment.

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 2019.

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 Chief Executive Officer, 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

Paul Taylor was Chairman of the Committee during the year under review and to the date of this report. The other member of the Committee was Tom Black.

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 is available on request.

The Committee met 8 times during the year. Details of attendance are shown in the Corporate Governance statement on page 23.

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 2019

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.

Ian Lindsay received a bonus of £10,000 in July 2018 following the completion of the FY18 Audit as agreed on his joining the Company in March 2018.

Other than as detailed above, no bonus payments were made to the Executive Directors in respect of the year to 31 March 2019.

Awards were made to some of the Executive Directors in January 2019 under the EMI Share option scheme and unapproved share option scheme as detailed on page 30 of this report.

Year ending 31 March 2020 and subsequent periods

A similar structure of remuneration will be payable for the year ending 31 March 2020 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.

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

A bonus scheme is in place based on revenue and profit in the year to 31 March 2020. The maximum payable under the bonus scheme is 25% of base salary to Colin Evans and 17.5% of base salary to Adrian Crockett. Bonus payments will only start to accrue once adjusted profit is in excess of £50,000.

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.

During the year under review Ian Lindsay was a member of the scheme. During the year under review the scheme provided for employer and employee contributions to be made at the rate of 2% and 3% respectively. With effect from 1 April 2019 the Employer contribution increased to 3% of base salary and the employee contribution to 5% of base salary. The employer contributions of Ian Lindsay are given on page 29. Colin Evans and Tom Black (who both 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

During the year under review the base salary of Colin Evans was £235,000 (2018: £235,000) and the base salary of Tom Black was £45,000 (2018: £45,000). The base salary of Ian Lindsay, who was appointed on 1 March 2018 was £155,000. At the date of this report the base salaries as detailed have not been increased and therefore above remain at the levels as detailed.

Adrian Crockett joined the Group on 1 May 2019 and from that date his base salary is £155,000.

Termination payments

Ian Lindsay left the Company on 24 May 2019. In accordance with his leaving arrangements he will be paid his salary in lieu of notice until 31 August 2019. No further payments will be made to him.

Bonus scheme

Year ending 31 March 2019

During the year under review, the Executive Directors participated in a formal bonus arrangement but, based on the performance of the Company, no payments were made under the bonus scheme.

Year ending 31 March 2020

A bonus scheme is in place based on group performance in the year to 31 March 2020. The maximum payable under the bonus scheme is 25% of base salary to Colin Evans and 17.5% of base salary to Adrian Crockett. Bonus payments will only start to accrue once adjusted profit is in excess of £50,000.

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.

The majority of awards made under these historic arrangements have now lapsed as the performance criteria attaching to the awards has not been achieved. Accordingly no shares have been issued to Directors or employees under these historic scheme in the year under review.

Further details of the structure of these awards can be found on page 30 of the 2018 Annual Report.

Enterprise Management Incentive Scheme (EMI)

Following the disposal of the Video Business in October 2017 the Remuneration Committee agreed that future equity awards would be made, as far as possible, under the EMI Section of the LTIP. Awards under the EMI scheme provides tax efficient Share options up to certain limits as set by HMRC. Awards have been made under the EMI scheme as detailed on page 28 of this report. Performance Conditions apply to awards made since 1 January 2019 the details of which are given on page 31. Performance Conditions do not apply to awards made prior to 31 December 2018. In all cases the option price is payable by the employee concerned on exercise.

Unapproved options and awards to US employees

Awards are made under an unapproved scheme in the case where no further awards can be made under the EMI scheme or where awards are to be made to overseas employees. Awards have been made under the Unapproved scheme as detailed on page 28 of this report. Performance Conditions apply to awards made since 1 January 2019 the details of which are given on page 31. Performance Conditions do not apply to awards made prior to 31 December 2018. In all cases the option price is payable by the employee concerned on exercise.

Remuneration report continued

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.

818,473 options outstanding under the Sharesave scheme at 31 March 2018 were surrendered by employees in the period to 1 April 2018 to 20 September 2018.

A further award under this scheme was made on 21 September 2019 which resulted in 1,443,600 options being granted at an option price of 20p. At 31 March 2019 1,353,600 options remained outstanding and capable of exercise under the Scheme.

Details of awards made to the Executive Directors under this scheme are given on page 30.

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 and it is not expected that awards will be made under the Plan in the future.

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 2019, potentially dilutive awards have been made and are still outstanding as detailed below:

	31 March 2019	31 March 2018
Awards under the EMI scheme	6,194,365	5,025,662
Awards under the unapproved scheme and to US employees	2,389,698	1,224,513
Historic awards under the LTIP (HMRC approved and top-up awards)	28,541	182,984
Awards under the Sharesave Scheme	1,353,600	818,473
Awards under the Deferred Share Bonus Plan	nil	nil
Total	9,966,204	7,251,632

If all the above equity awards were to vest, dilution on the current share capital would amount to 6.85%.

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. At 31 March 2019 no shares were held by the EBT (2018; nil).

All awards made under the LTIP (excluding EMI awards) prior to 31 March 2017 have lapsed.

Full details of awards made under the LTIP, the EMI scheme and the Sharesave Scheme during the year are given in Note 16 on pages 62 to 65.

Pensions

Ian Lindsay joined the Thruvision Group Pension Scheme, a defined contribution scheme, from 1 March 2018 and was a member during the year under review.

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

Remuneration of the Non-Executive Directors

The remuneration of the Non-Executive Director 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 (2018: £35,000) per annum.

Directors' remuneration for the year ended 31 March 2019

	Basic salary/fees 2019 £'000	Pension 2019 £'000	Other 2019 £'000	Benefits 2019 £'000	Bonus 2019 £'000	Remuneration 2019 £'000	2018 £'000
Executive Directors							
Tom Black (as Executive Chairman)	45	nil	nil	nil	nil	45	19
Colin Evans	235	nil	nil	1	nil	236	281
Ian Lindsay (appointed 1 March 2018)	155	3	1	1	10	170	13
Zak Doffman (to 31 October 2017)	nil	nil	nil	nil	nil	nil	196
Sharon Cooper (to 10 November 2017)	nil	nil	nil	nil	nil	nil	286
Non-Executive Directors							
Tom Black (as Non-Executive Chairman)	nil	nil	nil	nil	nil	nil	35
Paul Taylor	35	nil	nil	nil	nil	35	45
Bernie Waldron (to 23 October 2017)	nil	nil	nil	nil	nil	nil	20
Total	470	3	1	2	10	486	895

Tom Black, Colin Evans, Ian Lindsay and Paul Taylor were in office during the year and remuneration has been presented from 1 April 2018 to 31 March 2019.

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 the comparative 2018 remuneration is presented from 1 April 2017 to date of leaving the Board.

Service contracts

Tom Black and Colin Evans are subject to rolling service contracts with a notice period of 1 year. Adrian Crockett 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.

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 15.

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 Director		
Paul Taylor	3 May 2018	1

Remuneration report continued

TSR performance

The graph below sets out for the period from IPO to 31 March 2019 the Total Shareholder Return of Thruvision Group plc and the performance of FTSE Aim sector and the FTSE All Share Electronic and Electrical equipment index.

graph removed

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 10.4 pence and 30.5 pence and at 31 March 2019 was 28.6 pence.

Share awards to Directors under the EMI scheme held at 31 March 2019

	At 1 April 2018	Awarded during the year	Lapsed during the year	Vested during the year	At 31 March 2019	Grant date	Exercisable from	Share price at grant	Exercise price
Tom Black									
EMI Share options awarded in									
January 2018	585,175	nil	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	1,625,487	nil	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									
March 2018	400,000	nil	nil	nil	400,000	14/3/18	14/3/18 to 14/3/28	12.75p	12.75p
EMI Share options awarded in									
January 2019	nil	100,000	nil	nil	100,000	18/1/19	18/1/22 to 18/1/29	27.00p	27.00p
Total	400,000	100,000	nil	nil	500,000				

All of the above awards made to Ian Lindsay lapsed on his leaving the Company on 24 May 2019.

Share awards to Directors under the unapproved Share option scheme held at 31 March 2019

	At 1 April 2018	Awarded during the year	Lapsed during the year	Vested during the year	At 31 March 2019	Grant date	Exercisable from	Share price at grant	Exercise price
Colin Evans									
Unapproved Share options awarded in									
January 2018	374,513	nil	nil	nil	374,513	17/1/18	17/1/21 to 17/1/28	15.38p	15.38p
Unapproved Share options awarded in									
January 2019	nil	870,370	nil	nil	870,370	18/1/19	18/1/22 to 18/1/29	27.00p	27.00p
Total	374,513	870,370	nil	nil	1,244,883				

Awards made in January 2019 under both the EMI scheme and the Unapproved scheme were subject to a performance condition based on revenue and profit in the period 1 April 2021 to 31 March 2022 (FY22) as follows.

FY22 Revenue	FY22 profit (EBITDA)	Percent of awards that vest
£18.9M or more	£1M or more	100%
Between £16.2M and £18.9M	Between breakeven and £1M	Straight line basis between 0% and 100%
Less than £16.2M	Less than breakeven	0%

Awards made in January 2018 and March 2018 under both the EMI scheme and the Unapproved scheme were not subject to a performance condition.

Share awards made to Executive Directors under the Sharesave Scheme at 31 March 2019

	At 1 April 2018	Awarded during the year	Lapsed during the year	Vested during the year	At 31 March 2019	Grant date	Exercisable from	Share price at grant	Exercise price
Tom Black									
Sharesave option granted September 2018	nil	90,000	nil	nil	90,000	21/9/18	21/9/21 to 21/3/22	£0.25	£0.20
Colin Evans									
Sharesave option granted September 2018	nil	90,000	nil	nil	90,000	21/9/18	21/9/21 to 21/3/22	£0.25	£0.20

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 2019 Ordinary Shares	As at 1 April 2018 Ordinary Shares	As at 31 March 2019 Deferred Shares	As at 31 March 2018 Deferred Shares
Tom Black	11,349,444	11,349,444	81,562	81,562
Colin Evans	2,423,900	2,423,900	40,781	40,781
Ian Lindsay	nil	nil	nil	nil
Paul Taylor	272,489	272,489	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 2019 and 7 June 2019.

Approved by the Board and signed on its behalf:



Paul Taylor
Chairman, Remuneration Committee

21 June 2019

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 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;
- state whether applicable 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 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

21 June 2019



Adrian Crockett
Finance Director

21 June 2019

Independent auditor's 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 (the 'group') for the year ended 31 March 2019, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, 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 2019 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.

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 twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of Thruvision Group Plc continued

Overview of our audit approach

- Overall materiality: £164,000, which represents 2.75% of the group's revenue;
- Key audit matters were identified as revenue recognition; and
- We performed full scope audit procedures on the financial statements of Thruvision Group Plc and on the financial information of Thruvision Limited, as well as targeted procedures on Thruvision Inc.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) 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 £5,981,000 have been recognised in the year ended 31 March 2019, arising from three revenue streams, two of which were material in the year. This is material number within the financial statements. 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. The risk in this area was considered to have two main elements: (1) revenue items remaining unpaid at year end may have been incorrectly recognised; and (2) incorrect application of IFRS 15 'Revenue from Contracts with Customers', since this is the first year of adoption. We therefore identified 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: • Assessing the group's accounting policy and management's assessment of the impact of IFRS 15 against the requirements of IFRS 15 for all revenue streams; • Selecting a sample of revenue transactions from the revenue listing for the group for the full year and agreeing to third party evidence. The sample populations were split between the items paid by the year end and those remaining unpaid. The emphasis in the sampling was placed over the unpaid items as this was where the risk was identified; • For sales of goods, we traced recognised transactions from the general ledger 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; and • For the sale of services or installation, we agreed the transactions from the general ledger to sales invoice, the original sales order and proof that the service had been performed before the year end. 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 Based on our audit work, our assessment is that revenue has been recognised in accordance with the financial reporting framework, including IFRS 15, and no material misstatements were identified.

We did not identify any key audit matters relating to the audit of the financial statements of the parent company.

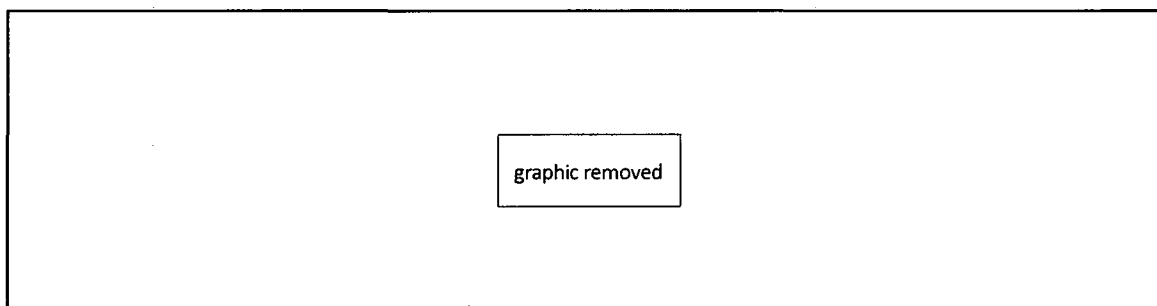
Our application of materiality

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	£164,000, which is 2.75% of the group's revenue. This benchmark is considered the most appropriate because this is a key performance indicator for management. Materiality for the current year is lower than the level that we determined for the year ended 31 March 2018 to reflect the reduction in total revenue in the group due to the disposal of Digital Barriers Services Limited, which had revenue of £13,129,000 in the prior year.	£121,000, which is 1.75% of the parent company's total assets, restricted to 75% of group materiality. This benchmark is considered the most appropriate because the parent company's principal activity is that of a holding company and does not generate any revenues. Materiality for the current year is lower than the level that we determined for the year ended 31 March 2018 to reflect the reduction in group materiality.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality for certain areas such as related party transactions, including directors' remuneration.	We determined a lower level of specific materiality for certain areas such as related party transactions, including directors' remuneration.
Communication of misstatements to the audit committee	£8,200 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£6,050 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:

- Obtaining an understanding the group's internal control environment by performing process walkthroughs and documenting the controls covering all of the key audit matters;
- 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 information of Thruvision Ltd, the main trading entity;
- Performing targeted procedures covering Thruvision Inc., a subsidiary incorporated in the United States, most specifically over revenue; 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.

Independent auditor's report to the members of Thruvision Group Plc continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, 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 32, 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.

Use of our report

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



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

21 June 2019

Consolidated income statement

for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Continuing operations			
Revenue	2	5,981	3,103
Cost of sales		(3,654)	(2,024)
Gross profit		2,327	1,079
Administration costs		(4,440)	(3,654)
Other income		5	51
Operating loss	3	(2,108)	(2,524)
Finance revenue	6	78	70
Finance costs	7	(30)	(758)
Loss before tax		(2,060)	(3,212)
Income tax	8	23	90
Loss for the period/year from continuing operations		(2,037)	(3,122)
Discontinued operations			
Loss from discontinued operation after tax	23	(233)	(16,429)
Loss for the year		(2,270)	(19,551)
Adjusted loss:	4		
Loss before tax from continuing operations		(2,060)	(3,212)
Share-based payment	4	207	52
Share buyback costs	4	119	–
Financing set up fees	4	–	263
Adjusted loss before tax for the year from continuing operations		(1,734)	(2,897)
Loss per share – continuing operations			
Loss per share – basic	9	(1.33p)	(1.89p)
Loss per share – diluted	9	(1.33p)	(1.89p)
Loss per share – continuing and discontinued operations			
Loss per share – basic	9	(1.49p)	(11.84p)
Loss per share – diluted	9	(1.49p)	(11.84p)

Consolidated statement of comprehensive income

for the year ended 31 March 2019

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Loss for the year from continuing operations	(2,037)	(3,122)
Loss for the year from discontinued operations	(233)	(16,429)
Loss for the year attributable to owners of the parent	(2,270)	(19,551)
Other comprehensive income/(loss) from continuing operations		
Exchange differences on retranslation of foreign operations – continuing	6	3
Exchange differences on retranslation of foreign operations – discontinued	–	(694)
Reclassification to profit and loss – discontinued	–	698
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	6	7
Total comprehensive loss attributable to owners of the parent	(2,264)	(19,544)

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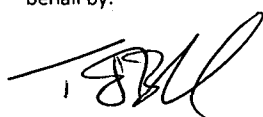
Other information

Consolidated statement of financial position

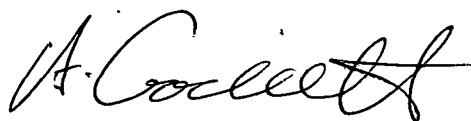
at 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Assets			
Non current assets			
Property, plant and equipment	10	760	278
Other intangible assets	11	7	2
		767	280
Current assets			
Inventories	12	3,349	1,813
Trade and other receivables	13	2,690	1,229
Current tax recoverable		114	90
Cash and cash equivalents	17	9,375	17,587
		15,528	20,719
Total assets		16,295	20,999
Equity and liabilities			
Attributable to owners of the parent			
Equity share capital	15	1,618	1,814
Share premium		–	109,078
Capital redemption reserve		–	4,786
Translation reserve		14	8
Retained earnings		12,445	(96,207)
Total equity		14,077	19,479
Non current liabilities			
Provisions	19	38	36
		38	36
Current liabilities			
Trade and other payables	14	2,180	1,455
Provisions	19	–	29
		2,180	1,484
Total liabilities		2,218	1,520
Total equity and liabilities		16,295	20,999

The financial statements on pages 38 to 71 were approved by the Board of Directors on 21 June 2019 and were signed on its behalf by:



Tom Black
Chairman



Adrian Crockett
Finance Director

Consolidated statement of changes in equity

for the year ended 31 March 2019

	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 31 March 2017	1,814	109,078	4,786	454	1	(307)	(76,912)	38,914
Share-based payment credit	–	–	–	–	–	–	109	109
Transactions with shareholders	–	–	–	–	–	–	109	109
Loss for the year	–	–	–	–	701	–	(19,551)	(18,850)
Other comprehensive income	–	–	–	–	(694)	–	–	(694)
Total comprehensive gain/(loss)	–	–	–	–	7	–	(19,551)	(19,544)
On disposal of Video Business	–	–	–	(454)	–	307	147	–
At 31 March 2018	1,814	109,078	4,786	–	8	–	(96,207)	19,479
Capital redemption	–	(109,078)	(4,786)	–	–	–	113,864	–
Share buyback	(196)	–	–	–	–	–	(3,149)	(3,345)
Share-based payment credit	–	–	–	–	–	–	207	207
Transactions with shareholders	(196)	(109,078)	(4,786)	–	–	–	110,922	(3,138)
Gain/(loss) for the year	–	–	–	–	–	–	(2,270)	(2,270)
Other comprehensive gain/(loss)	–	–	–	–	6	–	–	6
Total comprehensive gain/(loss)	–	–	–	–	6	–	(2,270)	(2,264)
At 31 March 2019	1,618	–	–	–	14	–	12,445	14,077

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Consolidated statement of cash flows

for the year ended 31 March 2019

	Note	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Operating activities			
Loss before tax from continuing operations		(2,060)	(3,212)
Loss before tax from discontinued operations		(233)	(16,337)
Loss before tax		(2,293)	(19,549)
Non-cash adjustment to reconcile loss before tax to net cash flows			
Depreciation of property, plant and equipment	10	179	400
Amortisation of intangible assets	11	2	716
Impairment of goodwill		–	4,291
Share-based payment transaction expense	16	207	109
Unrealised gains on foreign exchange		(25)	62
Realisation of foreign exchange losses on disposal of Video Business		–	708
Disposal of fixed assets	10	28	(5)
Loss on disposal of Video Business		–	2,085
Recovery of purchase consideration	23	–	(1,126)
Finance income	6	(78)	(70)
Finance costs	7	30	1,227
Non-cash consideration		–	7,635
Non-cash settlement of borrowings – repayment of loan out of disposal proceeds		–	(7,635)
Working capital adjustments:			
Increase in trade and other receivables		(1,724)	(109)
Increase in inventories		(1,536)	(108)
Increase in trade and other payables		545	370
Increase in deferred revenue		156	762
Decrease in provisions		(27)	(54)
Cash utilised in operations		(4,536)	(10,291)
Interest paid		–	–
Tax received		–	762
Net cash flow from operating activities		(4,536)	(9,529)
Investing activities			
Purchase of property, plant & equipment	10	(579)	(196)
Expenditure on intangible assets	11	(7)	(2)
Interest received	6	78	70
Deferred consideration from disposal of Video Business		182	–
Cash proceeds from disposal of Video Business		–	19,187
Cash balance in Video Business at disposal		–	(928)
Recovery of purchase consideration	23	–	1,126
Net cash flow from investing activities		(326)	19,257
Financing activities			
Share buyback – reduction in share capital	15	(3,345)	–
Proceeds from borrowings		–	7,635
Finance costs		–	(741)
Net cash flow from financing activities		(3,345)	6,894
Net (decrease)/increase in cash and cash equivalents		(8,207)	16,622
Cash and cash equivalents at the beginning of the year		17,587	1,002
Effect of foreign exchange rate changes on cash and cash equivalents		(5)	(37)
Cash and cash equivalents at end of year		9,375	17,587

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 2019 and applied in accordance with the Companies Act 2006.

The Financial Statements were authorised for issue by the Board of Directors on 21 June 2019 and the Statement of Financial Position was signed on the Board's behalf by Tom Black and Adrian Crockett.

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.

Basis of measurement

Going concern

The Group's loss before tax from continuing operations for the period was £2.1 million (2018: £3.2 million). As at 31 March 2019 the Group had net current assets of £13.3 million (31 March 2018: £19.2 million) and net cash reserves of £9.4 million (31 March 2018: £17.6 million).

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 being 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, were significantly greater than the funding requirements of the continuing operations, and as a result the Board announced on 12 March 2018 to return up to £8 million to shareholders. £3.3m was subsequently returned to shareholders in August 2018.

The Board has reviewed cash flow forecasts for the period up to and including 30 September 2020. 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. 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 2019.

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

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

Notes to the financial information continued

1. Accounting policies continued

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale (see note 23), 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.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 which established a five-step model to account for revenue arising from contracts with customers.

Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The effect of IFRS 15 is expected to be most significant for companies which, for example, sell combined bundles of both goods and services, and companies who have long-term contracts.

The effect of IFRS 15 on the way companies recognise revenue IFRS 15 also requires companies to look at their contracts with customers and, where relevant, to break these contracts down into separate performance obligations. The total revenue under each contract must be allocated between each separate obligation. Each part of the revenue can only be recognised at a point in time, or over a period, which reflects the completion of each separate obligation.

IFRS 15 will require some companies to adjust the amount of revenue they recognise in a period as it requires companies to adjust revenue for discounts, rebates, incentives, penalties and similar items.

The Group's business model either does not involve these sorts of items, or, as in the case of discounts, they are applied principally at the point of delivery and therefore already form part of the amount we recognise as revenue under the current accounting standard.

The Director's adopted IFRS 15 in the current year following an assessment carried out during the year. This showed that IFRS 15 has not had a significant effect on how the Group has recognised revenue in the year. This is mainly due to the majority of revenue being recognised on delivery of hardware to customers.

IFRS 9 Financial Instruments

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

The Directors have assessed the impact of IFRS 9 adoption and given our existing business model the adoption has had no impact on the financial statements.

Revenue and profit recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services, based on delivery of goods or services provided to customers, excluding sales taxes and discounts. Interest income is recognised in the income statement as it accrues, using the effective interest method.

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 2019 is detailed in note 12.

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 further amounts are due to Thruvision on 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 recognised the deferred consideration expected to be received totalling £123,000, as per note 13.

1. Accounting policies continued

Income taxes

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

Business combinations and goodwill

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

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

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

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

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

Intangible assets

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

Other intangible assets

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

Customer relationships – three to twelve years;

Order backlog – one to three years;

Intellectual property and Software – one to seven years;

Patents – eight years; and

Trademarks – ten years.

Amortisation is charged to administration expenses in the Consolidated Income Statement on a straight-line basis.

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.

Notes to the financial information continued

1. Accounting policies continued

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. Where units are sold Ex-works (Incoterms 2010) the revenue is recognised when the units are made available for collection. These costs are invoiced with the items only held on premise at the customer's request. Revenue would not be recognised if the period the units were held onsite on behalf of the customer resulted in significant delays (defined as six months or greater). On research and development contracts the revenue is recognised over time as work is completed as explained below.

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

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

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

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

Accrued income

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

Trade and other receivables

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

Provisions

Provisions are recognised in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation; discounting at a pre-tax discount rate when the time value of money is material. Onerous contract provisions are recognised for unavoidable costs of meeting the obligations under a contract that exceed the economic benefits expected to be received under it.

Income taxes

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

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

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

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

1. Accounting policies continued

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 represented the nominal value of equity shares.
- Share premium represented 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 represented 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.
- Retained Earnings represents the cumulative total profit or loss attributable to shareholders, excluding those items recognised in other reserves.

Research and development costs

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

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

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

Development costs not meeting these criteria are expensed in the income statement as incurred. When capitalised, development costs are amortised on a straight-line basis over their useful economic lives once the related software and hardware products are available to use. During the period of development the asset is tested for impairment annually. Development costs with a value of £nil (2017: £nil) have been capitalised in the period (see note 11).

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;

Computers, ancillary equipment and electronic test 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

Notes to the financial information continued

1. Accounting policies continued

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Inventories

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

Trade and other payables

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

Cash equivalents

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

Financial instruments

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

Non-derivative financial assets

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

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

Loans and receivables

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

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

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

Non-derivative financial liabilities

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

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

1. Accounting policies continued

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

Long Term Incentive Plan

Historically certain employees of the Group have received 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 combined 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 2016 in the form of nil-cost options and HMRC Approved Options have lapsed.

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.

At 31 March 2019 25,541 awards were outstanding. It is anticipated that these will lapse in July 2019.

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 and further awards were made in the year ending 31 March 2019.

All awards made under the EMI scheme prior to 31 December 2018 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.

Notes to the financial information continued

1. Accounting policies continued

All awards made after 1 January 2019 under the EMI scheme are subject to service conditions and performance conditions that relate to revenue and profit in the year ended 31 March 2022.

All awards made under the EMI scheme after 1 January 2019 are subject to service conditions and performance conditions that relate to revenue and profit in the year ended 31 March 2022. 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.

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 three years from the date of grant with an exercise period of six months. There are no cash settlement alternatives. The fair value is determined using the Black-Scholes model.

Unapproved Share Option Scheme

Certain employees of the Group receive remuneration in the form of share options under an Unapproved Share Option Scheme including awards to overseas employees. The first option awards under the scheme were made in the year ended 31 March 2018 and further awards were made in the year ending 31 March 2019.

All awards made prior to 31 December 2018 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.

All awards made after 1 January 2019 under the Unapproved Share Option Scheme are subject to service conditions and performance conditions that relate to revenue and profit in the year ended 31 March 2022.

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.

Employee Benefit Trust

The Thruvision Group plc Employee Benefit Trust (the 'Trust') has the ability to purchase and holds Ordinary Shares of the Company in connection with employee share schemes. To date the Trust has never acquired shares in Thruvision Group plc and hence is not included in the Group'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.

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 2019.

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

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

Standards Issued but not yet effective

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

IFRS 16 Leases

The Group will adopt IFRS 16 in the year to March 2020. It will increase both our assets and liabilities by a material amount. It will also have a timing effect on how we recognise the cost of leases in our income statement.

We lease our factory and office properties in the UK and US, as well as other assets such as vans and cars. Under the current leasing standard, these leases are operating leases. This means that they are not represented on the balance sheet, and that rent payments are charged to income on a straight-line basis over the course of the lease. The amount of our future operating lease commitments can be seen at note 18 to these accounts, and our annual lease payment is shown at note 3.

When IFRS 16 comes into effect, the Group will have to bring these operating leases onto our balance sheet. Also, our annual lease expense will no longer be equal to the rent paid for that year.

When the leases are brought onto the balance sheet, our gross assets and gross liabilities will each increase by a broadly equal and opposite amount. The addition to gross assets will represent the Group's right to use the leased asset, and the addition to gross liabilities will reflect our obligation to make future lease payments.

IFRS 16 will also have a timing effect on the annual lease expense, which will no longer be equal to the rent paid for that year.

We will have to treat the leases in a similar way to borrowings and will have to calculate a notional interest charge on them.

This notional interest will be calculated in a similar way to that in which interest is charged on a loan. More interest will be charged in the early periods of each lease and less interest will be charged on the later payments.

This means that the annual income statement charge for a lease will not be the same each year. It will be more than the annual rental payment in the earlier years of a lease, and less than the annual rental payment in the later years of a lease. Over the course of a lease, the total amounts of interest and capital repayments charged to the income statement will still be equal to the total rental payments under the lease, as they are at present. However, there will inevitably be some timing effect which will depend on the maturity profile and the length of leases which we have at any one time.

The Group has carried out a detailed assessment in the year to March 2019 determining the effect on its balance sheet and income statement at the date of approval of these financial statements. The impact to the income statement is immaterial to the financial statements with material increases in assets and liabilities on the balance sheet. The actual amount of additional assets and liabilities which we will recognise when we adopt IFRS 16 in 2020 will depend on several factors. Some of the most material factors will be: the incremental borrowing rates we use to discount our future lease commitments; and any significant leases which the Group enters into or which come to an end between now and 2020.

2. Segmental information

The directors do not split the business into segments in order to internally analyse the business performance and as a result the results of the business are only presented below as continuing and discontinuing. The directors believe that allocating overheads by department provides a suitable level of business insight. The overhead department cost centers comprise of sales and marketing, manufacturing and R&D, property and administration, and Plc costs, with the split of costs as shown in the Strategic report on page 7.

Following its disposal on 31 October 2017 the Video Business is now reported as a discontinued operation. The costs incurred this year within discontinued operations include amounts due under warranty provisions with regards to the sale of the Video Business, as well as a reassessment of the recoverable amount due on deferred consideration due as a result of the sale of the Video Business.

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.

Notes to the financial information continued

2. Segmental information continued

Year ended 31 March 2019	Video Business Discontinued £'000	Thruvision Continuing £'000	Total £'000
Revenue	–	5,981	5,981
Depreciation and amortisation	–	181	181
Segment adjusted operating (loss)	(233)	(1,901)	(2,134)
Share based payment charge	–	(207)	(207)
Segment operating (loss)	(233)	(2,108)	(2,341)
Finance income	–	78	78
Finance costs	–	(30)	(30)
Segment (loss) before tax	(233)	(2,060)	(2,293)
Income tax (charge)/credit	–	23	23
Loss for the year from continuing operations	(233)	(2,037)	(2,270)

Year ended 31 March 2018	Video Business Discontinued £'000	Thruvision Continuing £'000	Total £'000
Total segment revenue	13,129	3,103	16,232
Depreciation and amortisation	218	182	400
Segmented adjusted operating (loss)	(7,472)	(2,472)	(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)	(15,868)	(2,524)	(18,392)
Finance income	–	70	70
Finance costs	(469)	(758)	(1,227)
Segment (loss) before tax	(16,337)	(3,212)	(19,549)
Income tax (charge)/credit	(92)	90	(2)
Loss for the year	(16,429)	(3,122)	(19,551)

Analysis of revenue by customer

There have been two (2018: three) individually material customers (comprising over 10% of total revenue) in the year. These customers individually represented £2,310,000 and £808,000 of revenue for the year (2018: £779,000, £639,000 and £576,000).

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

	2019 £'000	2018 £'000
UK and Europe	1,338	384
Middle East and Africa	28	902
Americas	975	413
Asia-Pacific	3,640	1,404
	5,981	3,103

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

	2019 £'000	2018 £'000
United Kingdom	737	258
United States of America	30	22
	767	280

3. Group operating loss

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

	2019 £'000	2018 £'000
Operating lease rentals – land and buildings	152	106
Research and development costs	429	505
Bad debt expense	12	17
Depreciation of property, plant and equipment	179	189
Amortisation of intangible assets initially recognised on acquisition	2	–
Exchange differences	(163)	(92)

Note: as the above table is continuing operations only, depreciation and intangibles won't reconcile to their respective notes for the comparative period.

3. Group operating loss continued

Auditors' remuneration

The following table shows an analysis of all fees payable to Grant Thornton UK LLP, the Group's auditors:

	2019 £'000	2018 £'000
Audit services		
Fees payable to the Company's auditor for the audit of the financial statements	42	50
The audit of the Company's subsidiaries	17	20
	59	70
Non-audit services		
Tax advisory services	61	–
Other Non-audit services	9	23
	70	23

Fees relate to all activities undertaken by Grant Thornton UK LLP (2018: Grant Thornton UK 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:

	2019 £'000	2018 £'000
Share based payment (i)	207	52
Share buyback costs (ii)	119	–
Financing set up costs (iii)	–	263
Total adjustments	326	315

- (i) The performance condition associated with LTIP awards made in July 2015 and January 2019 are subject to a non-market based performance measure. Accordingly, should these LTIP awards fail to vest, the share based payment charge will be added back to the income statement. Prior to July 2015 LTIP awards were made with a market based performance measure which in the event that LTIPs fail to vest the share based payment charge is not added back to the income statement. To date the majority of historic LTIP awards have failed to vest. The inclusion provides consistency over time allowing a better understanding of the financial position of the Group.
- (ii) Share buyback costs incurred represent additional legal and professional fees incurred as a result of the share buyback carried out in August 2018
- (iii) During the year end 31 March 2018 the Group obtained a new facility, incurring legal and set up fees.

Notes to the financial information continued

5. Employees

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

	At 31 March 2019	At 31 March 2018
Continuing operations	34	23
Discontinued operations	–	–
	34	23

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 2019	At 31 March 2019	Average 2018	At 31 March 2018
Directors	4	4	5	4
Business units	21	25	81	15
Corporate	4	5	14	4
	29	34	100	23

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

	2019 £'000	2018 £'000
Salaries and short-term employee benefits	2,103	7,591
Social security costs	233	888
Pension costs	30	108
Share-based payments (note 16)	207	109
	2,573	8,696

Continuing operations

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

	Average 2019	At 31 March 2019	Average 2018	At 31 March 2018
Directors	4	4	4	4
Business units	21	25	12	14
Corporate	4	5	4	4
	29	34	20	22

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

	2019 £'000	2018 £'000
Salaries and short-term employee benefits	2,103	2,227
Social security costs	233	239
Pension costs	30	21
Share-based payments	207	52
	2,573	2,539

6. Finance income

	2019 £'000	2018 £'000
Continuing operations only		
Bank interest receivable	78	36
Other interest receivable	–	34
	78	70

7. Finance costs

	2019 £'000	2018 £'000
Finance set up fees	–	263
Finance fees	–	9
Loss on forward contract measured at fair value through income statement	30	–
Foreign exchange loss on intercompany loan	–	486
	30	758

There were no open forward contracts which had not been settled as at 31 March 2019.

8. Taxation

	2019 £'000	2018 £'000
Current tax – continuing operations		
Corporation tax	(61)	(99)
Adjustment in respect of prior year	34	9
Overseas tax	4	–
	(23)	(90)
Deferred tax – continuing operations		
Origination and reversal of temporary differences	–	–
Adjustment in respect of prior year	–	–
Change in tax rate	–	–
	(23)	(90)
Total tax credit for the year – continuing	(23)	(90)
	2019 £'000	2018 £'000
Current tax – discontinued operations		
Corporation tax	–	(238)
Adjustment in respect of prior year	–	(49)
Overseas tax	–	(28)
	–	(315)
Deferred tax – discontinued operations		
Origination and reversal of temporary differences	–	407
		407
Total tax charge for the year – discontinued	–	92
Total tax charge/(credit) for the year	(23)	2

Notes to the financial information continued

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:

	2019 £'000	2018 £'000
Loss before tax – continuing operations	(2,060)	(3,212)
Loss before tax – discontinued operations	(233)	(16,337)
Loss for the period before tax	(2,293)	(19,549)
Tax at the UK corporation tax rate of 19% (2018: 19%)	(436)	(3,714)
Tax effects of:		
Prior year adjustments	34	(40)
Expenses not deductible for tax purposes	84	2,353
Income not taxable	62	–
Deferred tax movements on amortisation of acquired intangible assets	–	136
Unrecognised deferred tax movements on depreciation in excess of capital allowances, share-based payments and short term timing differences	10	38
Non-deductible impairment of goodwill	–	815
Unrecognised deferred tax on unrelieved tax losses	310	385
Difference in foreign tax rate	1	172
Impact on research and development credits	(88)	(143)
Total tax charge/(credit) for the period	(23)	2

Deferred taxation

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

	2019 £'000	2018 £'000
Other intangibles	–	407

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

	2019 £'000	2018 £'000
At beginning of the year	–	(620)
Origination and reversal of temporary differences	–	(407)
Reversal of deferred tax assets upon disposal of Video Business	–	1,027
At end of the year	–	–

Unrecognised deferred tax assets

	2019 £'000	2018 £'000
Fixed assets	79	107
Temporary differences	143	–
Tax losses	1,849	1,440
	2,071	1,547

Unrelieved tax losses amount to approximately £10.5 million (2018: £9.1 million), which are available indefinitely for offset against future taxable trading profits. The final losses as at 31 March 2019 will be determined after the company has filed the relevant tax returns. Tax losses are dependent 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 £10.5 million (2018: £9.1 million) 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 2019 £'000	Year ended 31 March 2018 £'000
Loss from continuing operations attributable to ordinary shareholders	(2,037)	(3,122)
Loss from continuing and discontinued operations attributable to ordinary shareholders	(2,270)	(19,551)
Weighted average number of shares	152,839,321	165,130,024
Basic and diluted loss per share – continuing operations	(1.33p)	(1.89p)
Basic and diluted loss per share – continuing and discontinued operations	(1.49p)	(11.84p)

Adjusted loss per share

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Loss from continuing operations attributable to ordinary shareholders	(2,037)	(3,122)
Amortisation of intangibles	–	–
Share-based payment	207	52
Financing set up fees	119	263
Adjusted (loss)/profit after tax	(1,711)	(2,807)
Weighted average number of shares	152,839,321	165,130,024
Basic and diluted loss per share	(1.33p)	(1.89p)
Basic and diluted adjusted (loss)/profit per share	(1.12p)	(1.70p)

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.

Notes to the financial information continued

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 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
Additions	197	22	89	–	213	58	579
Assets under construction	–	–	–	–	109	–	109
Disposals	–	–	–	–	(54)	–	(54)
Exchange movements	–	–	–	2	–	–	2
At 31 March 2019	651	61	106	26	620	126	1,590
Accumulated depreciation							
At 1 April 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
Charge for the year	68	3	11	9	78	10	179
Disposals	–	–	–	–	(25)	–	(25)
Exchange movements	–	–	–	–	–	–	–
At 31 March 2019	345	40	22	13	350	60	830
Net book value							
At 31 March 2019	306	21	84	13	270	66	760
At 31 March 2018	177	2	6	20	55	18	278

11. Other intangible assets

	Patents and Trademarks £'000	Intellectual property & Software £'000	Order backlog £'000	Customer relationships £'000	Total £'000
Cost					
At 1 April 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
Purchased	7	–	–	–	7
Disposals	–	–	–	–	–
At 31 March 2019	7	56	–	–	63
Accumulated amortisation					
At 1 April 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
Charge for the year	1	1	–	–	2
At 31 March 2019	1	55	–	–	56
Net book value					
At 31 March 2019	6	1	–	–	7
At 31 March 2018	–	2	–	–	2

12. Inventories

	2019 £'000	2018 £'000
Raw materials	1,790	886
Work in progress	246	124
Finished goods and goods for resale	1,313	803
	3,349	1,813

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

	2019 £'000	2018 £'000
Opening provision	348	1,641
Released	(54)	(37)
Increase to provision from continuing operations (charged to cost of sales during year)	25	168
Increase to provision from discontinued operations (charged to cost of sales during year)	–	1,044
Disposal of the Video Business	–	(2,468)
Closing provision	319	348

The following amounts of inventory were included in cost of sales as an expense.

	2019 £'000	2018 £'000
Inventories booked to cost of sales	3,186	1,536
Increase to inventory provision	25	168
Inventory provision released	(54)	(37)

Notes to the financial information continued

13. Trade and other receivables

	Gross carrying amounts 2019 £'000	Provision for impairment 2019 £'000	Net carrying amounts 2019 £'000	Gross carrying amounts 2018 £'000	Provision for impairment 2018 £'000	Net carrying amounts 2018 £'000
Trade receivables	2,262	–	2,262	620	(17)	603
Prepayments	158	–	158	132	–	132
Accrued income	1	–	1	10	–	10
VAT recoverable	87	–	87	41	–	41
Deferred consideration	123	–	123	405	–	405
Other receivables	59	–	59	38	–	38
	2,690	–	2,690	1,246	(17)	1,229

The Group's credit risk on trade and other receivables is primarily attributable to one receivable. One customer represents £1,608,000 of the Group's trade receivables at 31 March 2019 (2018: two customers £513,000). 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:

	2019 £'000	2018 £'000
Government customers	200	57
Commercial customers	2,062	546
	2,262	603

Trade receivables of £181,000 (2018: £46,000) were past due but not impaired; trade receivables of £nil (2018: £36,000) are past due and stated after reflecting a partial impairment.

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

	£'000
At 31 March 2017	376
Provided in period – continuing operations	17
Provided in period – discontinued operations	648
Released – discontinued operations	(1,024)
At 31 March 2018	17
Released	(17)
At 31 March 2019	–

Trade receivables, net of an allowance of £nil (2018: £17,000) for doubtful debts, are aged as follows:

	2019 £'000	2018 £'000
Within credit terms	2,081	539
Not more than three months past due	32	35
More than three months but not more than six months past due	147	11
More than six months past due	2	18
	2,262	603

14. Trade and other payables

	2019 £'000	2018 £'000
Current		
Trade payables	1,240	732
Accruals	586	549
Deferred income	262	106
Social security and other taxes	72	64
Other payables	20	4
	2,180	1,455

15. Share capital

	Number	£'000
Authorised, allotted, called-up and fully paid		
Ordinary Shares of 1 pence each		
At 1 April 2017	165,130,024	1,651
Shares issued in the year	–	–
At 31 March 2018	165,130,024	1,651
Share buyback	(19,675,906)	(196)
At 31 March 2019	145,454,118	1,455
	Number	£'000
Authorised, allotted, called-up and fully paid		
Deferred Shares of £1 each		
At 31 March 2018	163,124	163
At 31 March 2019	163,124	163
		£'000
Total share capital		
At 31 March 2018		1,814
At 31 March 2019		1,618

The Board announced on 12 March 2018 to return up to £8 million to shareholders. £3.3m was subsequently returned to shareholders in August 2018 at 17p per share, with 196,675,906 shares being cancelled.

A resolution is included in the notice of Annual General Meeting on page 80 to buy back and subsequently cancel all Deferred Shares later in 2019.

16. Employee share schemes

Long Term Incentive Plan

Historically certain employees of the Group have received 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 combined 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 2016 in the form of nil-cost options and HMRC Approved Options have lapsed.

The basis of valuation of the equity awards under the LTIP, to arrive at the Share Based Payment charge, is given in Note 1; Accounting Policies on page 49.

At 31 March 2019 28,541 awards were outstanding. It is anticipated that these will lapse in July 2019.

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 and further awards were made in the year ending 31 March 2019.

All awards made after 1 January 2019 under the EMI scheme are subject to service conditions and performance conditions that relate to revenue and profit in the year ended 31 March 2022.

The basis of valuation of the equity awards under the EMI scheme, to arrive at the Share Based Payment charge, is given in Note 1; Accounting Policies on page 49.

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 three years from the date of grant with an exercise period of six months. There are no cash settlement alternatives. The fair value is determined using the Black-Scholes model.

Unapproved Share Option Scheme

Certain employees of the Group receive remuneration in the form of share options under an Unapproved Share Option Scheme including awards to overseas employees. The first option awards under the scheme were made in the year ended 31 March 2018 and further awards were made in the year ending 31 March 2019.

All awards made after 1 January 2019 under the Unapproved Share Option Scheme are subject to service conditions and performance conditions that relate to revenue and profit in the year ended 31 March 2022.

The basis of valuation of the equity awards under the Unapproved Share Option Scheme, to arrive at the Share Based Payment charge, is given in Note 1; Accounting Policies on page 50.

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.

16. Employee share schemes continued

	HMRC Approved Options		Parallel Options	
	Number of options	Weighted average exercise price £	Number of options*	Weighted average exercise price £
Outstanding at 1 April 2017	1,391,082	1.484	1,391,082	nil
Forfeited	(1,345,597)	0.546	(1,345,597)	nil
Outstanding at 31 March 2018	45,485	0.37	45,485	nil
Forfeited	(41,944)	0.37	(41,944)	nil
Outstanding at 31 March 2019	3,541	0.48	3,541	nil
Exercisable at 31 March 2018	nil	nil	nil	nil
Exercisable at 31 March 2019	nil	nil	nil	nil

For the year ended 31 March 2019:

Range of exercise prices	£0.48	nil
Weighted average remaining contractual life	7.33 years	7.33 years

For the period ended 31 March 2018:

Range of exercise prices	£0.48 – £1.56	nil
Weighted average remaining contractual life	8.44 years	8.44 years

	Top-Up Awards		Sharesave Scheme	
	Number of options*	Weighted average exercise price £	Number of options*	Weighted average exercise price £
Outstanding at 1 April 2017	5,936,564	nil	1,674,025	0.31
Forfeited	(5,799,065)	nil	(1,021,279)	0.31
Outstanding at 31 March 2018	137,499	nil	652,746	0.31
Granted	nil	nil	1,443,600	0.20
Forfeited	(112,499)	nil	(742,746)	0.31
Outstanding at 31 March 2019	25,000	nil	1,353,600	0.20
Exercisable at 31 March 2018	nil	nil	–	–
Exercisable at 31 March 2019	nil	nil	–	–

For the year ended 31 March 2019:

Range of exercise prices	nil	nil
Weighted average remaining contractual life	7.33 years	2.50 years

For the period ended 31 March 2018:

Range of exercise prices	nil	nil
Weighted average remaining contractual life	7.42 years	2.52 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.

Notes to the financial information continued

16. Employee share schemes continued

	EMI Options		Unapproved Options	
	Number of options	Weighted average exercise price	Number of options*	Weighted average exercise price £
Outstanding at 31 March 2018	5,025,662	0.148	1,224,513	0.154
Granted	1,298,703	0.264	1,265,185	0.27
Forfeited	(130,000)	0.154	(100,000)	0.154
Outstanding at 31 March 2019	6,194,365	0.175	2,389,698	0.215
Exercisable at 31 March 2018 and 2019	nil		nil	

For the year ended 31 March 2019:

Range of exercise prices	£0.25 – £0.27	£0.1538 – £0.27
Weighted average remaining contractual life	9.02 years	9.36 years
For the year ended 31 March 2018:		
Range of exercise prices	£0.1275 – £0.1538	£0.1538
Weighted average remaining contractual life	9.61 years	9.12 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:

	EMI Options 17 January 2018	Unapproved Options 17 January 2018	EMI Options 14 March 2018	EMI Options 28 August 2018	SAVE Options 21 Sept 2018
Number granted	5,475,662	374,513	400,000	360,000	1,443,600
Fair value per option/award	£0.0690	£0.0690	£0.0596	£0.1347	£0.0946
Share price on date of grant	£0.1538	£0.1538	£0.1275	£0.2675	£0.2225
Exercise price	£0.1538	£0.1538	£0.1275	£0.25	£0.20
Vesting period (years)	3	3	3	3	3
Volatility	44.65%	44.65%	46.38%	48.75%	54.49%
Risk-free rate of return	0.99%	0.99%	1.21%	1.14%	0.89%
Expected life (years)	6.5	6.5	6.5	6.5	3.36
Expected dividend yield	nil	nil	nil	nil	nil

	EMI Options 18 January 2019	Unapproved Options 18 January 2019	Part A Options 18 January 2019
Number granted	938,703	890,185	375,000
Fair value per option/award	£0.14	£0.14	£0.14
Share price on date of grant	£0.27	£0.27	£0.27
Exercise price	£0.27	£0.27	£0.27
Vesting period (years)	3	3	3
Volatility	51.36%	51.36%	51.36%
Risk-free rate of return	1.04%	1.04%	1.04%
Expected life (years)	6.5	6.5	6.5
Expected dividend yield	nil	nil	nil

In some cases the data presented above in respect of outstanding share options as at 31 March 2017 and 31 March 2018 has been re-stated to ensure that balances are correctly stated following the identification of some errors in the 2018 Annual Report.

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

A charge of £207,000 (2018: £109,000) has been made in the income statement to spread the fair value of the awards over the three-year service obligations of these incentives.

16. 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 2019 the Trust did not hold any shares in the Company (2018: nil).

17. 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.

					Amortised cost 2019 £'000	Amortised cost 2018 £'000	
					£'000	£'000	
Assets as per statement of financial position							
Trade receivables					13	2,262	603
Accrued income					13	1	10
Other receivables					13	269	484
Cash and cash equivalents						9,375	17,587
						11,907	18,684
	Note	On demand or less than one year 2019 £'000	One to two years 2019 £'000	Total 2019 £'000	On demand or less than one year 2018 £'000	One to two years 2018 £'000	Total 2018 £'000
Liabilities							
Trade payables	14	1,240	–	1,240	732	–	732
Accruals	14	586	–	586	549	–	549
Other payables	14	20	–	20	4	–	4
		1,846	–	1,846	1,285	–	1,285

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.

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 (2018: 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 two major financial institutions in the year.

The Board carries out a formal review of its banking arrangements on a six-monthly basis. Details of the Group's credit risk on trade and other receivables can be found in note 13.

Notes to the financial information continued

17. Financial instruments continued

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 13.

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 70% (2018: 42%) 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 disposal of the Video Business, the potential foreign currency exposure has reduced but potential currency exposures continue to be reviewed. One currency contract was entered into during the year resulting in a £30k expense per note 7.

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 to the Group.

In the year ended 31 March 2018, intercompany loans between Digital Barriers Inc. and Thruvision Group Plc exposed the Group to exchange differences on retranslation resulting in a £486,000 gain last year (note 7). These loans were settled prior to the disposal of the Video Business.

The Group has total cash assets of £9,375,000 (2018: £17,587,000) of which £8,777,000 (2018: £17,318,000) are Sterling denominated and £498,000 (2018: £268,000) are in other currencies, mainly USD and Euro.

Interest rate risk

The Group has £nil financial assets on fixed rate deposits (2018: £nil), and £8,052,000 (2018: £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 £20,000 (2018: £41,000) of finance income. A decrease of 25 basis points would give rise to a reduction in finance income of £20,000 (2018: £41,000). 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 5 to 7.

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

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 2019, total equity amounted to £14,077,000 (2018: £19,479,000).

Following the disposal of the Video Business, the cash proceeds from the sale, after related fees, were 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 £8.0 million to shareholders via a tender offer, of which £3.35m was returned to shareholders.

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.

18. Obligations under operating leases

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

	Land and buildings 2019 £'000	Other 2019 £'000	Total 2019 £'000	Land and buildings 2018 £'000	Other 2018 £'000	Total 2018 £'000
Future minimum lease payments payable						
Within one year	148	18	166	143	9	152
After one year but not more than five years	270	37	307	355	22	377
After five years	–	–	–	8	–	8
	418	55	473	506	31	537

The Group has no sub-leases or contingent rentals.

19. Provisions

	Other provision (discontinued) £'000	Onerous lease provision £'000	Total £'000
At 1 April 2017	20	106	126
Utilisation	(20)	(41)	(41)
At 31 March 2018	–	65	65
Utilisation	–	(27)	(27)
At 31 March 2019	–	38	38
Current	–	–	–
Non current	–	38	38

The above carried forward provision of £38,000 (2018: £38,000) relates to dilapidation provisions.

A provision was recognised in relation to lease rentals on vacant properties in the year ended 31 March 2014. A break clause at 31 March 2018 was utilised and the property returned to the landlord, with £27,000 of the provision at 31 March 2018 being utilised in the current year.

20. Commitments

There are no capital commitments at 31 March 2019 (2018: nil).

The Group has provided guarantees to none (2018: none) third party customers in relation to the performance and delivery of contracts. No liability is expected to arise as a result of these commitments.

Notes to the financial information continued

21. 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'.

	2019 £'000	2018 £'000
Directors' remuneration	480	889
Pension contributions	3	3
	483	892

The highest paid Director received £235,000 (2018: £284,000) in the year, with £nil in pensions contributions (2018: £1,000).

Key management compensation comprises short-term employee benefits (including national insurance) of £545,000 (2018: £1,012,000), pension contributions of £3,000 (2018: £3,000) and share-based payments of £84,000 (2018: £66,000).

The Directors share-holding at the year-end are as detailed below (based on the year end share price of £0.2865 per share (2018: £0.1125 per share):

	2019 No of shares	2018 No of shares	2019 £'000	2018 £'000
Tom Black	11,349,444	11,349,444	3,251,616	1,276,812
Colin Evans	2,423,900	2,423,900	694,447	272,689
Paul Taylor	272,489	272,489	78,068	30,655

Other interest in shares

Other interests in shares of the Directors are included in the Remuneration report on page 31.

22. Post balance sheet event

The Group has no post balance sheet events.

23. Disposal group classified as held for sale (Year ended 31 March 2018)

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 have become payable in the year ended 31 March 2019 as a result of sales of a specific category of inventory. The Board have assessed the likely amount recoverable amount as £123,000, which is disclosed in note 13.

Costs included in 2019 below include an amount due under warranties as part of the Video Business sale which was not known at the point of signing last year's accounts, as well as a reassessment of the likely amount due in deferred consideration.

23. Disposal group classified as held for sale (Year ended 31 March 2018) continued

The sale completed on 31 October 2017, with the following being attributable to the disposal group:

Income statement

	2019 12 mths £'000	2018 7 mths £'000
Revenue	–	13,129
Cost of sales	–	(10,603)
Gross Profit	–	2,526
Expenses	–	(11,240)
Acquisition related income	–	1,126
Loss on disposal and exit costs	(233)	(4,458)
Pre-tax loss for discontinued operation	(233)	(12,046)
Impairment of goodwill and intangibles on valuing at fair value less costs of disposal	–	(4,291)
Loss before tax attributable to discontinued operation	(233)	(16,337)
Income tax credit/(expense)	–	(92)
Loss after tax attributable to discontinued operation	(233)	(16,429)

No tax arises on disposal.

The loss arising on the disposal of the Video Business, including costs of disposal, was £233,000 (2018: £4,458,000).

Breakdown of loss on disposal

	2018 7 mths £'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 2019 £'000	Weighted average number of shares 2019 No.	Discontinued loss per share 2019 Pence	Profit attributable to discontinued operations 2018 £'000	Weighted average number of shares 2018 No.	Discontinued profit per share 2018 Pence
Basic and diluted loss per share	(233)	152,839,321	(15.24)	(17,130)	165,130,024	(10.37)

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:

	2019 £'000	2018 £'000
Net cash flows attributable to operating activities	–	(15,459)
Net cash flows attributable to investing activities	182	19,245
Net cash flows attributable to financing activities	–	7,166
Cash flows from discontinued operations	182	10,952

Notes to the financial information continued

23. Disposal group classified as held for sale (Year ended 31 March 2018) continued

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 in the year ended 31 March 2018 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.

24. Subsidiaries

Details of the Company's subsidiary undertakings as at 31 March 2019 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	21140, Ashburn Crossing Drive, Suite 140, Ashburn, VA, USA, 20147	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**	Dormant	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Zimiti Limited**	Dormant	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 are designated for wind up and an application has been made to strike these companies off from the public register.

The period of accounts for all companies is 1 April 2018 to 31 March 2019.

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 2019

	Note	31 March 2019 £'000	31 March 2018 £'000
Non-current assets			
Investments	4	7,430	7,317
Current assets			
Trade and other receivables	5	4,569	809
Cash and cash equivalents		7,947	16,393
		12,516	17,202
Total assets		19,946	24,519
Equity and liabilities			
Equity share capital	6	1,618	1,814
Share premium		–	109,078
Capital redemption reserve		–	4,786
Other reserves		129	16
Retained earnings		9,107	(100,647)
Total equity		10,854	15,047
Current liabilities			
Trade and other payables	7	9,092	9,472
Total liabilities		9,092	9,472
Total equity and liabilities		19,946	24,519

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 £1,055,000 (2018: £39,151,000).

The financial statements on pages 73 and 74 (along with notes on pages 75 to 79 of Thruvision Group Plc (registered company number: 07149547) were approved by the Board of Directors on 21 June 2019 and were signed on its behalf by:



Tom Black
Chairman



Adrian Crockett
Finance Director

Company Statement of Changes in Equity

for the year ended 31 March 2019

	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 2017	1,814	109,078	4,786	106	2,114	(61,562)	56,336
Share-based payment credit	–	–	–	–	43	66	109
Transactions with shareholders	–	–	–	–	43	66	109
Loss for the year	–	–	–	–	–	(39,151)	(39,151)
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
Capital reduction	–	(109,078)	(4,786)	–	–	113,864	–
Share buyback	(196)	–	–	–	–	(3,149)	(3,345)
Share-based payment credit	–	–	–	–	113	94	207
Transactions with shareholders	(196)	(109,078)	(4,786)	–	113	110,809	(3,138)
Loss for the year	–	–	–	–	–	(1,055)	(1,055)
At 31 March 2019	1,618	–	–	–	129	9,107	10,854

See Group accounting policies on page 47 for a description of the above reserves.

Notes to the Company balance sheet

at 31 March 2019

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

The Company financial statements for the year ended 31 March 2019 were authorised for issue by the board of directors on 21 June 2019 and the balance sheet was signed on the board's behalf by Tom Black and Adrian Crockett. 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 2019.

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 two 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) to 135(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 are:

1. The carrying value of its investments in subsidiary undertakings.

The basis of assessing this is done by reviewing long term forecasts for Thruvision Limited to determine if the investment in Thruvision Limited requires impairment. The Company does not deem its investments in subsidiary undertakings to be impaired.

2. The carrying value of amounts due from subsidiary undertakings.

The basis of assessing whether the amount due from subsidiary undertakings are recoverable in full under IAS 39 involves reviewing the current estimated value which assets within the subsidiary could be converted into cash for, less the current amount of cash due to creditors, in order to determine whether the subsidiary could repay the debt owing to the Company. An assessment was carried out at the year-end by the Directors and amounts due from subsidiary undertakings do not require to be impaired.

Share-based payments

The basis of valuation of the equity awards under the various share option schemes, to arrive at the Share Based Payment charge, are the same as for the Group accounts and detailed Note 1; Accounting Policies on page 49 of this report.

Notes to the Company balance sheet continued

2. Accounting policies continued

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 three 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.

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 2019	Average 2018
Directors and administration	5	7

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

	2019 £'000	2018 £'000
Salaries and short-term employee benefits	645	1,207
Social security costs	83	142
Pension costs	3	4
Share-based payments	94	66
	825	1,419

4. Investments

	Shares in Group undertakings £'000	Capital contributions £'000	Total £'000
Cost			
At 1 April 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
Additions	–	113	113
At 31 March 2019	17,611	129	17,740
Amounts provided			
At 1 April 2017	14,397	9,351	23,748
Disposals	(4,087)	(9,351)	(13,438)
At 31 March 2018 and 2019	10,310	–	10,310
Net book value			
At 31 March 2019	7,301	129	7,430
At 31 March 2018	7,301	16	7,317

Capital contributions in the period related to:

- share-based payments to employees of subsidiary undertakings of £113,000 (2018: £43,000); and
- recapitalisation of part of the Digital Barriers Inc. loan held in place of £nil (2018: £5,011,000)
- recapitalisation of part of the Digital Barriers SAS loan held in place of £nil (2018: £991,000)

The additional investment in the in the year ended 31 March 2018 relates to the investment in Thruvision Limited following the transfer of the assets and liabilities of the business from Digital Barriers Services Limited.

All of the Company's investments are unlisted.

Details of the Company's subsidiary undertakings as at 31 March 2019 are disclosed in note 24 of the Group financial statements.

Notes to the Company balance sheet continued

5. Trade and other receivables

	Gross carrying amounts 2019 £'000	Provision for impairment 2019 £'000	Net carrying amounts 2019 £'000	Gross carrying amounts 2018 £'000	Provision for impairment 2018 £'000	Net carrying amounts 2018 £'000
Amounts falling due after one year						
Amounts falling due within one year						
Amounts owed by subsidiary undertakings	4,400	–	4,400	315	–	315
VAT recoverable	25	–	25	40	–	40
Prepayments and accrued income	21	–	21	49	–	49
Deferred consideration	123	–	123	405	–	405
	4,569	–	4,569	809	–	809

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

	Average 2018
At 31 March 2018	28,522
Provided in the period	665
Released on disposal	(29,187)
At 31 March 2018 and 31 March 2019	–

6. Share capital

	Number	£'000
Authorised, allotted, called-up and fully paid		
Ordinary Shares of 1 pence each		
At 31 March 2017 and 31 March 2018	165,130,024	1,651
Share buyback	(19,675,906)	(196)
At 31 March 2019	145,454,118	1,455
	Number	£'000
Authorised, allotted, called-up and fully paid		
Deferred Shares of £1 each		
At 31 March 2018 and 31 March 2019	163,124	163
		£'000
Total share capital		
At 31 March 2018		1,814
Share buyback		(196)
At 31 March 2019		1,618

Full details on the movements in share capital are provided in note 15 of the Group financial statements.

7. Trade and other payables

	2019 £'000	2018 £'000
Amounts owed to subsidiary undertakings	8,762	9,099
Trade creditors	84	155
Accruals	215	188
Social security and other taxes	29	30
Other creditors	2	–
	9,092	9,472

As noted in the Liquidity risk section of Note 19 of the Group financial statements, the Company and Group had an Investec credit facility available in the year ended 31 March 2018 which was repaid following the completion of the sale of the Video Business, as well as a facility with Herald Investment Trust which was not drawn on. At 31 March 2019 the amount owing on secured creditors was £nil (31 March 2018: £nil).

8. Related party transactions

Transactions with the Directors of the Company are disclosed in the Remuneration report and in note 21 of the Group financial statements.

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

	2019 £'000	2018 £'000
Amounts owed by subsidiary undertakings	4,400	315

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:

	2019 £'000	2018 £'000
Amounts owed to subsidiary undertakings	8,762	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.

9. Contingent liabilities

The company had no contingent liabilities as at 31 March 2018 and 31 March 2019.

10. Post balance sheet event

The company has no post balance sheet events.

11. 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 21 of the Group financial statements.

The fee for the audit of the Company was £7,000 (2018: £7,000). 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 26 to 31 part of these financial statements.

Information on the main employee share-based payments is given in note 16 to the consolidated Group financial statements.

Details of the remuneration of key management personnel are given in note 21 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 1pm on Monday 23 September 2019 to consider and, if thought fit, to pass the following resolutions of which Resolutions 1 to 9 will be proposed as Ordinary resolutions of the Company and Resolutions 10 to 13 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 2019 and the reports of the Directors and auditors thereon.
2. To approve the Directors' Remuneration report for the year ended 31 March 2019.
3. To re-elect Tom Black as a Director, who retires in accordance with the Company's Articles of Association.
4. To re-elect Colin Evans as a Director, who retires in accordance with the Company's Articles of Association.
5. To re-elect Paul Taylor as a Director, who retires in accordance with the Company's Articles of Association.
6. To elect Adrian Crockett 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.
7. To re-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.
8. To authorise the Directors to determine the remuneration of the auditors.

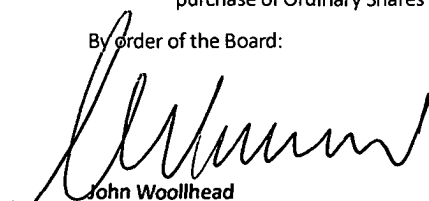
Special business

9. 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 £484,847 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.
10. That the terms of an agreement proposed to be made between the holders of deferred shares of £1.00 each in the capital of the Company for the purchase by the Company of an aggregate of 163,124 deferred shares of £1.00 each, as set out in the draft agreement produced to the meeting and initialled by the Chairman for the purposes of identification, be and they are approved and any director of the Company be and he is authorised to enter into the agreement on behalf of the Company. Unless previously revoked, varied or extended, this power shall expire on the date falling 5 years after the date of passing of this resolution, except the Company may, if it agrees to purchase the Deferred Shares under this authority before it expires, complete the purchase wholly or partly after this authority expires.
11. That, conditional upon the passing of Resolution 9 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 9 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 £72,727.

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.

12. 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 11 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 9 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 £72,727;
 - (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.
13. 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 21,803,572;
 - 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

21 June 2019

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

Appendix 1 Explanatory notes to certain resolutions

Resolution 9 – 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 £484,847, representing approximately one-third of the nominal value of the issued Ordinary Share capital of the Company as at 21 June 2019, 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 10 – Buyback of Deferred Shares

The Deferred Shares carry no voting rights, no rights to attend general meetings of the Company, and no rights to receive dividends. The Deferred Shares do carry a right to participate in any return of capital to the extent of £1.00 per Deferred Share but only after each Ordinary Share has received in aggregate capital repayments totalling £10,000,000 per Ordinary Share.

The Board can see no reason for the Deferred Shares to remain on the balance sheet and recommends that the Deferred Shares are purchased by the Company.

Under the provisions of the articles of association of the Company (the "Articles"), the Company has the power to buy back the Deferred Shares for not more than £1.00 per holder of such Deferred Shares. In addition, the Board is authorised to agree on behalf of the holders of the Deferred Shares the purchase by the Company of the Deferred Shares. The Company would propose therefore that any one of its Directors be authorised to carry out this function.

Under the provisions of the Act, a public limited company may not fund the purchase of its shares except out of its distributable reserves or the proceeds of a fresh issue of shares made solely for the purpose of such Buy Back. The Company has distributable reserves of £8.9 million and so intends to fund the Buyback out of its distributable reserves.

The Buy Back is conditional upon shareholders approving Resolution 10 at the Annual General Meeting.

Under the Act a copy of the Buy-Back Agreement must be made available for inspection at the Company's registered office by the Shareholders at least 15 days prior to the meeting approving the Buy-Back. A copy of the Buy-Back Agreement is currently available for inspection in the Board and Governance section of the Company's website at www.thruvision.com/investors and at its registered office. A copy of the Buy-Back Agreement will also be available for inspection at the Annual General Meeting.

Resolution 11 – 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 £72,727 representing approximately 5% of the nominal value of the issued Ordinary Share capital of the Company as at 21 June 2019 (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 12 – 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 £72,727 which represents approximately 5% of the nominal value of the issued Ordinary Share capital of the Company as at 21 June 2019 (being the latest practicable date before publication of this notice). The Directors consider that the power proposed to be granted by resolution 12 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 13 – Directors' authority to purchase Shares (market purchases)

This resolution authorises the Directors to make market purchases of up to 21,803,572 Ordinary Shares (representing approximately 14.99% of the Company's issued Ordinary Share capital as at 20 June 2019, 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.

Appendix 1 Explanatory notes to certain resolutions continued

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.

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 BS99 6ZY by no later than 1.00 pm on Thursday 19th September 2019. 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 Thursday 19th September 2019 (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 one 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 1.00 pm on Thursday 19th September 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 contract of the Buy-Back Agreement referred to in Resolution 10 will be available for inspection:
 - At the Company's registered office for not less than 15 days ending with the date of AGM; and
 - During the AGM itself.

Officers and professional advisors

Directors and Officers

Tom Black

Chairman

Colin Evans

Chief Executive Officer

Adrian Crockett

Finance Director – appointed 1 May 2019

Paul Taylor

Non-Executive Director

John Woolhead

Company Secretary

Ian Lindsay

Finance Director – resigned 1 May 2019

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

30 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

London

EC2Y 5EB

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Annual Report and Accounts 2019

Thruvision is the leading provider of next-generation people-screening technology. Using patented passive terahertz technology, Thruvision is uniquely capable of detecting metallic and non-metallic threats including weapons, explosives and contraband items that are hidden under clothing, at distances up to 10m.

Addressing the growing need for fast, safe and effective security, Thruvision has been vetted and approved by the US Transportation Security Administration. More than 250 units have been deployed worldwide over the last five years for applications including mass transit and aviation security, facilities and public area protection, customs and border control and supply chain loss prevention. Thruvision has offices near Oxford and in Washington DC.

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