

VISTA GROUP INTERNATIONAL LIMITED

# INTERIM REPORT

**2018** [vistagroup.co](http://vistagroup.co)



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# MANAGEMENT COMMENTARY

The following consolidated interim financial statements for Vista Group International Limited (the 'Company' and its subsidiaries, collectively 'Vista Group'), are for the six months ended 30 June 2018 and represent the half year results for Vista Group.

## HIGHLIGHTS

- 20% increase in Consolidated Vista Group revenue over 1H2017 to \$60.1m.
- 27% increase in EBITDA<sup>(1)</sup> to \$13.1m over 1H2017.
- 37% increase in PBT to \$9.1m over 1H2017.
- 95% improvement in operating cashflow. Improved cash management process resulted in strong cashflow performance with operating cashflow of \$12.5m, an increase of \$6.1m over the prior year. Available cash balance is \$26.3m, up \$5.3m from year-end FY2017.
- Vista Group continues to maintain a very strong Statement of Financial Position with low debt and strong cash position.
- Transition of Group CEO and Vista Entertainment CEO/COO completed smoothly.
- Board of Directors announce a fully imputed interim dividend of 1.6 cents per share (post share split) for 1H2018.

## OPERATING METRICS

- 28% increase in recurring revenue (\$7.8m) to \$37.2m over 1H2017 - now representing 62% of total revenue for the half.
- Vista Cinema global market share of the 20+ screens segment increased from 38% to 40%.
- Operating earnings quality improved with operating profit % increasing from 16.4% to 18.4%.
- Vista Cinema site numbers increased by 450 sites (plus 46 for Vista China) in 1H2018 bringing the total to 6,635.
- Veezi site numbers increased by 108 to a total of 751, with a 17% increase in average monthly revenue per site.
- Movio revenue per Active Moviegoer grew by 25% over 1H2017 to NZ\$0.20.
- Movio Media revenue grew by 97% over 1H2017.

## OPERATIONAL AND PRODUCT OVERVIEW

### Cinema

Cinema delivered a strong first half highlighted by key new business wins in 2 'new' territories – signing Aeon (the largest circuit in Japan), enabling entry into the Japanese market for the first time, and signing Pathe France (the largest circuit in France), underlining the strategy to proceed with direct representation in France. Cinema now has customers in 94 countries worldwide and is actively pushing to reach 100. Revenue expansion is also very much on the agenda for Cinema, both through developing ancillary revenue streams with 3rd parties, and through the development of new innovative product offerings.

### Movie

Movio continued to see expansion in both key business metrics: Active Moviegoers increased 8% despite the expiry of the AMC license (not a material contributor to revenue), and revenue per Active Moviegoer increased by 25% (both metrics compared to 1H2017). Movio Media revenue increased 97% over 1H2017 driven by contracts with STC, Sony, Lionsgate, FOX, Viacom and Epsilon. Movio Cinema revenue increased 20% led by successful implementations of new customers in Cinemark Brazil and PVR India.

### Additional Group Companies (AGC)

Performance in the AGC's was mixed, Powster being the standout performer with strong revenue and EBITDA<sup>(1)</sup> growth plus an exciting portfolio of innovations which show great potential (notably 'bots' in Facebook Messenger and direct ticketing through movieXchange). The MACCS business showed good progress in terms of delivery to customers (with the key Warner Bros. project moving back to normal commercial terms), but the financial outcomes in the first half continue to disappoint. Flicks undertook an accelerated investment approach in the latter part of the half, and delivered some very encouraging growth numbers – hitting 1 million unique visitors in a month for the first time.

(1) EBITDA is a non GAAP measure and is defined as earnings before net finance costs, income tax, depreciation and amortisation, acquisition costs, capital gains/losses and equity accounted results from associate companies. Expenses related to the VCL deferred consideration are also excluded. This is consistent with the measure used in the Prospectus dated 3 July 2014. Depreciation and amortisation in 1H2018 amounts to \$1.9m (1H2017: \$1.6m).

### **Early Stage Investments (ESI)**

The ESI's showed encouraging signs in the half, albeit off a small base. Both movieXchange and Cinema Intelligence grew revenue strongly compared to 1H2017. The performance of movieXchange was primarily driven by a strong increase in the volume of tickets being processed through movieXchange Tickets – with 5 ticketing vendors connecting live to over 20 cinema circuits. Cinema Intelligence continued the turnaround from 2H2017, with good revenue growth and a breakeven EBITDA<sup>(1)</sup> result for the half. Key new business signings for Cinema Intelligence were achieved in Europe, USA and the Middle East. Stardust is focusing its energy on product enhancements to expand appeal and stickiness.

### **Associate Companies**

**Numero** achieved a strong revenue increase of 40% over 1H2017, with over 1,000 sites reporting in the key USA market. Data collection was initiated in Thailand, Mexico and Nigeria – adding to existing collection in Korea, South Africa, Malaysia and Singapore.

**Vista China** continued to perform strongly with the highlight being a 36% increase in revenue over 1H2017 and the addition of 46 new Vista sites and 20 Veezi sites. On 24 August 2018, Vista Group confirmed the granting of the final regulatory approvals required to approve the 7.9% equity purchase from its partner, Beijing Weying Technology Co. Limited (WePiao). Refer to the market announcement on 24 August 2018 for further information.

### **Overall summary and outlook**

A very pleasing first half performance provides confidence we can deliver to our guidance for the full year.

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# STATEMENT OF COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 JUNE 2018

	NOTE	30 JUNE 2018	30 JUNE 2017
		NZ\$'000	NZ\$'000
		UNAUDITED	UNAUDITED
Revenue	1	60,112	50,109
<b>Total revenue</b>		<b>60,112</b>	<b>50,109</b>
Sales and marketing expenses		4,507	3,927
Operating expenses		27,570	25,312
Administration expenses		17,633	11,796
Acquisition expenses		93	520
Foreign currency (gains)/losses		(829)	399
<b>Total expenses</b>		<b>48,974</b>	<b>41,954</b>
<b>Operating Profit</b>		<b>11,138</b>	<b>8,155</b>
Finance costs		(509)	(553)
Finance income		185	231
Share of loss from associates	4	(1,731)	(1,199)
<b>Profit before tax</b>		<b>9,083</b>	<b>6,634</b>
Tax expense		(3,313)	(2,987)
<b>Profit for the period</b>		<b>5,770</b>	<b>3,647</b>
Profit for the period is attributable to:			
Owners of the parent		5,214	3,828
Non-controlling interests		556	(181)
		<b>5,770</b>	<b>3,647</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		1,658	328
<b>Total comprehensive income for the period</b>		<b>7,428</b>	<b>3,975</b>
Total comprehensive income for the period is attributable to:			
Owners of the parent		6,721	4,101
Non-controlling interests		707	(126)
		<b>7,428</b>	<b>3,975</b>
<b>Earnings per share for profit attributable to the equity holders of the parent</b>			
Basic (cents per share)		\$0.03	\$0.02
Diluted (cents per share)		\$0.03	\$0.02

The above statement should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 2018

	ATTRIBUTABLE TO THE OWNERS OF THE PARENT							TOTAL EQUITY
	CONTRIBUTED EQUITY	RETAINED EARNINGS	FOREIGN CURRENCY RESERVE	SHARE-BASED PAYMENT RESERVE	TOTAL	NON-CONTROLLING INTERESTS		
	NOTE	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	
<b>UNAUDITED</b>								
Balance at 31 December 2017		57,821	75,206	2,101	1,749	136,877	11,224	148,101
Change in accounting policy	9	-	(1,295)	-	-	(1,295)	(40)	(1,335)
Restated total equity at 1 January 2018		57,821	73,911	2,101	1,749	135,582	11,184	146,766
Profit for the period		-	5,214	-	-	5,214	556	5,770
Other comprehensive income		-	-	1,507	-	1,507	151	1,658
<b>Total comprehensive income</b>		-	5,214	1,507	-	6,721	707	7,428
Issue of equity		-	-	-	-	-	100	100
Share-based payments		841	-	-	394	1,235	(1)	1,234
Dividends paid	7	-	(2,861)	-	-	(2,861)	(563)	(3,424)
VCL share based payment		589	-	-	(524)	65	-	65
<b>Balance at 30 June 2018</b>		<b>59,251</b>	<b>76,264</b>	<b>3,608</b>	<b>1,619</b>	<b>140,742</b>	<b>11,427</b>	<b>152,169</b>
<b>UNAUDITED</b>								
Balance at 1 January 2017		55,654	71,281	(991)	1,695	127,639	10,728	138,367
Profit for the period		-	3,828	-	-	3,828	(181)	3,647
Other comprehensive income		-	-	273	-	273	55	328
<b>Total comprehensive income</b>		-	3,828	273	-	4,101	(126)	3,975
Share-based payments		249	-	-	150	399	-	399
Dividends paid		-	(3,777)	-	-	(3,777)	(699)	(4,476)
VCL contingent consideration		811	-	-	(448)	363	-	363
Acquisition of non-controlling interests		423	-	-	-	423	-	423
<b>Balance at 30 June 2017</b>		<b>57,137</b>	<b>71,332</b>	<b>(718)</b>	<b>1,397</b>	<b>129,148</b>	<b>9,903</b>	<b>139,051</b>

The above statement should be read in conjunction with the accompanying notes.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	NOTE	30 JUNE 2018	31 DECEMBER 2017
		NZ\$'000	NZ\$'000
		UNAUDITED	AUDITED
<b>CURRENT ASSETS</b>			
Cash		26,296	20,954
Trade and other receivables	5	67,610	71,119
Income tax receivable		592	212
<b>Total current assets</b>		<b>94,498</b>	<b>92,285</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		5,293	4,637
Investment in associates	4	25,002	26,066
Goodwill	3	64,171	62,844
Other intangible assets	6	17,954	16,061
Deferred tax asset		3,527	2,342
<b>Total non-current assets</b>		<b>115,947</b>	<b>111,950</b>
<b>Total assets</b>		<b>210,445</b>	<b>204,235</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		18,415	14,769
Deferred revenue		23,176	23,751
Contingent consideration		951	-
Borrowings related party		659	614
Income tax payable		1,568	2,069
<b>Total current liabilities</b>		<b>44,769</b>	<b>41,203</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings related party		216	-
Borrowings		11,082	10,709
Deferred revenue		344	1,379
Contingent consideration		-	908
Provisions		448	292
Deferred tax liability		1,417	1,643
<b>Total non-current liabilities</b>		<b>13,507</b>	<b>14,931</b>
<b>Total liabilities</b>		<b>58,276</b>	<b>56,134</b>
<b>Net assets</b>		<b>152,169</b>	<b>148,101</b>
<b>EQUITY</b>			
Contributed equity		59,251	57,821
Retained earnings		76,264	75,206
Foreign currency revaluation reserve		3,608	2,101
Share-based payment reserve		1,619	1,749
Total equity attributable to owners of the parent		<b>140,742</b>	<b>136,877</b>
Non-controlling interests		11,427	11,224
<b>Total equity</b>		<b>152,169</b>	<b>148,101</b>

For and on behalf of the Board who authorised these consolidated interim financial statements for issue on 29 August 2018.



Kirk Senior Chairman



Susan Peterson Chair Audit and Risk Committee

The above statement should be read in conjunction with the accompanying notes.

# STATEMENT OF CASHFLOWS

SIX MONTHS ENDED 30 JUNE 2018

	NOTE	30 JUNE 2018	30 JUNE 2017
		NZ\$'000	NZ\$'000
		UNAUDITED	UNAUDITED
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		61,213	52,507
Interest received		185	231
Payments to suppliers		(42,834)	(41,496)
Taxes paid		(5,741)	(4,683)
Interest paid		(323)	(163)
<b>Net cash inflow from operating activities</b>		<b>12,500</b>	<b>6,396</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,480)	(1,012)
Internally generated software and other intangibles	6	(4,032)	(2,654)
Disposal of intangibles	6	1,388	-
Related party advance - Numero	4	(667)	-
Contingent consideration paid		-	(2,824)
Proceeds from Vista China transaction		165	6,222
<b>Net cash applied to investing activities</b>		<b>(4,626)</b>	<b>(268)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Loans and borrowings		261	197
Dividends paid to non-controlling interest		(563)	(699)
Dividends paid to the owners of the parent		(2,861)	(3,777)
<b>Net cash outflow from financing activities</b>		<b>(3,163)</b>	<b>(4,279)</b>
Net increase in cash		4,711	1,849
Cash at the beginning of the year		20,954	21,338
Foreign exchange differences		631	83
<b>Cash at end of period</b>		<b>26,296</b>	<b>23,270</b>

The above statement should be read in conjunction with the accompanying notes.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. OPERATING SEGMENTS

Vista Group operates in the vertical cinema/film market via four operating segments and a corporate segment. The Chief Executive and the Board of Vista Group are considered to be the Chief Operating Decision Maker (CODM) in terms of NZ IFRS 8 *Operating Segments*. These segments have been defined based on the reports regularly reviewed by the CODM to make strategic decisions.

The Cinema segment includes software associated with cinema management via the Vista software suite of products, plus the cloud based VEEZI product for smaller scale cinemas. The newly acquired Mexican business partner, Vista Latin America, is reported within the Cinema segment. Refer to note 2 for further detail. The Movio segment includes Movio Cinema and Movio Media that provide data analytics and campaign management. The Additional Group Companies segment is an aggregation of the MACCS, Powster and Flicks businesses, none of which individually exceed the 10% threshold for segment revenue or profitability that would require separate disclosure under NZ IFRS 8 *Operating Segments*. Early Stage Investments as a segment includes businesses that are in the start-up phase of their life cycle. This segment includes Stardust, movieXchange and Share Dimension (Cinema Intelligence). Similar to the Additional Group Companies segment, none of the businesses included in this segment individually exceed the 10% threshold for segment revenue or profitability that would require separate disclosure under NZ IFRS 8 *Operating Segments*. The Corporate segment contains the shared services functions associated with Vista Group International, being legal, finance, senior management and facilities. Revenue related to the associate company Vista China is recognised within the Corporate segment.

	CINEMA	MOVIO	ADDITIONAL GROUP COMPANIES	EARLY STAGE INVESTMENTS	CORPORATE	TOTAL
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
<b>JUNE 2018</b>						
<b>TIMING OF REVENUE RECOGNITION</b>						
At a point in time	16,085	3,342	895	1,849	-	22,171
Over time	23,617	5,223	5,825	392	2,884	37,941
<b>Total revenue</b>	<b>39,702</b>	<b>8,565</b>	<b>6,720</b>	<b>2,241</b>	<b>2,884</b>	<b>60,112</b>
Operating expenses	(19,360)	(3,892)	(3,440)	(785)	(93)	(27,570)
Sales, general and administration expenses	(8,620)	(3,220)	(2,734)	(1,036)	(4,646)	(20,256)
Foreign currency gains/(losses)	1,075	70	23	37	(376)	829
<b>EBITDA<sup>(1)</sup></b>	<b>12,797</b>	<b>1,523</b>	<b>569</b>	<b>457</b>	<b>(2,231)</b>	<b>13,115</b>
<b>JUNE 2017 RESTATED</b>						
<b>TIMING OF REVENUE RECOGNITION</b>						
At a point in time	11,187	1,666	822	143	-	13,818
Over time	21,357	4,736	5,060	131	5,008	36,291
<b>Total revenue</b>	<b>32,544</b>	<b>6,402</b>	<b>5,880</b>	<b>274</b>	<b>5,008</b>	<b>50,109</b>
Operating expenses	(18,065)	(3,266)	(2,975)	(680)	(326)	(25,312)
Sales, general and administration expenses	(6,755)	(1,760)	(2,028)	(503)	(3,048)	(14,094)
Foreign currency (losses)	(45)	(60)	(13)	(6)	(275)	(399)
<b>EBITDA<sup>(1)</sup></b>	<b>7,680</b>	<b>1,316</b>	<b>864</b>	<b>(915)</b>	<b>1,359</b>	<b>10,304</b>

(1) EBITDA is a non GAAP measure and is defined as earnings before net finance costs, income tax, depreciation and amortisation, acquisition costs, capital gains/losses and equity accounted results from associate companies.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

A reconciliation of EBITDA<sup>(1)</sup> to operating profit before tax for the period is as follows:

	30 JUNE 2018	30 JUNE 2017
	NZ\$'000	NZ\$'000
	UNAUDITED	UNAUDITED
EBITDA <sup>(1)</sup>	13,115	10,304
Depreciation & Amortisation	(1,884)	(1,629)
EBIT <sup>(2)</sup>	11,231	8,675
Finance income	185	231
Finance expense	(509)	(553)
Acquisition costs	(93)	(520)
Share of loss from associates	(1,731)	(1,199)
<b>Operating profit before tax</b>	<b>9,083</b>	<b>6,634</b>

## Revenue by domicile of entity

Vista Group recognises revenue within entities across several jurisdictions. Revenue is allocated to geographical regions on the basis of where the sale is recorded by each operating entity within Vista Group. Independent resellers are used to promote Vista Group's products in multiple jurisdictions. The revenues recognised via these independent resellers are not allocated geographically, rather they are shown within the New Zealand and United Kingdom jurisdictions on the basis of the location of the transacting Vista Group entity.

DOMICILE OF ENTITY	30 JUNE 2018	RESTATED 30 JUNE 2017
	NZ\$'000	NZ\$'000
	UNAUDITED	UNAUDITED
New Zealand	15,970	18,711
United States	19,687	16,666
United Kingdom	13,144	11,276
Other	11,311	3,456
<b>Revenue</b>	<b>60,112</b>	<b>50,109</b>

The Other category above includes entities in the Netherlands, Germany, Romania, South Africa and Mexico.

## Non-current assets by domicile of entity

Non-current operating assets by location of the reporting entity are presented in the following table:

DOMICILE OF ENTITY	30 JUNE 2018	31 DECEMBER 2017
	NZ\$'000	NZ\$'000
	UNAUDITED	AUDITED
New Zealand	40,387	35,492
United States	8,824	8,589
United Kingdom	8,990	9,789
Other	32,744	32,014

Note that investment in associates is excluded from the non-current assets balance presented.

(1) EBITDA is a non GAAP measure and is defined as earnings before net finance costs, income tax, depreciation and amortisation, acquisition costs, capital gains/losses and equity accounted results from associate companies.

(2) EBIT is a non GAAP measure and is defined as earnings before net finance costs, income tax, acquisition costs, capital gains/losses and equity accounted results from associate companies.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## 2. BUSINESS COMBINATIONS

### SENDA DIRECCION TECHNOLOGICA, SA DE CV

#### Transaction description

The 2017 Annual Report included information and provisional outcomes related to the purchase of a controlling 60% stake in our long-term Latin American business partner, Senda Direccion Tecnologica SA De CV (renamed and referred to as "Vista Latin America" post-acquisition). The outcomes of the acquisition are now finalised and summarised in the tables below.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	NZ\$'000
Cash	9,956
Shares - Vista Group	684
Contingent consideration	881
<b>Total purchase consideration</b>	<b>11,521</b>

The assets and liabilities recognised as a result of the acquisition are as follows:

	NZ\$'000
Property, plant and equipment	57
Intangible assets	52
Cash on hand	2,411
Trade and other receivables	4,576
Other assets	1,207
Trade and other payables	(262)
Other liabilities	(6,048)
<b>Net identifiable assets acquired</b>	<b>1,993</b>
Net assets acquired at 60%	1,196
Goodwill	10,325
<b>Total purchase consideration</b>	<b>11,521</b>

## 3. GOODWILL

	30 JUNE 2018	31 DECEMBER 2017
	NZ\$'000	NZ\$'000
	UNAUDITED	AUDITED
<b>Gross carrying amount</b>		
Balance 1 January	66,398	53,839
Acquisition through business combinations	-	10,325
Exchange differences	1,327	2,234
<b>Balance</b>	<b>67,725</b>	<b>66,398</b>
<b>Accumulated impairment</b>		
Balance 1 January	(3,554)	(3,554)
<b>Balance</b>	<b>(3,554)</b>	<b>(3,554)</b>
<b>Carrying amount</b>	<b>64,171</b>	<b>62,844</b>

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

Goodwill can be analysed by Cash Generating Unit (CGU) as follows:

	30 JUNE 2018	31 DECEMBER 2017
	NZ\$'000	NZ\$'000
	UNAUDITED	AUDITED
Vista Entertainment Solutions Limited (VESL)	24,247	23,384
Virtual Concepts Limited (VCL) - (Movio)	16,970	16,970
MACCS International BV (MACCS)	12,709	12,459
Share Dimension BV (Cinema Intelligence)	1,996	1,959
Powster Limited (Powster)	7,645	7,468
Flicks.co.nz Limited (Flicks)	604	604
<b>Goodwill at period end</b>	<b>64,171</b>	<b>62,844</b>

The VESL CGU includes \$10.3m of goodwill related to the acquisition of Vista Latin America.

## 4. ASSOCIATE COMPANIES

### VISTA CHINA

Vista Group has a 39.53% interest in Vista Entertainment Solutions Shanghai Limited (Vista China), an associate company that has been accounted for using the equity method in the consolidated interim financial statements. On 20 February 2018, Vista Group announced that it had signed agreements to reacquire 7.9% of the equity in Vista China. This equity purchase combined with shareholder agreements will result in Vista China becoming a subsidiary of Vista Group. These agreements are subject to regulatory approval in China and as at balance date, this approval is yet to be received. Therefore, at 30 June 2018, Vista China continues to be equity accounted as an associate company.

The related party balances with Vista China are detailed in the table below:

ENTITY	NATURE OF TRANSACTIONS	RECEIVABLE/ (PAYABLE)	RECEIVABLE/ (PAYABLE)
		30 JUNE 2018	31 DECEMBER 2017
		NZ\$'000	NZ\$'000
		UNAUDITED	AUDITED
Vista China	Related party receivable	6,908	12,780
Vista China	Related party payable	(4,748)	(3,199)
<b>Net receivable</b>		<b>2,160</b>	<b>9,581</b>

Related party transactions for the 6 months ended 30 June 2018 were as follows:

SIX MONTHS ENDED 30 JUNE 2018	30 JUNE 2018	30 JUNE 2017
	NZ\$'000	NZ\$'000
	UNAUDITED	UNAUDITED
License fees	-	3,974
Development fees	1,851	8
Maintenance fees	1,033	1,033
Recoverable expenses	4	16
<b>Total</b>	<b>2,888</b>	<b>5,031</b>

During the period, Vista Group recognised \$2.9m of revenue from Vista China (2017: \$5.0m). The Statement of Financial Position includes \$4.4m (2017: \$7.3m) as deferred revenue for development and maintenance which is estimated to be recognised over the next one and two years respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

The related party receivable of \$6.9m (2017: \$12.8m) includes \$5.5m (2017: \$5.4m) for receivables owing prior to the sale of a controlling stake in Vista China and \$1.2m relates to amounts owing under the reseller agreement between Vista Group and Vista China.

All related party transactions during the period were made on normal commercial terms and no amounts owed by related parties have been provided for, written off or forgiven during the period.

A summarised Income Statement for Vista China and a reconciliation to the equity accounted loss recognised in Vista Group is detailed below for the six months ended 30 June 2018. This has been amended to reflect adjustments made to align the associate accounting policies to Vista Group accounting policies.

	30 JUNE 2018	30 JUNE 2017
	NZ\$'000	NZ\$'000
	UNAUDITED	UNAUDITED
<b>SIX MONTHS ENDED 30 JUNE 2018</b>		
<b>Revenue</b>	<b>8,720</b>	<b>6,433</b>
Total expenses	(11,507)	(9,521)
<b>Operating loss</b>	<b>(2,787)</b>	<b>(3,088)</b>
Finance income	96	54
<b>Loss for the period</b>	<b>(2,691)</b>	<b>(3,034)</b>
Vista Group equity accounted interest	39.53%	39.53%
<b>Vista Group equity accounted loss for the period</b>	<b>(1,064)</b>	<b>(1,199)</b>

A summarised Statement of Financial Position as at 30 June 2018 is presented below:

	30 JUNE 2018	31 DECEMBER 2017
	NZ\$'000	NZ\$'000
	UNAUDITED	AUDITED
Cash	26,674	31,178
Trade and other receivables	12,376	17,036
Total current assets	39,050	48,214
Total non-current assets	424	316
<b>Total assets</b>	<b>39,474</b>	<b>48,530</b>
<b>Total liabilities</b>	<b>(13,440)</b>	<b>(18,719)</b>
<b>Net assets</b>	<b>26,034</b>	<b>29,811</b>

The carrying value of the investment in the associate Vista China held by Vista Group is detailed below:

	30 JUNE 2018	31 DECEMBER 2017
	NZ\$'000	NZ\$'000
	UNAUDITED	AUDITED
Opening net assets	28,725	32,780
Loss for the period	(2,691)	(4,055)
<b>Closing net assets</b>	<b>26,034</b>	<b>28,725</b>
Vista Group interest	39.53%	39.53%
Vista Group's share	10,291	11,355
Goodwill	14,711	14,711
<b>Carrying amount</b>	<b>25,002</b>	<b>26,066</b>

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## NUMERO LIMITED

Vista Group has a 50% interest in Numero Limited (Numero), an associate that is accounted for using the equity method in the consolidated interim financial statements.

All related party transactions during the period were made on normal commercial terms. During the period, a provision of \$0.7m (2017: Nil) was recognised within the share of loss from associates in relation to advances made to Numero. This is consistent with the treatment at year end 31 December 2017, at which date a provision of \$1.7m was recognised.

The types of related party transactions undertaken during the period relate to recharges for development work undertaken and advances made.

ENTITY	NATURE OF TRANSACTIONS	30 JUNE 2018	31 DECEMBER 2017
		NZ\$'000	NZ\$'000
Numero Limited	Related party loan	2,621	2,621
Numero Limited	Related party advance	5,162	4,495
Numero Limited	Provision for impairment	(2,370)	(1,703)
<b>Total</b>		<b>5,413</b>	<b>5,413</b>

The related party transactions incurred during the period include:

SIX MONTHS ENDED 30 JUNE 2018	30 JUNE 2018	30 JUNE 2017
	NZ\$'000	NZ\$'000
Recharges - license fees	221	175
Recharges - development fees	253	241
Recharges - other advances	63	-
Recharges - interest on loan	130	130
<b>Total</b>	<b>667</b>	<b>546</b>

The amounts receivable are unsecured and no guarantees are in place. Vista Group can call the debt recognised as an intercompany receivable at any time. Interest of 10% is charged against the intercompany loan per the loan agreement.

Vista Group ceased to recognise further losses related to the associate company Numero in FY2015 as accumulated losses would exceed Vista Group's equity interest. Losses were previously recognised to the extent of the value held in equity for Numero, however this has now been offset by Vista Group's share of losses. During the period, Numero made a loss of \$0.9m, Vista Group's share being \$0.5m (2017: \$0.3m).

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## 5. TRADE AND OTHER RECEIVABLES

	30 JUNE 2018	31 DECEMBER 2017
	NZ\$'000	NZ\$'000
	UNAUDITED	AUDITED
Trade receivables	39,005	45,618
Sundry receivables	12,085	11,414
Accrued revenue	8,289	6,193
Prepayments	2,818	2,481
Related party loan – Numero	2,621	2,621
Related party advance – Numero	2,792	2,792
<b>Total trade and other receivables</b>	<b>67,610</b>	<b>71,119</b>

Trade receivables include a receivable from Vista China of \$6.9m (2017: 12.8m). Sundry receivables include a receivable of \$8.8m (2017: \$8.7m) from WePiao related to the equity purchase of 18.3% of Vista China. The related party advance of \$2.8m for Numero is presented net of a provision for impairment of \$2.4m (2017: \$1.7m).

The following table summarises the impact of IFRS 9 *Financial Instruments* on the trade receivables balance as at 30 June 2018:

	30 JUNE 2018
	NZ\$'000
Trade receivables – gross	41,000
IFRS 9 credit loss estimate	(1,318)
Doubtful debts provision	(677)
<b>Trade receivables – net of provisions</b>	<b>39,005</b>

## 6. OTHER INTANGIBLE ASSETS

UNAUDITED	INTERNALLY GENERATED SOFTWARE	SOFTWARE LICENSES	INTELLECTUAL PROPERTY	CUSTOMER RELATIONSHIPS	TOTAL
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
<b>Gross carrying amount</b>					
Balance 1 January	9,762	2,645	2,136	7,808	22,351
Internally generated software	4,032	-	-	-	4,032
Disposals	-	-	-	(3,068)	(3,068)
Exchange differences	72	(13)	29	155	243
<b>Balance 30 June 2018</b>	<b>13,866</b>	<b>2,632</b>	<b>2,165</b>	<b>4,895</b>	<b>23,558</b>
<b>Accumulated amortisation</b>					
Balance 1 January	(626)	(1,068)	(725)	(3,871)	(6,290)
Disposals	-	-	-	1,761	1,761
Current year amortisation	(430)	(88)	(123)	(433)	(1,074)
Exchange differences	(1)	(2)	(21)	23	(1)
<b>Balance 30 June 2018</b>	<b>(1,057)</b>	<b>(1,158)</b>	<b>(869)</b>	<b>(2,520)</b>	<b>(5,604)</b>
<b>Carrying amount 30 June 2018</b>	<b>12,809</b>	<b>1,474</b>	<b>1,296</b>	<b>2,375</b>	<b>17,954</b>

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

AUDITED	INTERNALLY GENERATED SOFTWARE	SOFTWARE LICENSES	INTELLECTUAL PROPERTY	CUSTOMER RELATIONSHIPS	TOTAL
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
<b>Gross carrying amount</b>					
Balance 1 January	4,814	2,362	1,940	7,275	16,391
Acquisition through business combinations	-	52	-	-	52
Internally generated software	4,937	-	-	-	4,937
Additions	-	52	16	-	68
Exchange differences	11	179	180	533	903
<b>Balance 31 December 2017</b>	<b>9,762</b>	<b>2,645</b>	<b>2,136</b>	<b>7,808</b>	<b>22,351</b>
<b>Accumulated amortisation</b>					
Balance 1 January	(96)	(816)	(449)	(2,241)	(3,602)
Current year amortisation	(529)	(212)	(340)	(1,268)	(2,349)
Exchange differences	(1)	(40)	64	(362)	(339)
<b>Balance 31 December 2017</b>	<b>(626)</b>	<b>(1,068)</b>	<b>(725)</b>	<b>(3,871)</b>	<b>(6,290)</b>
<b>Carrying amount 31 December 2017</b>	<b>9,136</b>	<b>1,577</b>	<b>1,411</b>	<b>3,937</b>	<b>16,061</b>

On 23 March 2018, Vista Group announced the termination of the French market distribution agreement with Côté Ciné Group (CCG). This resulted in the disposal of the customer relationship previously recognised. A settlement payment of \$1.4m was received and a net gain on disposal of \$29,000 was recognised.

## 7. DIVIDENDS

During the period, Vista Group paid the final dividend related to FY2017 of \$2.9m (2017: \$3.8m). Note that there was no interim dividend paid during FY2016 and therefore only a final dividend paid in the first half of FY2017.

## 8. GENERAL INFORMATION

Vista Group is a company incorporated and domiciled in New Zealand, and whose shares are publicly traded on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX).

The principal activity of Vista Group is the sale, support and associated development of software for the film industry.

These consolidated interim financial statements were approved for issue on 29 August 2018.

These consolidated interim financial statements are not audited.

## 9. BASIS OF PREPARATION OF HALF YEAR REPORT

The consolidated interim financial statements of Vista Group have been prepared in accordance with Generally Accepted Accounting Practice New Zealand (NZ GAAP). They comply with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. The Interim Report does not include all the notes of the type normally included in an Annual Report. Accordingly, this report is to be read in conjunction with the Annual Report for the financial year ended 31 December 2017.

The accounting policies and methods of computation and presentation adopted in the consolidated interim financial statements are consistent with those described and applied in the Annual Report for the financial year ended 31 December 2017. The only exception is the adoption of new or amended standards as set out below.

Taxes on income in the interim periods are accrued for using the tax rate that would have been applicable to expected total annual profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## **New accounting standards adopted by Vista Group**

A number of new standards become applicable for the current reporting period and Vista Group has had to change its accounting policies as a result of adopting the following standards:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*

The impact of the adoption of these new standards is disclosed below.

## **Impact of standards issued but not yet adopted by Vista Group**

IFRS 16 *Leases* was issued in January 2016. It will result in almost all leases being recognised in the Statement of Financial Position, as the distinction between operating leases and finance leases is removed. The standard is mandatory for reporting periods beginning on or after 1 January 2019. Vista Group does not intend to adopt the standard before its mandatory effective date and is yet to assess its full impact.

## **Changes in accounting policies**

This note explains the impact of the adoption of IFRS 9 and IFRS 15 on Vista Group's consolidated interim financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

## **IFRS 9 *Financial Instruments* – impact of adoption**

IFRS 9, as it relates to Vista Group, replaces the provisions of IAS 39 that relate to the recognition, classification, measurement and impairment of financial assets. The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated interim financial statements. The new accounting policies are set out in the sections below, along with the impact on the consolidated interim financial statements.

Vista Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with Vista Group's previous accounting policies.

### **Classification and measurement**

IFRS 9 impacts the following classifications of financial assets:

- Cash
- Trade receivables
- Loan and receivables to the associate company Numero
- Sundry receivables

From 1 January 2018, Vista Group classifies its financial assets as being measured at amortised cost. Until December 2017, Vista Group classified its financial assets as loans and receivables. There was no change in the fair value of the financial assets as a result of the reclassification.

At initial recognition, Vista Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

### **Impairment**

From 1 January 2018, Vista Group assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In assessing whether there has been a significant increase in credit risk, Vista Group considers both forward looking and financial history of counterparts to assess the probability of default or likelihood that full settlement is not received.

For trade receivables, Vista Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognised from initial recognition of the trade receivables.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with Vista Group, and a failure to make contractual payments for a period of greater than 180 days past due.

The expected credit loss allowances for financial assets are based on assumptions about risk of default and expected credit loss rates. Vista Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation. This is based on Vista Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of key assumptions and judgements are included in each section below.

## Cash

While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

## Trade receivables

Vista Group's trade receivables are subject to IFRS 9's expected credit loss model. Vista Group has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure expected credit losses, trade receivables have been grouped and reviewed on the basis of the number of days past due. The expected credit loss allowance has been calculated by considering the impact of the following characteristics:

- The Baseline characteristic considers the age of each invoice and applies an increasing expected credit loss estimate as the trade receivable ages.
- The Aging and Write offs characteristics consider the history of write off related to the specific customer and the relative size of aged debt to current debt. If the trade receivable aged over 180 days makes up more than 45% of the total trade receivable for a specific customer, further provision for expected credit loss is added.
- The Country, Customer and Market characteristics consider the relative risk related to the country and/or region within which the customer resides and makes an assessment of the financial strength of the customer and the market position that Vista Group has achieved within that market.

The expected credit loss allowance as at 1 January 2018 was determined as follows for trade receivables:

	CURRENT	91-180 DAYS PAST DUE	181-270 DAYS PAST DUE	271-360 DAYS PAST DUE	361+ DAYS PAST DUE	TOTAL
1 JANUARY 2018	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
<b>Gross carrying amount</b>	21,875	11,937	2,735	1,728	8,319	46,594
Baseline	54	88	40	43	410	635
Aging and Write offs	5	3	34	56	373	471
Country, Customer and Market	51	49	15	13	101	229
Total expected credit loss rate	0.50%	1.17%	3.27%	6.47%	10.62%	2.86%
<b>Expected credit loss allowance</b>	<b>110</b>	<b>140</b>	<b>89</b>	<b>112</b>	<b>884</b>	<b>1,335</b>

The expected credit loss allowance for trade receivables as at 31 December 2017, as reported in the Annual Report, reconciles to the opening loss allowance on 1 January 2018 as follows:

	NZ\$'000
<b>Loss allowances for trade receivables</b>	
At 31 December 2017 - calculated under IAS 39	976
Amounts restated through opening retained earnings	1,335
<b>Opening loss allowance as at 1 January 2018 - calculated under IFRS 9</b>	<b>2,311</b>

Over the period, the trade receivables position has improved resulting in a reduction in the expected credit loss allowance of \$17,000. This amount was recognised during the period within the Statement of Comprehensive Income.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## **Loan and receivables to associate company Numero**

The loan and receivables from Numero are subject to the requirements of IFRS 9. For these amounts, Vista Group has applied the general approach mandated under IFRS 9 to assess the impairment provision, which involves assessing the lifetime recoverability of these receivables as the credit risk has increased since initial recognition.

Vista Group has considered reasonable and supportable information available to calculate the present value of future cashflows of Numero based on a five year period. Management judgement has been applied in determining the inputs for future periods and the discount rate applied. This analysis calculated the amount of debt supportable by Numero based on discounted future cash flows to be \$5.4m at both 30 June 2018 and 31 December 2017.

At 31 December 2017, Vista Group recognised an expected credit loss allowance amounting to \$1.7m, leaving a net receivable across both the loan and other advances of \$5.4m. As a result, no changes have been identified from the adoption of IFRS 9. Consistent with this approach, related party advances made in the first half of 2018 of \$0.7m have been provided for to keep the total net receivable amount from Numero at \$5.4m.

## **Sundry receivables**

At balance date, Vista Group holds a total of \$12.1m of sundry receivables. Management has applied judgement to remove \$3.3m, primarily of consumption tax receivable, from the impairment calculation as the counter parties are local tax authorities and therefore they have a high level of certainty in terms of recoverability.

The balance of sundry receivables is made up of a receivable from WePiao of \$8.8m (2017: \$8.7m) related to the sale of 18.3% of Vista China in 2016. Refer to the 2016 Annual Report for further detail. On 20 February 2018, Vista Group announced that it had signed agreements to acquire 7.9% of Vista China from WePiao. Whilst regulatory approval to complete the transaction is still pending, Vista Group has agreed to set off the monies outstanding from WePiao against the purchase of equity. Using the criteria identified above for gauging whether there is a significant increase in credit risk, Vista Group has concluded that there is no requirement for impairment.

## **IFRS 15 Revenue from Contracts with Customers – impact of adoption**

Vista Group adopted IFRS 15 from 1 January 2018, which resulted in changes in accounting policies relating to the recognition of revenue.

Following a detailed review of Vista Group's portfolio of contracts, Management concluded that the implementation of IFRS 15 has no material impact on the way in which Vista Group recognises revenue. Therefore, there is no requirement to restate revenue reported in prior periods. The details of the review process are outlined below. Accounting policies have been amended to ensure that the five-step method, as defined in IFRS 15, is applied consistently to revenue recognition processes across Vista Group.

## **Process and policy**

To assess the impact of IFRS 15 on Vista Group, contracts within each segment were aggregated to create portfolios of contracts. An individual contract from each portfolio was selected as being representative of each unique contract type. For each contract type, the five-step method was applied to assess the impact on revenue recognition.

The five-step method for recognising revenue from contracts with customers involves consideration of the following:

1. Identifying the contract with the customer
2. Identifying performance obligations
3. Determining the transaction price
4. Allocating the transaction price to distinct performance obligations
5. Recognising revenue

The tables below provide further information on the application of IFRS 15 across the major segments in Vista Group. The segments detailed below represent 91% of Vista Group's revenue for the six months ended 30 June 2018.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## Cinema Segment

REVENUE TYPE	DESCRIPTION	KEY JUDGEMENTS	OUTCOME	TIMING OF REVENUE RECOGNITION
Product - Cinema	Perpetual ERP software license targeted at larger cinema circuits.	Determining the distinct performance obligations and whether items are required to be bundled to form a distinct performance obligation.	Providing a software license is a distinct performance obligation and is not required to be bundled with other performance obligations.	<b>Point in time</b> Recognised at the point in time when the software goes live, which is when the customer is able to benefit from using the software.
Product - VEEZI	Subscription-based software targeted at small and independent theatres. Revenue includes a fixed monthly fee plus a variable component based on the number of tickets sold.	Determining whether a sales-based license of intellectual property exists. Determining whether there is a sales-based variable component.	The subscription to Veezi is a sales-based license of intellectual property. There is a sales-based variable component.	<b>Point in time</b> Recognised at the end of each month once the sales-based variable usage is known.
Maintenance - Cinema	Basic support and any enhancements or upgrades to the software.	No major judgement required, other than confirming the scope and period of the maintenance contract.	N/A	<b>Over time</b> Benefits are simultaneously received and consumed; revenue is recognised over the maintenance term.
Services & Development	Value-add services, implementation services and bespoke development of the software.	Determining whether the services & development provided are a distinct performance obligation.	The services & development are a distinct performance obligation as they are not highly dependent or interrelated to other performance obligations in the contract.	<b>Over time</b> Recognised when the service is complete or on a stage of completion basis.

## Movio Segment

REVENUE TYPE	DESCRIPTION	KEY JUDGEMENTS	OUTCOME	TIMING OF REVENUE RECOGNITION
Product - Cinema	Movio Cinema cloud-hosted data, marketing and analytics platform. Customers are charged an annual access fee to the platform plus a variable component (see below).	Determining whether the platform access is a distinct performance obligation.	Access to the platform is a distinct performance obligation and is not required to be bundled with other performance obligations.	<b>Over time</b> Platform access is recognised over time as benefits are simultaneously received and consumed.
	Variable revenue based on the number of active members managed and the number of promotional messages sent during a given period.	Determining if a usage-based license of intellectual property exists.	The variable revenue is a usage-based license of intellectual property.	<b>Point in time</b> Variable license revenue is recognised at the end of each month once usage-based quantities are known.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

REVENUE TYPE	DESCRIPTION	KEY JUDGEMENTS	OUTCOME	TIMING OF REVENUE RECOGNITION
Product - Media	Movio Media cloud-hosted data, marketing and analytics platform.	Determining whether the platform access is a distinct performance obligation.	Access to the platform is a distinct performance obligation and is not required to be bundled with other performance obligations.	<b>Over time</b> Platform access is recognised over time as benefits are simultaneously received and consumed.
	Targeted marketing campaigns, digital advertising and reports.	No major judgement required.	N/A	<b>Point in time</b> Revenue is recognised when the campaigns and reports are completed.
Services	Value-add services, data scientist services and setup & configuration.	Determining whether the services provided are a distinct performance obligation.	The services are a distinct performance obligation as they are not highly dependent or interrelated to other performance obligations in the contract.	<b>Over time</b> Recognised when the service is complete or on a stage of completion basis.

## Additional Group Companies Segment

REVENUE TYPE	DESCRIPTION	KEY JUDGEMENTS	OUTCOME	TIMING OF REVENUE RECOGNITION
Product - Showtimes Platform	Website and marketing platform for feature films, incorporating Showtimes data.	Determining the distinct performance obligations and the requirements to bundle performance obligations.	Two distinct performance obligations exist; platform creation and incorporating Showtimes data.	<b>Point in time</b> Recognised at a point in time when the Platform is live and subsequently when the Showtimes data is incorporated.
Product - MACCS	Perpetual theatrical distribution software for film distributors.	Determining the distinct performance obligations and whether they are required to be bundled as one performance obligation.	Provision of the software license is a distinct performance obligation, but is required to be bundled with development where the license is dependent on the development.	<b>Point in time</b> Recognised at a point in time when the territory is live on the software, and the customer is able to benefit from the software license.
Maintenance - MACCS	Basic support and any enhancements or upgrades of the software.	No major judgment required, other than confirming the scope and period of the maintenance contract.	N/A	<b>Over time</b> Benefits are simultaneously received and consumed; revenue recognised over the maintenance term.
Services & Development	Value-add services, implementation services and bespoke development of the software.	Determining the distinct performance obligation and whether the development is required to be bundled to form a distinct performance obligation.	Where the services & development are highly interrelated to a license, they are bundled with the license as a single performance obligation. Otherwise, the services & development are a distinct performance obligation.	<b>Over time</b> Recognised when the services & development are complete or on a stage of completion basis.

In terms of impact to the presentation of the consolidated interim financial statements, IFRS 15 requires the disaggregation of revenue to provide clear and meaningful information. For Vista Group, Management concluded that presentation of revenue in terms of the method of revenue recognition was most appropriate. Therefore, revenue is disaggregated in the operating segments note (refer to note 1) as amounts recognised at a point in time and over time.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## 10. FINANCIAL INSTRUMENTS

Management determines the classification of Vista Group's financial liabilities at initial recognition. Vista Group's financial liabilities for the periods covered by these consolidated interim financial statements consist only of loans, trade payables and contingent consideration.

Vista Group measures all financial liabilities, with the exception of contingent consideration, at amortised cost in the periods covered by these consolidated interim financial statements. Contingent consideration is measured at fair value. Contingent consideration is classified as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in the fair value recognised in the Statement of Comprehensive Income.

Financial liabilities measured at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Trade and other payables, employee benefits, related party loans and borrowings are classified as financial liabilities measured at amortised cost.

### Recognition and derecognition

Financial liabilities are derecognised if Vista Group's obligations specified in the contract expire or are discharged or cancelled.

### Measurement

At initial recognition, Vista Group measures a financial liability at its fair value. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Refer to note 9 for policies related to financial assets.

### Fair value of financial assets and liabilities

Vista Group's financial assets and liabilities by category are summarised as follows:

#### Cash and short term deposits

These are short term in nature and their carrying value is equivalent to their fair value.

#### Trade, related party and other receivables

These assets are short term in nature and are reviewed for impairment; their carrying value approximates their fair value.

#### Trade, related party and other payables

These liabilities are mainly short term in nature with their carrying value approximating their fair value.

#### Related party loans

Fair value is estimated based on current market interest rates available for receivables of similar maturity and risk. The interest rate is used to discount future cash flows.

#### Borrowings

Borrowings have fixed and floating interest rates. Fair value is estimated using the discounted cash flow model based on a current market interest rate for similar products; their carrying value approximates their fair value.

#### Fair values

Vista Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels based on the degree to which the fair value is observable:

Level 1 - fair value measurements derived from quoted prices in active markets for identical assets.

Level 2 - fair value measurements derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - fair value measurements derived from valuation techniques that include inputs for the asset or liability which are not based on observable market data.

There have been no transfers between levels or changes in the valuation methods used to determine the fair value of Vista Group's financial instruments during the period. As at 30 June 2018, Vista Group had \$0.9m (2017: \$3.1m) of level 3 financial instruments related to contingent consideration.

# NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

## Financial instruments by category

	30 JUNE 2018	31 DECEMBER 2017
	NZ\$'000	NZ\$'000
	UNAUDITED	AUDITED
<b>Financial assets measured at amortised cost</b>		
Cash	26,296	20,954
Trade receivables	39,005	45,618
Sundry receivables	12,084	11,414
Related party loan - Numero	2,621	2,621
Related party advance - Numero	2,792	2,792
	<b>82,798</b>	<b>83,399</b>
<b>Financial liabilities measured at amortised cost</b>		
Trade payables	7,248	4,413
Sundry accruals	4,756	3,988
Borrowings	11,082	11,323
<b>Financial liabilities measured at fair value</b>		
Contingent consideration	951	908
	<b>24,037</b>	<b>20,632</b>

## 11. OTHER DISCLOSURES

### Contingent liabilities

There were no contingent liabilities for Vista Group at 30 June 2018 (2017: \$Nil).

### Capital commitments

There were no capital commitments for Vista Group at 30 June 2018 (2017: \$Nil).

### Related parties

Related parties are materially consistent with those disclosed in the 2017 Annual Report.

### Events after balance date

#### China transaction

Vista Group confirmed the granting of the final regulatory approvals required to approve the 7.9% equity purchase from its partner, Beijing Weying Technology Co. Limited (WePiao). This was announced to the market on 24 August 2018.

#### Approval of interim dividend

On 29 August 2018, the directors approved a fully imputed dividend of 1.6 cents per share. The dividend record date is 13 September 2018 and the payment date 27 September 2018.

There have been no other events subsequent to 30 June 2018 which materially impact the results reported (2017: Nil).



**VISTA GROUP INTERNATIONAL LIMITED**

Level 3, 60 Khyber Pass Road  
Newton, Auckland 1023

Phone: +64 9 984 4570

Fax: +64 9 379 0685

Email: [info@vistagroup.co.nz](mailto:info@vistagroup.co.nz)

Website: [www.vistagroup.co](http://www.vistagroup.co)