MARKET ANNOUNCEMENT

24 February 2016, Vista Group International Ltd, Auckland, New Zealand

---

Vista Group FY2016 Financial Results – Strong performance continues with 35% growth in revenue.

Highlights

- Strong 35% revenue growth for consolidated Vista Group to $88.6m over FY2015 (28% organic growth excluding acquisitions)
- EBITDA(1) increase of 16.6% over FY2015 to $17.6m
- Completion of 3 strategic acquisitions during the first half of FY2016
- Completion of a major strategic transaction in China (one of the largest tech industry transactions by a NZ company in China) in what is the fastest growing film market in the world
- Strong growth in business while continuing to invest in significant product development
- Increased investment in new platforms for future growth including the commencement of moving the Vista Cinema product to the cloud, a social application based around movie goers and a platform to connect various parts of the cinema industry that has arisen from our China experience
- Continued significant investment in Movio Media with a number of new enhancements to drive additional customer engagements
- Final dividend declared at top end of previous guidance range
- Outlook for 2017 remains positive

Vista Group (NZX and ASX: VGL) has today announced its audited results for the 12 months to 31 December 2016. Overall performance is strong and the Group has continued to highlight its underlying core business strengths:

- Consistent strong revenue growth
- Strong annuity revenue
- Sustained Profitability
- Positive Operating Cash Generation
- Leading global position in an expanding Film industry

(1) EBITDA is defined as earnings before depreciation and amortisation ($3.3m), net finance expense, income tax and the expense accrual related to the VCL deferred consideration

The result for FY2016 does include the recognition of the accounting treatment of the transaction in China. This was explained in our market release of 21 February 2017.

Net profit after tax, which includes the one-off capital gain from the China transaction, was up 705% to $49.5m and has increased Vista Group's Equity position to $138.3m.

Business overview

Vista Cinema delivered another very strong performance in 2016 with positive revenue growth, and a continuation of excellent EBITDA results. Growth was achieved while substantially boosting organisational capability with over 88 people added in key areas of Product Development and Global Operations.

Vista Cinema implemented in new countries (including Ukraine, Denmark, and Paraguay), and for new customers including Jinyi (China), Ster Kinekor (South Africa), and Nordisk (Denmark). Vista Cinema ended 2016 with 5,557 sites implemented globally – an increase of 847 (18%) from the previous year. This represented 686 new license sites and 161 from the CCG relationship in France. In addition, Vista Cinema implemented its software in 285 non cinema sites for existing customers in related small retail food and beverage operations.

Exciting new developments in both new and existing product areas were well advanced in 2016. In particular, the areas of Staff Management, Media Management, and the management of third party ticket sales channels present increasing opportunities for growth. Additionally, in 2016, Vista Cinema ramped up its investment in the software design area, investing further in a strong design (UI/UX) team, and broadening the technology base of the products created.

Veezi reached the milestone of 500 contracted sites during 2016, and is now installed in over 20 countries. Significant work was undertaken on a country wide agreement in Sweden. This has been completed in 2017 and with over 120 letters of intent signed, it is expected to provide a significant boost to site numbers. First sites went live in the important countries of China and France, while work on the product to make it saleable in India neared completion. Average revenue per contracted cinema continues to grow as product additions were made available and customer transaction volumes exceeded expectations.

Movio Cinema revenue grew 42% in 2016, with notable growth in South Africa, Norway, Denmark, the UAE and the successful implementation of Vue in the United Kingdom. Movio Cinema's Campaign component grew significantly, with email volume increasing 108% to 1.5 billion and the SMS business growing from an initial 500,000 messages in 2015 to 10 million in 2016. Contracted customers increased 47% to 50 from FY2015.

Movio Media continues to evolve the product offering to fill new demand, with a number of product releases attracting new customers, in particular the addition of ethnicity data for the US market. This capability assisted in securing long term agreements with Warner Bros and Sony. New contracts are expected in early 2017 which will expand the reach of the Media product. Revenue contribution increased more than 100% from FY2015 with further growth projected.

(1) EBITDA is defined as earnings before depreciation and amortisation ($3.3m), net finance expense, income tax and the expense accrual related to the VCL deferred consideration
(2) Underlying EBITDA is defined as EBITDA[1] less foreign currency gains and losses and has the impact of the acquisitions in 2016 removed

MACCS performed slightly below expectation due to the Warner Bros. implementation being moved from November 2016 to February 2017. Significant services revenue was earned during 2016 as part of the project, however the expected go-live in February 2017 will enable further license revenue to be recognised. MACCS has performed well in international territories outside the USA, with a number of new territories being added. Significant progress was made in bringing its box office collection service MACCSbox to a number of new markets including Australia and the USA.

New acquisitions

In the first 6 months of 2016 Vista Group completed the strategic acquisition of three companies: Powster Limited ('Powster'), Share Dimension B.V. including its subsidiary S.C. Share Dimension S.R.L. (collectively 'Share Dimension') and Flicks.co.nz Limited ('Flicks').

Powster has performed to plan and has added to the Vista Group result at both revenue and EBITDA lines. Progress has been made towards establishing a creative studio in Los Angeles which should add significant business to Powster in 2017.

Share Dimension is still an early stage business and continues to require investment from Vista Group. A significant new product in Box Office Forecasting was brought to market and has gained interest from a number of existing Vista Group customers.

Flicks. While still a relatively small business in terms of revenue, achieved encouraging revenue growth in New Zealand with all major film distributors advertising on the platform throughout the year. A new Flicks Android app was added to the NZ market, as well as an update of the existing Apple iOS app. The visitation rate to Flicks' web sites and mobile apps in Australia continues to grow and 2017 should see further monetisation of this growth.

Financial overview

Vista Group has produced strong revenue growth (35%), produced positive operating cash flow ($5.4m) and maintained a strong balance sheet to provide a platform for the continued growth of Vista Group. Earnings based on EBITDA(1) have improved 16.6% to $17.6m despite the $3.0m negative foreign exchange movement from 2015. Vista Group continued its strong focus on software development, the improvement of its existing products and the creation of new products for the market. In line with previous market advice Vista Group has capitalised $4.1m against key projects in Vista Cinema and Movio.

When the EBITDA(1) result is adjusted for abnormal items such as foreign exchange movements and impact of new acquisitions, underlying EBITDA(2) as a percentage of revenue increases to 22%, up 2 percentage points from 2015.

Cash reserves at year end stand at $21.3m, this is a reduction ($6.0m) from FY2015, due to acquisition activity as the Vista Group completed the strategic acquisitions of Powster, Share Dimension and Flicks in the first half of FY2016 and its investment in internally generated software.

(1) EBITDA is defined as earnings before depreciation and amortisation ($3.3m), net finance expense, income tax and the expense accrual related to the VCL deferred consideration
(2) Underlying EBITDA is defined as EBITDA(1) less foreign currency gains and losses and has the impact of the acquisitions in 2016 removed

Dividend

In line with the dividend policy established by the Board in 2016 the Directors have resolved to pay a dividend at the top of the range (50%) and the dividend will carry full imputation credits.

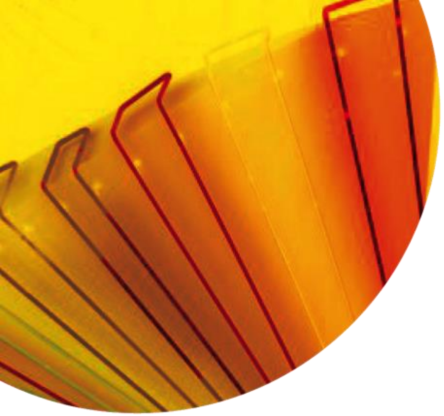
The value of the dividend will be 4.61 cents per share representing a total payment of $3.8m. The record date for the dividend is 10 March, 2017 with the payment date set at 24 March, 2017.

Outlook

The underlying growth in the global film industry combined with the focus on leveraging the core strengths of Vista Group means that the outlook remains strong.

Contact:
Brian J Cadzow
Director – Commercial and Legal
Email - brian.cadzow@vista.co.nz
Phone - +64 9 984 4570

(1) EBITDA is defined as earnings before depreciation and amortisation ($3.3m), net finance expense, income tax and the expense accrual related to the VCL deferred consideration
(2) Underlying EBITDA is defined as EBITDA[1] less foreign currency gains and losses and has the impact of the acquisitions in 2016 removed



Vista Group – FY 2016 Full Year Results

24 February 2016

Important notice

This presentation has been prepared by Vista Group International Limited (“Vista Group”).

Information in this presentation:

> is provided for general information purposes only, does not purport to be complete or comprehensive and is not an offer or invitation for subscription, purchase or recommendation of securities in Vista Group. This presentation does not constitute investment advice;

> should be read in conjunction with, and is subject to, Vista Group’s financial statements, market releases and information published on Vista Group’s website (www.vistagroup.co.nz);

> may include projections or forward looking statements about Vista Group and the environment in which Vista Group operations. Such forward-looking statements are based upon current expectations and involve risks, uncertainties and contingencies outside of Vista Group’s control. Vista Group’s actual results or performance may differ materially from these statements. Although management may indicate and believe the assumptions underlying the forward looking statements are reasonable, any assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward looking statements will be realised;

> may include statements relating to past performance, which should not be regarded as a reliable indicator of future performance.

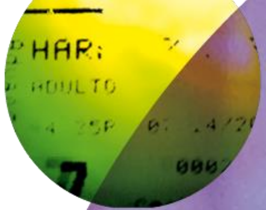
While all reasonable care has been taken in compiling this presentation, Vista Group accepts no responsibility for any errors or omissions.

All information in this presentation is current at the date of this presentation, unless otherwise stated.

All currency amounts are in NZ dollars, unless stated otherwise.

AGENDA

- Group update
- Results highlights
- Operating performance and trading metrics
- Financial performance
- China transaction
- Outlook
- Questions



VISTA GROUP

VISTA GROUP – RESULTS HIGHLIGHTS & GROUP UPDATE

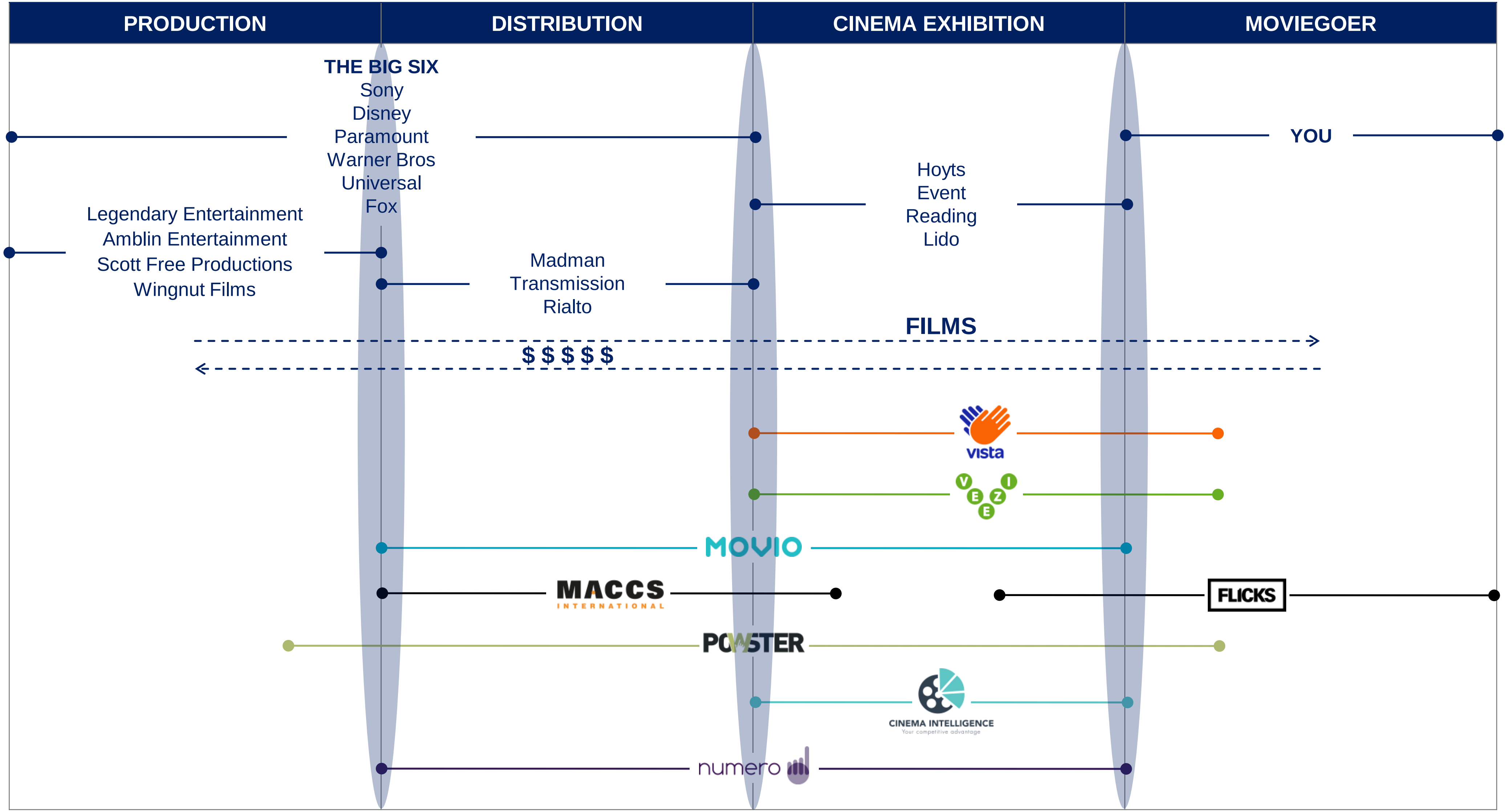
THE STRENGTH OF VISTA GROUP

- Consistent strong revenue growth
- Strong annuity revenue
- Sustained profitability
- Positive operating cash generation
- Leading global position in an expanding film industry
- Dividend payer

VISTA GROUP UPDATE

- Founded 1996 & listed on NZX/ASX in Aug 2014 with market cap of $187M; now $460M. CGR of 45% p.a
- 530+ staff & offices in 10 offices:
  - Auckland, Sydney, London, LA, Dallas, Holland, Shanghai, Romania, Cape Town, Beijing
- Completed the acquisitions of :
  - 50% of Cinema Intelligence, a Dutch software company specialising in predicative analytics & intelligence solutions for cinema exhibitors
  - 50% of Powster, a UK based provider of movie websites & marketing platforms to Film studios & distributors
  - 100% of Flicks NZ & Australia
- Completion of the new venture in China which transitioned Vista China to an associate company in the second half of 2016

VISTA ENTERTAINMENT SOLUTIONS


PRODUCTION
DISTRIBUTION
CINEMA EXHIBITION
MOVIEGOER
THE BIG SIX
Sony
Disney
Paramount
Warner Bros
Universal
Fox
YOU
Hoyts
Event
Reading
Lido
Legendary Entertainment
Amblin Entertainment
Scott Free Productions
Wingnut Films
Madman
Transmission
Rialto
FILMS
$ $ $ $ $
vista
VEEZI
MOVIO
MACCS
INTERNATIONAL
FLICKS
POWSTER
CINEMA INTELLIGENCE
Your competitive advantage
numero

Result Highlights

- **Strong 35% revenue growth for the consolidated Vista Group to $88.6m over FY2015**
- **Performance compared to FY2015**

NZ$m	31 December 2016	31 December 2015	
Revenue	88.6	65.4	35.5%
EBITDA[1]	17.6	15.1	16.6%
Trading Net Profit [2]	12.0	10.1	18.8%
Net Profit Before Tax	53.0	10.1	724.1%

- Investment in 3 strategic acquisitions during the first half of FY2016
- Completion of a major strategic transaction in China, the fastest growing film market in the world
- Increased investment in projects to enhance current products and commencement of work on new platforms for growth. Includes a social application based around movie goers and a platform to connect various parts of the cinema industry that has arisen from our China experience.
- Headcount growth to support the business in a tight labour market. Headcount (excluding new acquisitions in FY2016) has increased 24% (104) to 474. Total headcount (including acquisitions) is 532.

Outlook for FY2017 continues to look positive

(1) EBITDA is defined as earnings before depreciation and amortisation ($3.3), net finance expenses, income tax and the expense accrual related to the VCL deferred consideration.

(2) Trading Net profit is defined as Net Profit Before Tax excluding capital gains on the sale of shares in subsidiaries

VISTA GROUP – TRADING METRICS

TOTAL REVENUE ANALYSIS

30%

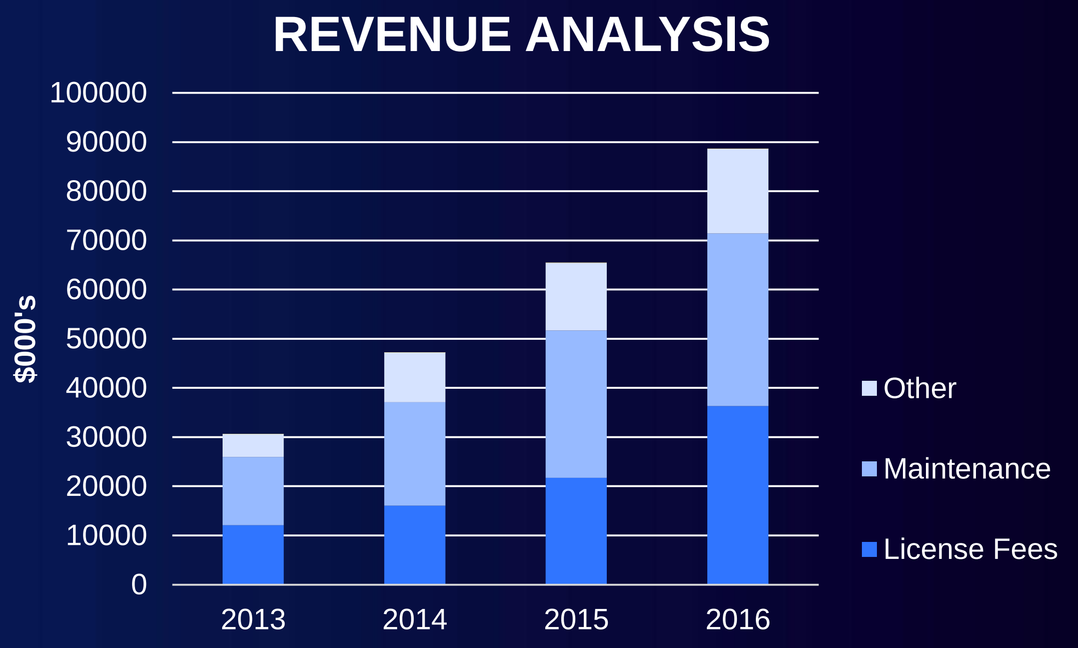
AVERAGE REVENUE GROWTH PER YEAR FOR LAST 3 YEARS

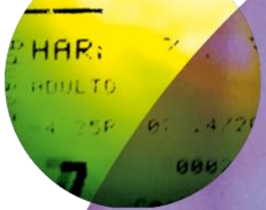
35%

REVENUE GROWTH OVER FY2015
*28% EXCL. ACQUISITIONS

32%

INCREASE IN VALUE OF RECURRING REVENUE to $53.2m





OPERATING PERFORMANCE & TRADING METRICS

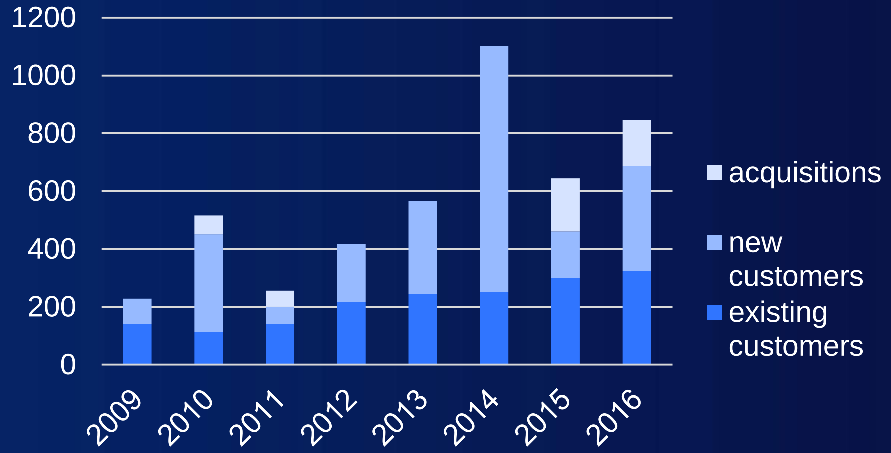
VISTA ENTERTAINMENT SOLUTIONS (VES)

- Largest Group subsidiary outperformed growth forecasts for third year in a row. Revenue growth 20%+ in FY2016
- 847 new cinema sites added (includes 161 from CCG) to bring global total to 5,557. In addition 285 installations at customer owned small retail outlets
- Estimate 38% of large circuit market (global). Total Global screen growth still strong.
- New office in South Africa to support market. With Ster Kinekor we now have 100% of large circuit market. The office will support opportunities in the growing African market
- Advanced developments on existing products and new initiatives for future growth
- Investment in staff to support the business

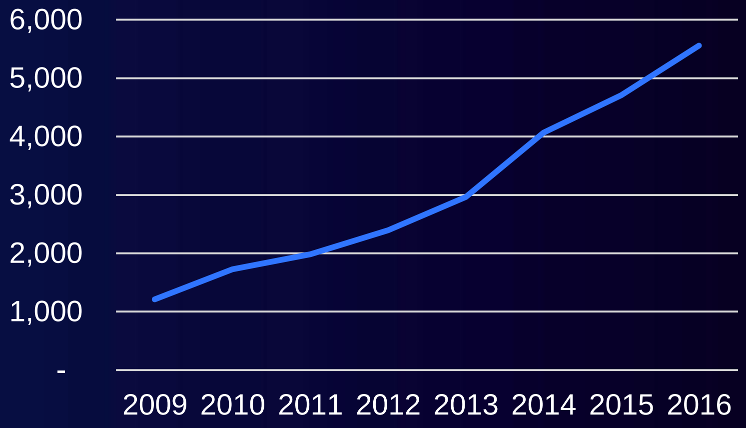
VISTA CINEMA – METRICS

AVERAGE LICENSE REVENUE PER SITE	AVERAGE LICENSE REVENUE PER SITE	AVERAGE MAINTENANCE REVENUE PER SITE	AVERAGE MAINTENANCE REVENUE PER SITE
↑ 7%	$27K	↑ 20%	$6K
FROM 2014	OVER 3 YEARS	FROM 2014	OVER 3 YEARS

NEW SITES ADDED

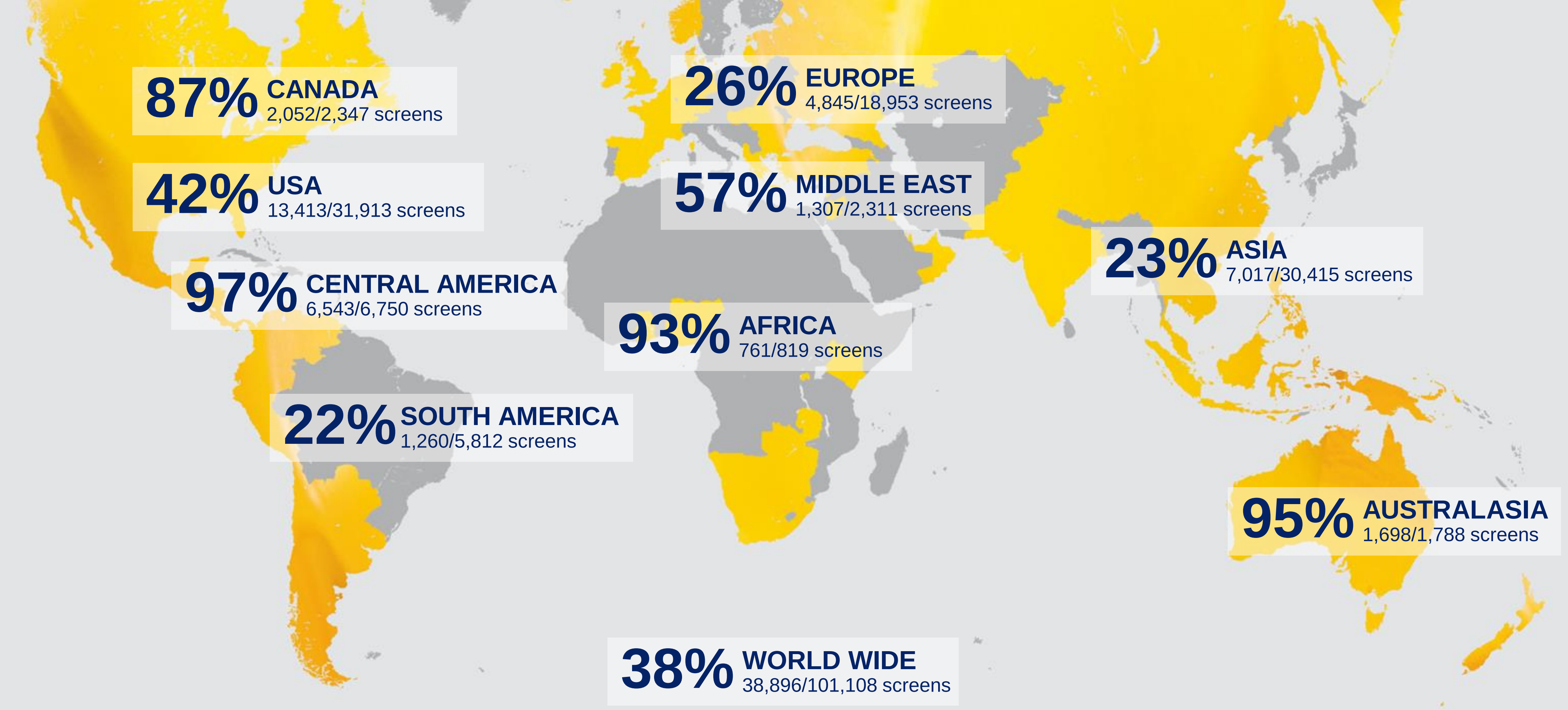


TOTAL SITE COUNT



Total Sites at Dec 2016

5,557



WORLD SHARE

Vista Entertainment Solutions percentage of the world market –
for Cinema Exhibition Companies with 20+ screens

VEEZI

ENGINEERED BY VISTA

- Site number growth of 52% to 532 at year end across 20 countries
- Addressable market size approx. 25,000 Cinemas
- ARR strong at $5,750 per annum per site ($480 per month)
- New agreement with Film Industry Organisation in Sweden with significant opportunity in 2017
- French certification achieved and first site live. Wider market entry planned for 2017
- China SARFT approval gained and first site live in late 2016
- India market entry planned during 2017

VEEZI – METRICS

532

GLOBAL TOTAL OF CONTRACTED SITES

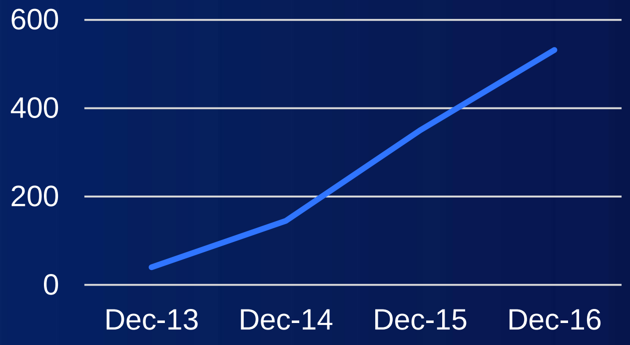
$3.06M

ANNUALISED RECURRING REVENUE

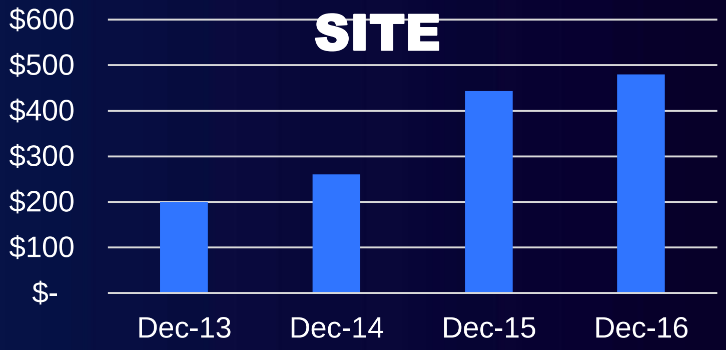
$480

AVERAGE REVENUE PER SITE EACH MONTH

TOTAL SITE COUNT



AVERAGE REVENUE PER SITE



Investments

- **Vista Cloud**

Commenced platform change for the core Vista Cinema product to provide customers the choice of an on premise or hosted deployment. First parts release in 2017.

- **MovieTeam**

Released new SaaS Cinema focused staff management and scheduling product. 6 customer signups by end 2016.

- **movieXchange**

New SaaS application to assist exhibitors and distributors with the management of digital marketing content. Release at CinemaCon 2017.

- **Social Media App**

A new mobile social application based around films.

- **Ticketing Platform**

A new platform offering for exhibitors to make it easier to access the growing number of cinema ticketing sales channels.

MOVIO

- On track with their Mission: To revolutionize the way film distributors & cinema exhibitors interact with moviegoers.

Movio Cinema

- Increased customers from 37 to 50 of the world’s largest cinema circuits including AMC (USA), Ster Kinekor(SA) and Vue(UK).

Movio Media

- Introduced ethnicity in 2016, plans for focused U14 data in 2017 – both firsts for the film industry.
- New multi-year deals signed with Sony, Warner Bros., Lionsgate.
- Significant opportunities opened up in the digital media space.

2017

- Increasing the volume of active moviegoers via new data sources including online transactions.
- Extending the campaign offering to incorporate digital media (Web, Mobile, Social).

MOVIO – METRICS

46%

REVENUE GROWTH
OVER FY2015

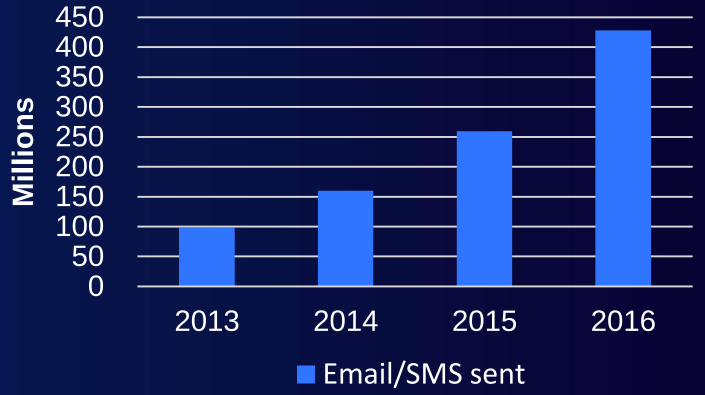
162%

MOVIO MEDIA GROWTH
OVER FY2015

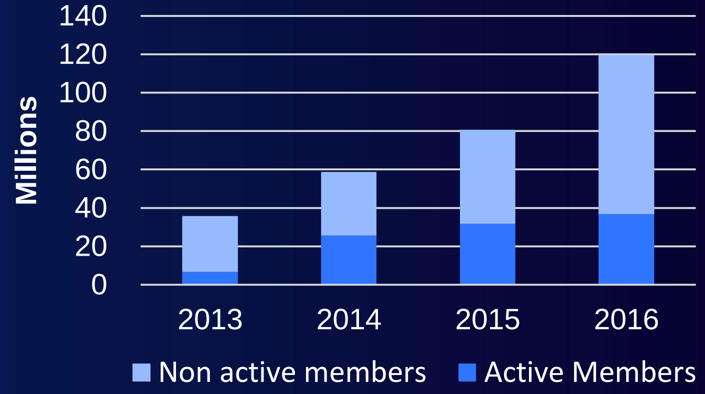
TOTAL REVENUE PER 1,000
ACTIVE MEMBERS

$305

EMAIL GROWTH



MEMBER DATABASE



VISTA GROUP

MOVIO

MACCS

- **MACCS – Movie ACCounting System**
  - Theatrical distribution software
  - Financial & logistics solution
- **MaccsBox –** Theatrical Value Chain
  - Collects audited box office results (eBor) centrally & provides them to distributors
- **2016**
  - Completed the Warner Bros. domestic enhancements and the release of MACCS 9.0
  - Commenced development of cloud based application for smaller distributors
  - Introduced MaccsBox to the USA
  - Deployed Ster Kinekor in South Africa replacing 3 existing systems
- **2017**
  - Warner Bros. go live Q117
  - Further country rollouts of MaccsBox

NUMERO

- Tracks daily results at cinema level & reports to Film Studios, Distributors & Exhibitors
- SaaS product for film distributors and exhibitors
- **2016**
  - Achieved nearly 100% collection in Australia and New Zealand markets
  - Commenced moving major studios from trial licenses to full licenses
  - Commenced collecting data from China
- **2017**
  - Selling China service to Hollywood
  - Building services in new territories

POWSTER

Provides world-leading film marketing products including interactive content to promote films

- Marketing platform for movie studios, powering the world’s biggest films. One destination per film with all cinemas & show-times listed

2016

- All 6 Major studios using Powster platforms in the US
- Developed Trailered, a new web destination that enables moviegoers to consume trailers in a completely new way (2017 release)
- Joined Vista Group
- Doubled Staff across London and LA

2017

- Opening of Los Angeles Studio
- Launch of Trailered
- Launch of VR show times

FLICKS

Authoritative Australasian movie & cinema guide

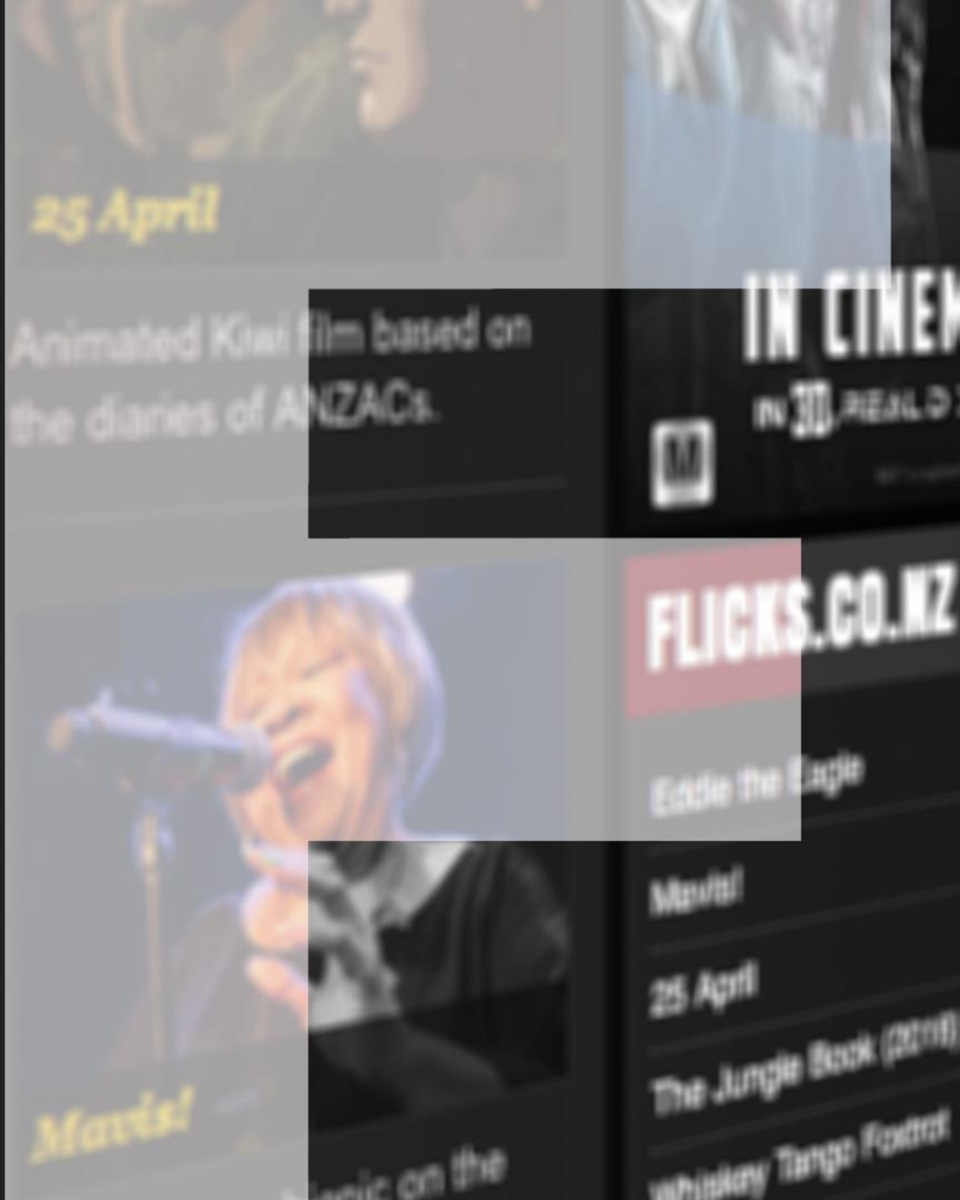
- Moviegoer access nationally for every movie playing; cinemas, session times, booking links, videos & trailers, reviews (user & critical) + editorial from Australasia’s best industry contributors

2016

- Best year for advertising revenues and best year to date for total web site visitors
- Transitioned from external ad management to internal, increasing margin.
- Release of new apps for iOS and android

2017

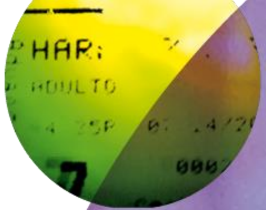
- Build Australian advertising revenue
- Commence presence in new territories
- Release new SaaS based website product for small cinemas



CINEMA INTELLIGENCE

Cinema intelligence is a business intelligence solution for cinema exhibitors, designed to optimize forecasting, booking and scheduling of movies and events proven to increase profitability and revenues.

- 2016
  - Opened LA office
  - Global expansion - running implementations on 3 continents
  - Released new forecasting module
- 2017
  - Key hires in Sales and project management
  - Improving product market fit
  - Build more integration to Vista
  - Strong focus on North America



VISTA GROUP - FINANCIAL PERFORMANCE

Trading Performance

NZ$m	For twelve months ended 31 December 2016	31 December 2015	%
Revenue	88.6	65.4	35.5%
Operating Expenses	74.2	57.0	30.2%
Foreign exchange losses / (gains)	1.4	(1.7)	
Operating Profit	13.0	10.1	28.7%
Other Revenue/Costs	40.0	0.0	
Profit Before Tax	53.0	10.1	424.8%
Net Profit attributable to Shareholders	48.6	5.8	737.9%

NZ$m	2016 Actual	2015 Actual	
EBITDA	17.6	15.1	16.6%

- Strong revenue growth across the consolidated Group of 35% and excluding acquisitions is still up 28%
- Operating expenses reflect the increase in scale of the business
- Underlying EBITDA* performance, which normalises for the impact of currency and new acquisitions, improves as a percentage of revenue to 22%, up 2 percentage points from 2015

Note: EBITDA is defined as earnings before depreciation and amortisation ($3.3), net finance expenses, income tax and the expense accrual related to the VCL deferred consideration.

Underlying EBITDA is EBITDA less foreign currency gains and losses and has the impact of the acquisitions in 2016 removed.

Financial Position

Current assets		
Cash & short term deposits	21.3	27.3
Other receivables	73.9	30.6
	95.2	**57.9**
Non Current Assets		
Plant & equipment	4.1	2.4
Investment in Associate	27.7	
Intangibles	64.6	50.5
	96.4	**52.9**
Total assets	**191.6**	**110.8**
Current liabilities	**42.4**	**24.2**
Non current liabilities		
Loans	4.8	4.8
Deferred tax and consideration	6.0	2.7
	10.8	**7.5**
Net assets	**138.4**	**79.1**
Share Capital	55.7	46.0
Retained earnings	71.3	22.7
Reserves	0.7	2.4
Non controlling interests	10.7	8.0
Total Equity	**138.4**	**79.1**

- Effect of China transaction receivables $35.5m at year end
- Trading receivables in line with trading levels
- Cash balance reduced due to acquisitions
- Intangibles including Goodwill increased with acquisitions of Powster, Share Dimension and Flicks
- Inclusion of value of the China new venture as an associate. Valued via third party specialist
- No impairment of Intangibles
- Current liabilities include $1.3m related to China transaction. Trading liabilities in line with increased trading levels
- Share Capital increased through the VCL deferred consideration settlement in March 2016 and the issue of 2.0% new shares to WePiao in December 2016.

Cash Flow

NZ$m	For twelve months ended 31 December 2016	31 December 2015
Cash received from trading	**69.7**	**60.6**
Cash applied from trading		
Operating expenese	58.5	50.5
Tax & interest	5.8	3.4
	64.3	**53.9**
Net cash flow from operating	**5.4**	**6.7**
Cash applied to investing activities		
Investments	(12.1)	(9.3)
Other assets	(5.9)	(1.1)
	(18.0)	**(10.4)**
Cash from financing activities		
Proceeds from share issue	8.0	
	8.0	**0.0**
Net movement in cash held	**(4.6)**	**(3.7)**
Foreign exchange differences	**(1.4)**	
Cash balance at 31 December	**21.3**	**27.3**

- Cash receipts from trading supressed by delay in receiving pre new venture receivables being settled with China transaction payments.
- Focus on trade receivable collection has improved balance
- Cash outflows on operating expenses reflect uplift in trading levels
- Investment activity includes the Powster, Share Dimension and Flicks acquisitions
- Cash from Financing activities reflects the new shares issued to and paid by WePiao
- FX differences – translation of foreign currency at 31 December 2016

Dividend Proposal

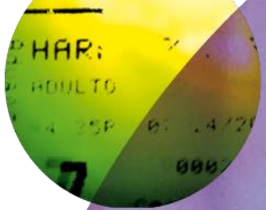
The dividend policy established by the Vista Group Board in 2016 was:

> To distribute 30% to 50% of net profit after tax subject to immediate and future growth opportunities and identified capital expenditure requirements. The dividends will be provided with the maximum value of imputation (franking) credits available to the company to apply to the dividend.

The directors have resolved to pay a dividend at the top of the range (50%) and that the dividend will carry full imputation credits.

The value of the dividend will be 4.61 cents per share representing a total payment of $3.8m.

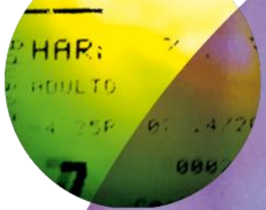
The record date for the dividend is 5pm on Friday, 10 March 2017 with the payment date set for Friday, 24 March 2017.



CHINA TRANSACTION

China Transaction

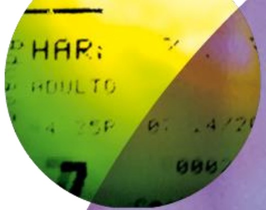
- Successful completion of one of the largest tech industry transactions in China by a New Zealand company
- Full explanation of the treatment and values associated with the recognition of the transaction in our market release of 21 February 2017
    - One-off capital gain on sale of shares in Vista China
    - Revenue released in 2016 and held as Deferred Revenue on balance sheet
    - Value of cash received and that held as a receivable at 31 December 2016.
- Operationally the new venture is making significant progress in positioning itself for growth
    - Office in Beijing
    - New staff being recruited and joining from WePiao
    - Introduction of products beyond Vista Cinema and Veezi
- Growth in the China film market remains strong



OUTLOOK

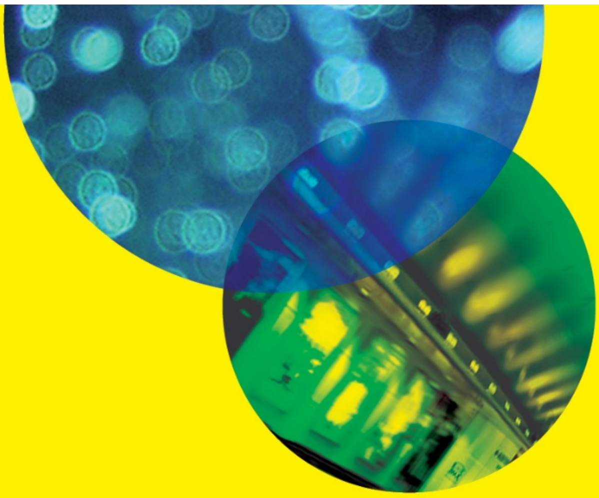
Outlook

- Strong outlook for Global Film Industry
- Revenue growth of the existing businesses is expected to be in the range of 20% to 25%
- Strong pipeline supporting future revenue growth
- Vista Cinema to continue strong growth of revenue and earnings
- Strong cash position as the China transaction payments are received
- Veezi expected to grow at a faster rate with addition of Sweden, France, China markets
- Movio to continue sales of Movio Cinema and transaction volumes expected to grow
- Movio Media – significant advancement into Digital Media should accelerate the rate of campaigns and revenue
- Introduction of new platforms expanding the services and offerings of the VGL group to the Film industry
- MACCS will complete the deployment to Warner Bros. in the USA, creating further opportunities in the USA, while continuing to expand in global territories
- Vista China will push forward under the new structure and grow its business in China
- Leveraging our core strengths to continue growth and underlying performance



QUESTIONS

VISTA GROUP



VISTA GROUP INTERNATIONAL LIMITED

ANNUAL FINANCIAL STATEMENTS

2016

VISTA
GROUP

TABLE OF
CONTENTS

MANAGEMENT COMMENTARY

The following financial statements, for Vista Group International Limited (the 'Company' and its subsidiaries, collectively the 'Vista Group'), are for the year ended 31 December 2016 and represent the full year results for Vista Group.

HIGHLIGHTS

- Strong 35% revenue growth for the consolidated Vista Group to $88.6m over FY2015 (28% organic growth excluding acquisitions).
- EBITDA[(1)] increase of 16.6% over FY2015 to $17.6m.
- Completion of 3 strategic acquisitions during the first half of FY2016, and commencement of the China new venture with Bejing Weying Technology Co. Ltd (WePiao) on 1 September 2016.
- Issue of 2.0% of new equity in Vista Group to WePiao to strengthen partnership in China.
- Strong growth in business while continuing to invest in significant product development.
- Increased investment in new platforms for future growth including the commencement of moving the Vista Cinema product to the cloud, a social application based around movie goers and a platform to connect various parts of the cinema industry that has arisen from our China experiences.
- Continued significant investment in Movio Media with a number of new enhancements to drive additional customer engagements.
- Headcount numbers (excluding new acquisitions in FY2016) now 474, an increase of 104 employees (28%). Including acquisitions, total group headcount now stands at 532.

OPERATING METRICS

- 32% increase, $12.8m to $53.2m, in recurring revenue in FY2016, representing 60% of total revenue.
- 41% increase, $8.6m to $29.5m, in non-recurring license revenue in FY2016 on strong sales of new Vista Cinema software sites and software.
- Positive operating cash flow of $5.4m and continuing strong cash position.
- Impressive 18% increase in Vista Cinema cumulative site numbers over FY2016, up 847 to 5,557 driving recurring maintenance revenue and additional module upsell opportunities.
- VEEZI revenue increases 122% to $2.3m with annualised recurring revenue (ARR) up 65% to $3.1m driven by higher site numbers and revenue per site.
- 45% increase in Movio revenue in FY2016.
- New acquisitions in 2016 add $4.9m in revenue since the respective acquisition dates.

OPERATIONAL AND PRODUCT OVERVIEW

Vista Cinema delivered another very strong performance in 2016 with positive revenue growth, and a continuation of excellent EBITDA results. Growth was achieved while substantially boosting organisational capability with over 88 people added in key areas of Product Development and Global Operations.

Vista Cinema implemented in new countries (including Ukraine, Denmark, and Paraguay), and for new customers including Jinyi (China), Ster Kinekor (South Africa), and Nordisk (Denmark). Vista Cinema ended 2016 with 5,557 sites implemented globally – an increase of 847 (18%) from the previous year. This represented 686 new license sites and 161 from the CCG relationship in France. In addition, Vista Cinema implemented its software in 285 non cinema sites for existing customers in related small retail food and beverage operations.

Exciting new developments in both new and existing product areas were well advanced in 2016. In particular, the areas of Staff Management, Media Management, and the management of third party ticket sales channels present increasing opportunities for growth. Additionally, in 2016, Vista Cinema ramped up its investment in the software design area, investing further in a strong design (UI/UX) team, and broadening the technology base of the products created.

Veezi reached the milestone of 500 contracted sites during 2016, and is now installed in over 20 countries. Significant work was undertaken on a country wide agreement in Sweden. This has been completed in 2017 and with over 120 letters of intent signed, it is expected to provide a significant boost to site numbers. First sites went live in the important countries of China and France, while work on the product to make it saleable in India neared completion. Average revenue per contracted cinema continues to grow as product additions were made available and customer transaction volumes exceeded expectations.

Movio Cinema revenue grew 42% in 2016, with notable growth in South Africa, Norway, Denmark, the UAE and the successful implementation of Vue in the United Kingdom. Movio Cinema's Campaign component grew significantly, with email volume increasing 108% to 1.5 billion and the SMS business growing from an initial 500,000 messages in 2015 to 10 million in 2016. Contracted customers increased 47% to 50 from FY2015.

Movio Media continues to evolve the product offering to fill new demand, with a number of product releases attracting new customers, in particular the addition of ethnicity data for the US market. This capability assisted in securing long term agreements with Warner Bros and Sony. New contracts are expected in early 2017 which will expand the reach of the Media product. Revenue contribution increased more than 100% from FY2015 with further growth projected.

MACCS performed slightly below expectation due to the Warner Bros. implementation being moved from November 2016 to February 2017. Significant services revenue was earned during 2016 as part of the project, however the expected go-live in February 2017 will enable further license revenue to be recognised. MACCS has performed well in international territories outside the USA, with a number of new territories being added. Significant progress was made in bringing its box office collection service MACCSbox to a number of new markets including Australia and the USA.

New acquisitions. In the first 6 months of 2016 Vista Group completed the strategic acquisition of three companies: Powster Limited ('Powster'), Share Dimension B.V. including its subsidiary S.C. Share Dimension S.R.L. (collectively 'Share Dimension') and Flicks.co.nz Limited ('Flicks').

Powster has performed to plan and has added to the Group result at both revenue and EBITDA lines. Progress has been made towards establishing a creative studio in Los Angeles which should add significant business to Powster in 2017.

Share Dimension is still an early stage business and continues to require investment from Vista Group. A significant new product in Box Office Forecasting was brought to market and has gained interest from a number of existing Vista Group customers.

Flicks. While still a relatively small business in terms of revenue, achieved encouraging revenue growth in New Zealand with all major film distributors advertising on the platform throughout the year. A new Flicks Android app was added to the NZ market, as well as an update of the existing Apple iOS app. The visitation rate to Flicks' web sites and mobile apps in Australia continues to grow and 2017 should see further monetisation of this growth.

FINANCIAL OVERVIEW

Vista Group has produced strong revenue growth (35%), produced positive operating cash flow ($5.4m) and maintained a strong balance sheet to provide a platform for the continued growth of Vista Group. Earnings based on EBITDA(1) have improved 16.6% to $17.6m despite the $3.0m negative foreign exchange movement from 2015. Vista Group continued its strong focus on software development, the improvement of its existing products and the creation of new products for the market. In line with previous market advice Vista Group has capitalised $4.1m against key projects in Vista Cinema and Movio.

When the EBITDA result is adjusted for abnormal items such as foreign exchange movements and impact of new acquisitions, underlying EBITDA as a percentage of revenue increases to 22%, up 2 percentage points from 2015.

Cash reserves have at year end stand at $21.3m, this is a reduction (6.0m) from FY2015, due to acquisition activity as the Vista Group completed the strategic acquisitions of Powster, Share Dimension and Flicks in the first half of FY2016 and its investment in internally generated software.

CHINA TRANSACTION

The new venture in China with WePiao was concluded in August 2016 and Vista China became an associate company from 1 September 2016. The accounting for the China transaction has had an impact on the results and the values reported in the financial statements. The sale of shares in Vista China and the transition of Vista China from a subsidiary to an associate company has produced a $41.0m capital profit and a resulting investment value for the Associate of $27.6m. Some trading revenue from the transaction has also been released in 2016 ($3.4m) with the remaining revenues to be released over the next 3 years. This is covered in notes 4.1 and 4.4 and has been further explained in our market announcement dated 21 February 2017. The impact of certain banking restrictions in China has delayed the payment of amounts due to Vista Group prior to year-end. This is seen as a timing issue only in relation to the receipt of the cash but has resulted in trade receivables and trade payables balances being shown at year end that are not related to normal trading operations.

(1) EBITDA is defined earnings before net finance expense, income tax, depreciation, amortisation and offer costs. The expense accrual related to the VCL deferred consideration is also excluded. This is consistent with the measure used in the Prospectus date 3 July 2014.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Section	2016 NZ$'000	2015 NZ$'000
Revenue		88,589	65,431
Total revenue	3	**88,589**	**65,431**
Sales and marketing expenses		7,100	4,567
Operating expenses	7.6	42,849	31,727
Administration expenses	7.6	22,949	17,995
Acquisition expenses	7.6	1,338	2,722
Foreign currency losses / (gains)		1,378	(1,742)
Total expenses		**75,614**	**55,269**
Operating Profit		**12,975**	**10,162**
Finance costs		(580)	(503)
Finance income		480	462
Share of loss from associate	4.1	(914)	-
Capital gain on sale of Vista China	4.1	41,069	-
Profit before tax		**53,030**	**10,121**
Tax expense	8.1	(3,550)	(3,981)
Profit for the year		**49,480**	**6,140**
Profit for the year is attributable to:			
Owners of the parent		48,620	5,753
Non-controlling interests		860	387
		49,480	**6,140**
Other comprehensive (loss) / income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		(1,779)	510
Total comprehensive income for the year		**47,701**	**6,650**
Total comprehensive income for the year is attributable to:			
Owners of the parent		47,201	6,346
Non-controlling interests		500	304
		47,701	**6,650**
Earnings per share for profit attributable to the equity holders of the parent			
Basic (cents per share)	6.2	$0.61	$0.07
Diluted (cents per share)	6.2	$0.60	$0.07

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

		ATTRIBUTABLE TO THE OWNERS OF THE PARENT						
		CONTRIBUTED EQUITY	RETAINED EARNINGS	FOREIGN CURRENCY RESERVE	SHARE-BASED PAYMENT RESERVE	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	Section	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000
Balance at 1 January 2016		45,952	22,661	164	2,296	71,073	7,979	79,052
Profit for the period		-	48,620	-	-	48,620	860	49,480
Other comprehensive loss		-	-	(1,419)	-	(1,419)	(360)	(1,779)
Total comprehensive income		**-**	**48,620**	**(1,419)**	**-**	**47,201**	**500**	**47,701**
Issue of share capital	6.1	7,983	-	-	-	7,983	-	7,983
Share-based payments	6.3	75	-	-	1,043	1,118	-	1,118
Disposal of Vista China	4.1			264		264		264
VCL share based payment	4.2	1,644		-	(1,644)	-	-	0
Acquisition of non-controlling interests		-	-	-	-	-	2,249	2,249
Balance at 31 December 2016		**55,654**	**71,281**	**(991)**	**1,695**	**127,639**	**10,728**	**138,367**
Balance at 1 January 2015		45,952	15,895	(429)	1,666	63,084	7,675	70,759
Profit/(loss) for the period		-	5,753	-	-	5,753	387	6,140
Other comprehensive income		-	-	593	-	593	(83)	510
Total comprehensive income		**-**	**5,753**	**593**	**-**	**6,346**	**304**	**6,650**
Share-based payments	6.3	-	-	-	1,643	1,643	-	1,643
2014 employee share based payment transactions - closed 2015	6.4	-	1,013	-	(1,013)	-	-	-
Balance at 31 December 2015		**45,952**	**22,661**	**164**	**2,296**	**71,073**	**7,979**	**79,052**

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Section	2016 NZ$'000	2015 NZ$'000
CURRENT ASSETS			
Cash	5.1	15,798	16,863
Short term deposits	5.1	5,540	10,437
Trade and other receivables	7.1	73,392	30,069
Income tax receivable		449	517
Total current assets		**95,179**	**57,886**
NON-CURRENT ASSETS			
Property, plant and equipment	7.3	4,162	2,380
Investment in associate	4.1	27,669	-
Goodwill	4.3	50,285	41,109
Intangible assets	7.2	12,789	9,152
Deferred tax asset	8.2	1,541	220
Total non-current assets		**96,446**	**52,861**
Total assets		**191,625**	**110,747**
CURRENT LIABILITIES			
Trade and other payables	7.5	14,519	6,637
Deferred revenue		22,473	14,476
Contingent consideration	4	3,122	1,253
Income tax payable		2,315	1,788
Total current liabilities		**42,429**	**24,154**
NON-CURRENT LIABILITIES			
Borrowings	5.3	4,848	4,792
Deferred revenue		3,444	-
Employee benefits - VCL acquisition		343	468
Provisions		279	-
Deferred tax liability	8.2	1,915	2,281
Total non-current liabilities		**10,829**	**7,541**
Total liabilities		**53,258**	**31,695**
Net assets		**138,367**	**79,052**
EQUITY			
Contributed equity	6.1	55,654	45,952
Retained earnings		71,281	22,661
Foreign currency revaluation reserve		(991)	164
Share based payment reserve	6.3	1,695	2,296
Total equity attributable to owners of the parent		**127,639**	71,073
Non-controlling interests	4.4	10,728	7,979
Total equity		**138,367**	**79,052**

For and on behalf of the Board who authorised these financial statements for issue on 24 February 2017.

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

FOR THE YEAR ENDED 31 DECEMBER 2016

	Section	2016 NZ$'000	2015 NZ$'000
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		69,247	60,113
Interest received		476	462
Payments to suppliers		(58,502)	(50,527)
Taxes paid		(5,484)	(3,114)
Interest paid		(317)	(339)
Net cash inflow from operating activities	5.2	**5,420**	6,595
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,353)	(1,059)
Purchase of intangible assets		(4,890)	(2,672)
Advance to associate		(1,121)	-
Acquisition of a business, net of cash acquired		(7,163)	(6,680)
Disposal of Vista China		(1,439)	
Net cash (applied to) investing activities		**(17,966)**	(10,411)
CASHFLOWS FROM FINANCING ACTIVITIES			
Issue of ordinary shares	6.1	7,983	-
Net cash inflow from financing activities		**7,983**	-
Net decrease in cash and short term deposits		(4,563)	(3,816)
Cash and short term deposits at the beginning of the year		27,300	30,746
Foreign exchange differences		(1,399)	370
Cash and short term deposits at end of year	5.1	**21,338**	**27,300**

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

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION ACCOUNTING POLICIES CRITICAL JUDGEMENTS

1. GENERAL INFORMATION

GENERAL INFORMATION

In the current year, the layout of these financial statements has been updated to present them in a way that is easier for the reader to understand. This has been achieved by including Accounting Policies and Critical Judgements alongside the notes and focusing on presenting the information in a manner that increases clarity and ease of understanding.

The notes are consolidated into nine sections. Each section contains an introduction which is indicated by the symbol above. The first section outlines general information about Vista Group and guidance on how to navigate through this document.

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out throughout the document where they are applicable. These policies have been consistently applied to all years presented, unless otherwise stated.

Accounting policies are identified by the symbol above.

CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE ACCOUNTING POLICIES

Further details of the nature of these Critical Judgements and estimates may be found throughout the financial statements as they are applicable and are identified by the symbol above.

GENERAL INFORMATION

These consolidated financial statements are for Vista Group International Limited (the ‘Company’ and its subsidiaries, collectively ‘Vista Group’) which 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 Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of Vista Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

In accordance with the Financial Markets Conduct Act 2013 because financial statements are prepared and presented for Vista Group, separate financial statements for the Company are no longer required to be prepared and presented.

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

These financial statements were approved by the Directors on 24 February 2017.

2. BASIS OF PREPARATION

This section outlines the legislation and accounting standards which have been followed in the preparation of these financial statements along with explaining the how the information has been aggregated.

2.1 KEY LEGISLATION AND ACCOUNTING STANDARDS

The consolidated financial statements of Vista Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). Vista Group is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand financial reporting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

The financial statements have been prepared on the basis of historical cost except for contingent consideration which is measured at fair value.

2.2 ADOPTION OF NEW ACCOUNTING STANDARDS

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting period and have not been early adopted by Vista Group. The key items applicable to Vista Group are:

NZ IFRS 15: Revenue from contracts with customers (effective date: annual periods beginning on or after 1 January 2018)
NZ IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018. Vista Group intends to adopt NZ IFRS 15 on its effective date and has yet to assess its full impact.

NZ IFRS 9: Financial Instruments (effective date: annual periods beginning on or after 1 January 2018)
NZ IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The standard is effective for accounting periods beginning on or after 1 January 2018. Vista Group intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

NZ IFRS 16: Leases (Effective date: periods beginning on or after 1 January 2019)
NZ IFRS 16, 'Leases', which replaces the current guidance in NZ IAS 17, was published by the International Accounting Standards Board (IASB) in January 2016. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers. Vista Group intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact.

There are no other standards that are not yet effective and that would be expected to have a material impact on Vista Group.

2.3 BASIS OF CONSOLIDATION

Vista Group's financial statements consolidate those of the Company, and its subsidiaries as at 31 December 2016. A subsidiary is an entity over which Vista Group has control. Control is achieved when Vista 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 to direct the activities of the investee.

Consolidation of a subsidiary begins when Vista Group obtains control over the subsidiary and ceases when Vista Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included within the statement of comprehensive income from the date Vista Group gains control until the date Vista Group ceases to control the subsidiary. All subsidiaries have a reporting date of 31 December. In preparing the consolidated financial statements, all inter entity balances and transactions and unrealised profits and losses arising within the consolidated entity have been eliminated in full. A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by Vista Group. Vista Group attributes total comprehensive income or loss of subsidiaries to the amounts of the Company and the non-controlling interests based on their ownership interests.

Vista Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of the Company.

2.4 FOREIGN CURRENCY

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of Vista Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in New Zealand Dollars (NZD), which is Vista Group's presentation currency. All financial information has been presented rounded to the nearest thousand dollars ($000).

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

The FCTR is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries for consolidation purposes.

GROUP COMPANIES

The results and financial position of all Vista Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows;

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
b) income and expenses for each income statement and statement of other comprehensive income, are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
c) all resulting exchange differences are recognised in other comprehensive income
d) goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other expenses.

2.5 INVESTMENT IN ASSOCIATE

Associates are those entities over which Vista Group is able to exert significant influence but which are not subsidiaries or jointly controlled entities. Vista Group's investment in an associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. In the event of loss of control of a subsidiary, resulting in an associate company, this is recognised initially at fair value. The carrying amount of the investment in associates is increased or decreased to recognise Vista Group's share of the profit or loss and other comprehensive income of the associate after the acquisition date. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Vista Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, Vista Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between Vista Group and its associates are eliminated to the extent of the Vista Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in section 7.4.

The financial statements of the associate are prepared for the same reporting period as Vista Group. When necessary, adjustments are made to bring the accounting policies in line with those of Vista Group.

2.6 GROUP INFORMATION

The financial statements include the following significant subsidiaries:

NAME	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	SHAREHOLDING 2016	SHAREHOLDING 2015
Vista Entertainment Solutions Limited	Software development and licensing	New Zealand	100%	100%
Virtual Concepts Limited	Holding company	New Zealand	100%	100%
Movio Limited	Provision of online loyalty data analytics and marketing	New Zealand	100%	100%
Movio Inc	Provision of online loyalty data analytics and marketing	USA	100%	100%
MACCS International B.V.	Software development and licensing	Netherlands	50.1%	50.1%
Vista Entertainment Solutions (UK) Limited	Software licensing	United Kingdom	100%	100%
Vista Entertainment Solutions (USA) Inc	Software licensing	USA	100%	100%
Vista Entertainment Solutions Shanghai Limited*	Software licensing	China	39.5%	100%
Book My Show Limited	Online cinema ticketing website	New Zealand	74%	74%
Book My Show (NZ) Limited	Online cinema ticketing website	New Zealand	74%	74%
Share Dimension B.V.	Software development and licensing	Netherlands	50%	-
S.C. Share Dimension S.R.L	Software development	Romania	50%	-
Flicks.co.nz Limited	Advertising sales	New Zealand	100%	-
Powster Limited	Marketing and creative solutions	United Kingdom	50%	-

*Vista Entertainment Solutions Shanghai Limited is no longer a subsidiary, see section 4.1 for details.

3. FINANCIAL PERFORMANCE

This section outlines further details of Vista Group's financial performance by building on information presented in the Statement of Comprehensive Income

3.1 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Vista Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

PRODUCTS

Product revenue comprises the sale of computer software licenses and is recognised when the significant risks and rewards of ownership have been transferred by making the software usable to the licensee. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible non-implementation and return of the software. In 2016 a fee related to the sale of an exclusive distribution right in China is recognised in this category. See section 4.1 for more detail.

MAINTENANCE

Maintenance services are billed in advance for a fixed term. Revenue is recorded within deferred revenue on the statement of financial position and recognised on a straight-line basis over the term of the contract billing period, as services are provided.

SERVICES

Services comprise of service fees which are one-off charges. Revenue is recognised when the service is complete or on a stage of completion basis.

DEVELOPMENT

Development revenue comprises the revenue associated with development effort as requested and paid for by customers. This category includes revenue associated with development services to deliver the localisation of Vista Group software under the reseller agreement with Vista China. See section 4.1.

OTHER REVENUE

Other revenue comprises revenue earned from advertising.

	Section	2016 NZ$'000	2015 NZ$'000
Product		39,153	21,750
Maintenance		35,124	31,427
Services		9,534	12,070
Development		4,321	-
Other		457	184
Total revenue		**88,589**	65,431

CRITICAL JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

As disclosed in 4.1, Vista Group entered into a reseller agreement with Vista China which included a number of performance obligations made by Vista Group. Management has applied judgement and estimation in determining the nature of these performance obligations, the time period over which these obligations will be satisfied, the associated revenue for each obligation and from this the amount of revenue that has been recognised for the year ended 31 December 2016.

3.2 SEGMENT REPORTING

Vista Group operates in a single vertical film/cinema market and is structured through operating subsidiaries that report monthly to the Chief Executive. The Chief Executive and the Board are considered to be the Chief Operating Decision Maker in terms of NZ IFRS 8 Operating Segments.

Vista Group operates across four regions. Asia Pacific (APAC) which comprises primarily Vista China, note that after the disposal of this entity (see section 4.1) non-current operating assets are reduced to nil in 2016 (2015: $127,000). The other three regions comprise Europe, Middle East and Africa (EMEA), the United States and Canada (Americas) and the Oceania region which consists of New Zealand and Australia, within which Vista Entertainment Solutions Limited and the Company, the parent company are included.

Revenue is reported via five main sources – Product, Maintenance, Services, Development and Other, there is no material indirect revenue source. No allocation of costs or assets is made against these revenue groups that would enable disclosure of segmented information in this way.

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 the Vista products in multiple jurisdictions. The revenues recognised via these independent resellers are not allocated geographically, rather they are shown within the Oceania and EMEA regions.

GEOGRAPHIC INFORMATION

REVENUE

2016	APAC	EMEA	AMERICAS	OCEANIA	Total NZ$'000
Product	4,809	11,849	10,695	11,800	39,153
Maintenance	849	9,264	12,700	12,311	35,124
Services	334	5,892	2,460	848	9,534
Development	554	896	936	1,935	4,321
Other	-	-	-	457	457
Total revenue	6,546	27,901	26,791	27,351	88,589

2015	APAC	EMEA	AMERICAS	OCEANIA	Total NZ$'000
Product	1,611	5,385	6,894	7,860	21,750
Maintenance	2,207	7,899	11,246	10,074	31,427
Services	172	5,875	3,919	(309)	9,656
Development	184	613	643	974	2,414
Other	-	-	130	54	184
Total revenue	4,174	19,772	22,832	18,653	65,431

No individual customer exceeded 10% of revenue in 2016 or 2015.

Non-current operating assets by location are presented in the following table. Note that investment in associate is excluded from the non-current assets balance presented.

GEOGRAPHIC INFORMATION

NON-CURRENT OPERATING ASSETS	2016 NZ$'000	2015 NZ$'000
Oceania	34,498	26,981
APAC	-	127
Americas	8,394	9,028
EMEA	25,885	16,725
Total non-current operating assets	**68,777**	**52,861**

4. ACQUISITIONS DISPOSALS AND BUSINESS COMBINATIONS

This section outlines how Vista Group has accounted for transactions to acquire new businesses and dispose of an existing subsidiary and how this has impacted the financial statements.

4.1 VISTA CHINA TRANSACTION

TRANSACTION DESCRIPTION

On 25 August 2016, Vista Group received final regulatory approval to establish a new venture with Bejing Weying Technology Co. Ltd (WePiao) to establish a new venture in China. Under the terms of the agreement, WePiao has acquired a 55.4% equity holding in Vista Entertainment Solutions (Shanghai) Limited (Vista China) via the combination of the purchase from Vista Group of 18.3% of the existing shares in Vista China and the issue of new shares. On completion of the transaction, Vista Group holds a 39.5% shareholding in Vista China, with the remaining 5.0% being held by a third party. Due to the revised shareholding in Vista China and Board composition, Vista Group ceased to have effective control of Vista China as of the completion date of the transaction. Holding two Board seats out of seven enables Vista Group to exercise significant influence over Vista China and therefore classifies this entity as an Associate and ceases to consolidate Vista China as of the completion date.

Under the Reseller Agreement, Vista China has been granted an exclusive distribution right for the initial period of ten years within mainland China, with a right of renewal, to all existing Vista Group software including Vista Cinema, VEEZI, Movio, MACCS and Numero. The Reseller Agreement specifies the payment of Localisation fees to Vista Group to cover the effort that must be invested to prepare Vista Group software products for further deployment in the China market. Support and Maintenance fees are also payable under the Reseller Agreement to cover customer support, training and upgrades to Vista Group software suite.

GAIN ON SALE OF VISTA CHINA

At the disposal date, the carrying value of the identifiable net assets in Vista China was $1.5m. Vista Group sold 18.3% of the shares in Vista China for $16.5m. The fair value of the retained 39.5% shareholding in Vista China has been valued by an independent valuation expert at $28.6m. Vista Group has recognised a gain on sale of $41.1m, calculated as follows;

	2016 NZ$'000
Consideration received or receivable	16,533
Fair value of the 40% of Vista China retained by Vista Group	28,583
	45,116
Less: carrying value of net assets of Vista China	(1,511)
Transaction costs	(2,272)
Foreign currency translation reserve	(264)
Gain on sale of Vista China before income tax	**41,069**
Income tax expense	-
Gain on sale of Vista China after income tax	**41,069**

CARRYING AMOUNTS OF VISTA CHINA

The carrying amounts of assets and liabilities for Vista China as at the date of sale 25 August 2016 were:

	25 August 2016 NZ$'000
Total non-current assets	126
Cash	4,723
Trade and other receivables	3,681
Total current assets	8,404
Total assets	**8,530**
Total non-current liabilities	(67)
Other current liabilities	(926)
Trade and other payables	(6,026)
Total liabilities	**(7,019)**
Net assets	**1,511**

Vista China was consolidated as a subsidiary for the period through 31 August 2016. During this period the entity contributed revenue of $6.7m and EBIT of $0.4m. Vista Group recognised an equity accounted loss for the period after which Vista China ceased to be consolidated of $0.9m. As at 31 December 2016, Vista Group holds a sundry receivable of $16.5m from WePiao for the purchase of 18.3% of the equity of Vista China. As at 31 December 2016, Vista Group also holds a trade receivable of $19.0m from Vista China. See section 4.4 for more information.

CRITICAL JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

Judgement and estimation is applied in determining the fair value of the 39.5% interest retained in Vista China following the sale of the controlling shareholding to Wepiao. An appropriately qualified independent expert was appointed by the Board who determined the fair value of the retained interest at $28.6m. The determination of this amount was based on the sale price for the 18.3% of Vista China sold by Vista Group and the amount at which new shares in Vista China were issued to Wepiao, adjusted to reflect a premium for control.

4.2 2016 ACQUISTIONS AND OTHER BUSINESS COMBINATIONS

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises cash and the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Vista Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes recognised in the statement of comprehensive income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the statement of comprehensive income.

POWSTER LIMITED

On 1 April 2016, Vista Group acquired a 50% shareholding in Powster Ltd (Powster). Powster is a London based business that provides bespoke marketing concepts and creative solutions to the film and entertainment industry.

This strategic acquisition continues Vista Group's strategy of creating a comprehensive suite of technology solutions for the global film industry. Vista Group will benefit from Powster's capability to deliver innovative digital marketing and operational solutions for distributors and exhibitors and as a result it will enhance Vista Group's product offering to studios. Powster will benefit from potential cost efficiencies from being part of Vista Group as well as leveraging Vista Group's relationships across its geographic locations and customer base.

The terms of the acquisition achieve effective control of Powster via Vista Group's ability to exercise majority voting rights. Accordingly, the investment in Powster is treated as a subsidiary and consolidated at the acquisition date.

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

	NZ$'000
Cash	7,188
Contingent consideration	2,493
Total purchase consideration	**9,681**

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

	NZ$'000
Property, plant and equipment	65
Cash on hand	1,994
Trade and other receivables	1,895
Tax payable	(726)
Trade and other payables	(134)
Net identifiable assets acquired	**3,094**
Non-controlling interest	1,547
Goodwill	8,134
Total purchase consideration	**9,681**

The fair value of trade receivables is $1.54m with no bad debt provision required as all customer accounts are deemed to be fully performing. The total amount of accounts receivable past due but not impaired was $0.9m.

CONTINGENT CONSIDERATION

The purchase agreement includes contingent consideration. Contingent consideration is payable in two tranches to be paid in April 2017 and April 2018 respectively. The Payment tranches are based upon the achievement of EBITDA (1) for the FY2016 and FY2017 periods. For the purposes of quantifying the amounts payable for each respective tranche, an estimate has been developed based on the expected performance of the Powster business for these financial years. The assumptions used have been validated by senior management. The estimated cashflows for each tranche have been discounted back to the balance date at a cost of capital of 8%, to be unwound over the period of the tranche as a finance charge.

(1) EBITDA is defined as earnings before net finance expenses, income tax, depreciation and amortisation

At the acquisition date, the fair value of the contingent consideration was estimated to be $2.5m. There has been no change to this estimate as at 31 December 2016. The maximum amount payable under the purchase agreement is uncapped, based on financial performance.

GOODWILL

Goodwill is attributable to Powster's ability to enable Vista Group to increase the breadth of its product offering to studios. Goodwill is also attributable to Powster's cost efficiencies provided by access to Vista Group's infrastructure and customer network. Goodwill is not deductible for tax purposes.

Vista Group elected to measure the non-controlling interest in the acquiree as a proportion of net assets acquired.

Revenue included in the consolidated income statement from 1 April 2016 to 31 December 2016 is $3.9m. Powster contributed net profit before tax of $2.1m for the same period. Had Powster been consolidated from 1 January 2016, the impact on the statement of comprehensive income for the period ended 31 December 2016 would have been an increase in revenue to $5.0m and an increase in net profit before tax to $2.3m.

SHARE DIMENSION BV

On 4 January 2016, Vista Group acquired a 50% shareholding in Share Dimension B.V. a Netherlands based software development company. Share Dimension B.V. and its subsidiary S.C. Share Dimension S.R.L. are Dutch and Romanian software development companies respectively, specialising in predictive analytics applications for cinema exhibitors. Their flagship product Cinema Intelligence, offers a collection of modules aimed at optimising the scheduling of films to increase the profitability of cinema exhibitors.

The strategic partnership presents benefits to both parties. Share Dimension gains market access opportunities to Vista Group's customer network, whilst Vista Group gains access to new and additional technology for its customers. Creating a strong integration between the products will increase the velocity of the uptake of the Share Dimension product.

Vista Group acquired a 50% shareholding in Share Dimension. Effective control of Share Dimension is achieved as a result of Vista Group controlling the majority voting rights of the Supervisory Board. Accordingly, the investment in Share Dimension is treated as a subsidiary and consolidated as of the acquisition date. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	NZ$'000
Cash	2,235
Total purchase consideration	**2,235**

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

	NZ$'000
Property, plant and equipment	53
Intangible assets	419
Cash on hand	701
Trade and other receivables	409
Trade and other payables	(568)
Net identifiable assets acquired	**1,014**
Non-controlling interest	507
Goodwill	1,728
Total purchase consideration	**2,235**

GOODWILL

Goodwill is attributable to integrating Share Dimension's technology platform creating new opportunities and markets for Vista Group. Goodwill is not deductible for tax purposes.

CONTINGENT CONSIDERATION

The purchase agreement includes contingent consideration. Contingent consideration is payable in two tranches to be paid in April 2017 and April 2018 respectively. The payment tranches are based upon the achievement of specified total revenue, recurring revenue and EBITDA (1) targets for the FY2016 and FY2017 periods. Based on the forecasts provided by Share Dimension, an estimate has been developed to calculate the amounts payable for both these financial years. The calculation assumptions used have been validated by senior management. At acquisition date and 31 December 2016, the fair value estimate of the contingent consideration payable is nil. The maximum amount of contingent consideration payable under the purchase agreement is uncapped, based on financial performance.

Vista Group elected to measure the non-controlling interest in the acquiree as a proportion of net assets acquired. Revenue included in the consolidated income statement from 1 January 2016 to 31 December 2016 is $0.58m. Share Dimension contributed a net loss before tax of $1.31m for the same period.

FLICKS.CO.NZ LIMITED

On 8 April 2016, Vista Group acquired 100% of the shares of Flicks.co.nz Limited (Flicks), a company based in Auckland, New Zealand. Flicks is New Zealand's most complete and up-to-date source of movie, cinema and session time information.

Vista Group acquired Flicks because of its strong position in the New Zealand cinema industry and the potential for synergies to be realised through combination with Vista Group.

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

	NZ$'000
Cash	604
Deferred purchase price	130
Total purchase consideration	**734**

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

	NZ$'000
Property, plant and equipment	3
Intangible assets	38
Cash on hand	55
Trade receivables	78
Trade and other payables	(44)
Net identifiable assets acquired	**130**
Goodwill	604
Total purchase consideration	**734**

The fair value of trade receivables is $78,000 with any individual debts that were known to be uncollectable written off in the period within which they were identified.

GOODWILL

Goodwill is attributable to Flicks' strong position in the New Zealand cinema industry and the potential for synergies to be realised when combined within Vista Group. Goodwill is not deductible for tax purposes.

The deferred purchase price of $0.14m (20% of the purchase price) is to be paid on the first anniversary following the completion date. The payment of the deferred purchase price was contingent at the time of the transaction upon the achievement of certain performance criteria for the year ended 31 March 2016. Upon receipt of the 31 March 2016 accounts, it was deemed that the performance criteria were achieved and therefore the deferred purchase price is expected to be paid and is therefore recognised as part of the business combination.

The deferred purchase price payment is discounted for one year at 8%. Therefore, the total amount recognised as part of the business combination is $0.13m with a finance charge over the period 1 April 2016 to 31 March 2017.

The acquired business contributed revenues of $0.45m and net profit before tax of $0.06m to Vista Group for the period 8 April 2016 to 31 December 2016. Had Flicks been consolidated from 1 January 2016, the impact on the statement of comprehensive income for the full year period ended 31 December 2016 would have been an increase in revenue to $0.58m and an increase in net profit before tax to $0.09m.

VIRTUAL CONCEPTS LIMITED (VCL) - ACQUISITION OF REMAINING 43% OF SHARE CAPITAL IN 2014

The acquisition of the remaining 43% of VCL (trading as Movio Limited) in August 2014 included contingent consideration that was payable to the former owners in the form of cash and shares. Contingent consideration is payable in three tranches on 1 April 2016, 1 April 2017 and 1 April 2018. As at 31 December 2016, the first tranche had been paid in line with the estimate made at 31 December 2015 and amounted to $0.7m in cash and $1.6m in shares. At the reporting date, the fair value of the remaining contingent consideration to be paid in the second tranche in 2017 was revised down by $0.5m. Amounts related to the third tranche payable in 2018 remain unchanged and currently expected to be paid on the date specified above.

The table summarises the changes in estimates in the contingent consideration for VCL:

Total contingent consideration at 31 December 2016	Revised estimate NZ$'000	Original estimate NZ$'000	Movement NZ$'000
- Cash (current)	1,063	1,226	(163)
- Cash (non-current)	343	343	-
- Cash (Shares)	936	1,247	(311)
	2,342	**2,816**	**(474)**

Vista Group has recognised a liability in regards to amounts to be settled in shares of $0.9m. This will be settled by a variable number of shares depending upon the share price at exercise. The number of shares will be based upon the average share price for the 30 days preceding exercise date.

Further details related to the acquisition of VCL are included in the 2015 Annual Report.

TICKETSOFT

In April 2015, Vista Group acquired the assets of US based cinema software company Ticketsoft. The total consideration to acquire the assets of Ticketsoft included contingent consideration of $1.8m, payable quarterly through to September 2016. Payment is based upon the achievement of certain performance obligations, primarily the number of sites transitioned to Vista Group software. During 2015, $0.5m was paid out as contingent consideration based on sites deployed during that period.

At 31 December 2016, the estimated total pay-out under the contingent consideration has been adjusted down from $1.75m to $1.15m. The updated calculation is based upon a revised estimate of the number of sites expected to transition. The impact of $0.6m from the revised estimate is recognised through the Statement of Comprehensive Income within acquisition costs.

PREVIOUS ACQUISITIONS

Details of acquisitions during the year ended 31 December 2015 are included in the 2015 Annual Report.

4.3 GOODWILL

	2016 NZ$'000	2015 NZ$'000
Gross carrying amount		
Balance 1 January	44,663	37,270
Acquisition through business combinations (see Section 4.2)	10,466	7,015
Disposals	-	-
Exchange differences	(1,290)	378
Balance 31 December	**53,839**	**44,663**
Accumulated impairment		
Balance 1 January	(3,554)	(3,554)
Balance 31 December	**(3,554)**	(3,554)
Carrying amount 31 December	**50,285**	**41,109**

Goodwill can be analysed as follows:

	NZ$'000	NZ$'000
Vista Entertainment Solutions Limited (VESL)	12,865	12,461
Virtual Concepts Limited (VCL)	16,970	16,965
MACCS International BV (MACCS)	11,165	11,683
Share Dimension BV (Share Dimension)	1,762	-
Powster Limited (Powster)	6,919	-
Flicks.co.nz Limited (Flicks)	604	-
Goodwill allocation at 31 December	**50,285**	**41,109**

The Directors have carried out an annual impairment review of goodwill allocated to the CGU's, in order to ensure that recoverable amounts exceed aggregate carrying amounts (see section 7.4 for key assumptions and sensitivity analysis).

4.4 OTHER RELATED PARTIES

ASSOCIATE COMPANIES

VISTA CHINA

Vista Group has a 39.5% interest in Vista China (see section 4.1 for details), a material associate company that has been accounted for using the equity method in the consolidated financial statements. Vista Group commenced equity accounting for Vista China, formerly a subsidiary, on the date after which control ceased, being 1 September 2016.

Subsequent to 1 September 2016, the types of related party transactions undertaken were defined under the reseller agreement. The reseller agreement specifies transactions related to localisation work, support and maintenance fees and payment for an exclusive 10 year distribution right for all Vista Group software with a right of renewal for another 10 year period. At the commencement date of the transaction with Wepiao there was an outstanding receivable of $3.9m from Vista China which is included in the total outstanding balance as at 31 December 2016.

ENTITY	NATURE OF TRANSACTIONS	RECEIVABLES / (PAYABLE) 2016 NZ$'000	RECEIVABLES / (PAYABLE) 2015 NZ$'000
Vista Entertainment Solutions Shanghai Limited	Related party receivable	19,010	-
Vista Entertainment Solutions Shanghai Limited	Related party payable	(1,280)	-
Total exposure		17,730	-

Related party transactions for the 4 months ended 31 December 2016 include:

	31 DECEMEBER 2016 NZ$'000
License fees	2,462
Development fees	5,793
Maintenance fees	5,572
Receivable owing prior to associate status	5,183
Total	**19,010**

As at 31 December 2016, only $3.4m of the fees identified above had been recognised as revenue in Vista Group with the remaining balance of $16.6m held on the Statement of Financial Position as deferred revenue which is estimated to be earned and recognised over the next 3 years.

All of the 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 four month period subsequent to disposal. This has been amended to reflect adjustments made by entity when using the equity method including modifications for differences in accounting policies.

Result for the four month period ending 31 December 2016	NZ$'000
Revenue	**3,391**
Total expenses	(5,740)
Operating loss	**(2,349)**
Finance income	37
Loss for the period	**(2,312)**
Vista Group equity accounted interest	39.5%
Vista Group equity accounted loss for the period	**(914)**

A summarised statement of financial position as at 31 December 2016 is presented below:

Statement of Financial Position as at 31 December 2016	NZ$'000
Cash	40,173
Trade and other receivables	8,256
Total current assets	48,429
Total non-current assets	154
Total assets	**48,583**
Total current liabilities	**(27,656)**
Net assets	**20,927**
Total equity	**20,927**

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

Carrying value as at 31 August 2016	28,583
Equity accounted loss for the period	(914)
Investment in associate	**27,669**

NUMERO LIMITED

Vista Group has a 50% interest in Numero Limited, an associate that is accounted for using the equity method in the consolidated financial statements. Vista Group has ceased to recognise further losses during the year related to Numero as accumulated losses would exceed Vista Group's equity interest.

Vista Group’s related parties include its associate company, Numero Limited. All of the 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 (2015: $Nil).

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

ENTITY	NATURE OF TRANSACTIONS	RECEIVABLES / (PAYABLE) 2016 NZ$'000	RECEIVABLES / (PAYABLE) 2015 NZ$'000
Numero Limited	Related party loan	2,621	1,500
Numero Limited	Constructive obligation	(50)	(50)
Numero Limited	Related party receivable	2,792	1,910
Total		**5,363**	**3,360**

The related party transactions incurred during the year include:

	31 DECEMEBER 2016 NZ$'000
Recharges - license fees	396
Recharges - development fees	523
Recharges - other advances	(37)
Total	**882**

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. The Company has not recorded any impairment of the balance receivable as at 31 December 2016 (2015: $Nil) due to the Board’s confidence in future performance of Numero, based on the budget for the coming year and forecasts beyond 2017.

Vista Group ceased to recognise further losses related to the associate company Numero in 2015. 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 year Numero made a loss of $1.26m, Vista Group’s share being $0.63m (2015: $0.75m).

At balance date, Vista Group has continued to recognise a constructive obligation of $50,000 (2015: $50,000).

COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel include Vista Group's Board of Directors and senior management.

Key management personnel remuneration includes the following expenses:

	2016 NZ$'000	2015 NZ$'000
Salaries including bonuses	2,730	1,762
Share based payments	-	36
Directors fees	236	305

During 2016 the number of employees classified as senior management increased from six at the end of 2015 to ten, due to organisational changes and acquisitions. Effective from 1 July 2016, Kirk Senior, Chairman of Vista Group became executive Chairman and his remuneration was reclassified from that point onwards from Directors fees to Salaries including bonuses in the table above.

5. CASH AND CASH FLOWS

This section builds on information from the Statement of Cash Flows and provides details on the cash and cash equivalents and term deposits held on the balance sheet. This section also provides details of a range of financial risks associated with these balances and how Vista Group manages these risks.

5.1 CASH AND SHORT TERM DEPOSITS

CASH

Cash comprises cash at bank and on hand.

SHORT TERM DEPOSITS

Short term deposits, which are subject to an insignificant risk of changes in value are presented on the statement of financial position.

	2016 NZ$'000	2015 NZ$'000
Cash	15,798	16,863
Short term deposits	5,540	10,437
Total cash and short term deposits	**21,338**	**27,300**

5.2 RECONCILIATION OF NET SURPLUS TO CASH FLOWS

Section	2016 NZ$'000	2015 NZ$'000
Net profit / (loss) after tax	**49,480**	**6,140**
Non-cash items:		
Amortisation	2,308	1,216
Depreciation	1,044	781
Share based payment expense	1,118	2,259
Unwinding of discount on contingent consideration	289	164
Capital gain on sale of Vista China	(41,069)	-
Acquisition expenses	1,068	-
Loss from investment in associate	914	-
Foreign exchange movements	(295)	(872)
Allowance for bad debts	(25)	36
	(34,648)	**3,584**
Movements in working capital		
Increase / (decrease) in related party in trade and other payables	1,171	-
(Increase) / decrease in related party trade and other receivables, net of deferred revenue	(5,183)	-
Increase / (decrease) in trade and other payables	9,551	1,322
(Increase) / decrease in trade and other receivables, net of deferred revenue	(12,986)	(5,318)
Increase / (decrease) in taxation receivable and payable	(1,965)	867
Net change in working capital	**(9,412)**	**(3,129)**
Net cash flows from operating activities	**5,420**	**6,595**

5.3 BORROWINGS

Borrowings are initially recognized at fair value less directly attributable transactions costs and subsequently measured at amortised cost using the effective interest method. Borrowing costs are expensed as incurred.

In November 2013, Vista Group established a $2.0m commercial credit facility with ASB Bank Limited to fund working capital requirements. The interest rate is floating at 6.10% (2015: 6.4%) per annum with no set expiry date. At balance date, there was no draw down against this facility.

In March 2014, Vista Group established a EUR 3.0 million facility with ASB Bank Limited to acquire 25.1% of the share capital of MACCS International BV. The loan matures on 12 March 2020 and the current interest rate is 2.85% (2015: 2.66%) per annum.

Security for both the commercial credit facility and the Euro loan with ASB Bank Limited is secured by a general security agreement under which the Bank has a security interest in all Vista Group's tangible assets. Covenants in place include a total equity and EBITDA covenant which are reported quarterly. Vista Group has been fully compliant with all covenants for the year.

	2016 NZ$'000	2015 NZ$'000
Related party loan	303	-
Bank borrowings	4,545	4,792
Total borrowings	**4,848**	**4,792**

5.4 FINANCIAL RISK MANAGEMENT

Vista Group is exposed to three main types of risks in relation to financial instruments, which are market (foreign currency risk and interest rate risk), credit and liquidity.

Vista Group's risk management framework is set by the Board and implemented by management. It's focus includes actively monitoring and securing Vista Group's short to medium-term cash flows by minimising the exposure to financial markets. The most significant financial risks to which Vista Group is exposed are described below.

FOREIGN CURRENCY RISK

Most of Vista Group's transactions carry a component that is ultimately repatriated back to NZD. Exposures to currency exchange rates arise from overseas sales, which are primarily denominated in US dollars (USD), Pounds Sterling (GBP), Australian dollars (AUD) and Euros (EUR).

To mitigate exposure to foreign currency risk, non-NZD cash flows are monitored in accordance with the Vista Group's risk management policies. Vista Group's risk management policies include treasury management and foreign exchange policies the implementation of which is set and reviewed regularly by the Board. Vista Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows (due after 6 months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. The foreign exchange policy does allow for the use of hedging activity, however to date these instruments have not been utilised.

Foreign currency denominated financial assets and liabilities which expose Vista Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into NZD at the closing rate:

	USD	GBP	EUR	AUD	RMB
	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000
31 December 2016				-	
Financial assets					
Cash	6,390	3,220	2,835	984	-
Trade receivables	14,912	4,676	3,978	979	13,827
Sundry receivables	-	-	-	-	16,510
Financial liabilities					
Trade payables	(677)	(260)	(376)	(188)	(2,197)
Borrowings	-	-	(4,848)	-	-
Contingent consideration	(735)	(2,250)	-	-	-
Total exposure	19,890	5,386	1,589	1,775	28,140
31 December 2015					
Financial assets					
Cash	5,050	8	324	137	1,329
Trade receivables	7,460	77	1,437	942	2,010
Sundry receivables	-	-	-	-	-
Financial liabilities					-
Trade payables	(62)	-	(30)	(2)	(27)
Borrowings	-	-	(4,792)	-	-
Contingent consideration	(1,253)	-	-	-	-
Total exposure	11,195	85	(3,061)	1,077	3,312

The following table illustrates the sensitivity of profit or loss and equity in regards to Vista Group's financial assets and financial liabilities affected by USD/NZD exchange rate the GBP/NZD exchange rate, the EUR/NZD exchange rate and AUD/NZD exchange rate 'all other things being equal'. It assumes a +/- 10% change of the NZD/USD exchange rate for the year ended at 31 December 2016 (2015: 10%). A +/- 10% change is considered for the NZD/GBP exchange rate (2015: 10%). A +/- 10% change is considered for the NZD/AUD exchange rate (2015: 10%). A +/- 10% change is considered for the NZD/EUR exchange rate (2015: 10%). These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on Vista Group's foreign currency financial instruments held at each reporting date.

			PROFIT / EQUITY		
	USD	GBP	EUR	AUD	RMB
	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000
31 December 2016				-	
10% strengthening in NZD	(1,808)	(490)	(144)	(161)	(2,558)
10% weakening in NZD	2,210	598	177	197	3,127
31 December 2015					
10% strengthening in NZD	(1,018)	(8)	278	(98)	-
10% weakening in NZD	1,244	9	(340)	120	-

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of Vista Group's exposure to market risk.

INTEREST RATE RISK

Vista Group's interest rate risk primarily arises from long-term borrowing, cash, short term deposits and advances to associates. Borrowings and deposits at variable rates expose Vista Group to cash flow interest rate risk. Borrowings and deposits at fixed rates expose Vista Group to fair value interest rate risk.

The following tables set out the interest rate repricing profile and current interest rate of the interest bearing financial assets and liabilities.

AS AT 31 DECEMBER 2016	EFFECTIVE INTEREST RATE	FLOATING	FIXED UP TO 3 MONTHS	FIXED UP TO 6 MONTHS	FIXED UP TO 5 YEARS	TOTAL
		NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000
Assets						
Advance to Numero	10%	-	-	-	2,621	2,621
Short term deposits	2.33%	-	5,540	-	-	5,540
Cash		15,798	-	-	-	15,798
		15,798	5,540	-	2,621	23,959
Liabilities						
Bank borrowings	2.85%	-	-	-	(4,545)	(4,545)
Related party loan	5%	-	-	-	(303)	(303)
		-	-	-	(4,848)	(4,848)
Total exposure		**15,798**	**5,540**	**-**	**(2,227)**	**19,111**

Profit or loss is sensitive to higher / lower interest income / expense from cash and short term deposits as a result of changes in interest rates.

AS AT 31 DECEMBER 2016	EFFECTIVE INTEREST RATE +1%	EFFECTIVE INTEREST RATE -1%
	NZ$'000	NZ$'000
Assets		
Cash	158	(158)
Short term deposits	5	(5)
Total exposure	**163**	**(163)**

CREDIT RISK

Credit risk is the risk that a counterparty fails to discharge an obligation to Vista Group. Vista Group is exposed to this risk for various financial instruments, for example trade and sundry receivables and deposits with financial institutions. The maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December, as summarised section 9.4.

Vista Group continuously monitors defaults of customers and other counterparties, identified either individually or by Vista Group, and incorporates this information into its credit risk controls. Vista Group's policy is to deal only with creditworthy counterparties.

At 31 December Vista Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired because of the nature of contracts and the longevity of ongoing customer relationships. The amounts at 31 December, analysed by the length of time past due, are:

	2016	2015
	NZ$'000	NZ$'000
Not more than 3 months	10,881	8,450
Between 3 months and 4 months	580	1,267
Over 4 months	4,241	3,988
	15,702	**13,705**

As at 31 December 2016, Vista Group holds a receivable from its associate company, Vista Entertainment Solutions Shanghai Limited, amounting to $19.0m, $5.2m of which is presented above and is not more than 3 months past due. The transaction driving this receivable primarily relates to the Wepiao transaction as Vista China ceased to be a subsidiary and became an associate. See section 4.1 for more detail.

In respect of trade receivables, Vista Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and short term deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

LIQUIDITY RISK

Liquidity risk is the risk that Vista Group might be unable to meet its obligations. Vista Group's objective is to maintain a balance between continuity of funding and flexibility through monitoring of cash and short term deposits and the use of bank overdrafts and bank loans (see note 5.3). Vista Group's policy is that not more than 25% of borrowings should mature in the next 12-month period. No debt will mature in less than one year at 31 December 2016 (2015: Nil) based on the carrying value of borrowings reflected in the financial statements. Vista Group assessed the concentration of risk with respect to refinancing its debt as being low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Vista Group has significant cash balances held as cash on hand and in short term deposits of $21.3m (refer section 5.1). The dividend policy is to distribute between 30% to 50% of net profit after tax subject to immediate and future growth opportunities and identified capital expenditure requirements. At balance date Vista Group has a NZD $2m on call credit facility with the ASB, against which there has been no draw down.

The table below summarises the maturity profile of Vista Group's non-derivative financial liabilities based on contractual undiscounted payments.

	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	> 5 YEARS	TOTAL
	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000
2016						
Trade payables	-	6,229	-	-	-	6,229
Sundry accruals	-	4,231	-	-	-	4,231
Borrowings	-	-	-	4,848	-	4,848
Interest on borrowings	-	32	97	308	-	437
Contingent consideration	-	-	3,122	-	-	3,122
	-	**10,492**	**3,219**	**5,156**	**-**	**18,867**
2015						
Trade payables	-	762	-	-	-	762
Sundry accruals	-	2,918	-	-	-	2,918
Borrowings	-	-	-	4,792	-	4,792
Interest on borrowings	-	32	96	22	-	150
Contingent consideration	-	-	1,253	-	-	1,253
	-	3,712	1,349	4,814	-	9,875

6. CAPITAL STRUCTURE

This section outlines Vista Group's capital structure and details of share based employee incentives which have an impact on Vista Group's equity.

EQUITY, RESERVES AND DIVIDEND PAYMENTS

Share capital represents the nominal value of shares that have been issued. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Retained earnings include all current and prior period retained profits. Dividend distributions payable to equity shareholders are included in trade and other payables when the dividends have been approved by the Board on or before the end of the reporting period but not yet distributed. All transactions with owners of the parent are recorded separately within equity.

All shares are ordinary authorised, issued and fully paid shares. They all have equal voting rights and share equally in dividends and any surplus on winding up. The shares have no par value.

6.1 CONTRIBUTED EQUITY

	2016 No. of shares 000's	2015 No. of shares 000's	2016 NZ$'000	2015 NZ$'000
Shares issued and fully paid:				
Beginning of the year	79,973	79,973	45,952	45,952
Ordinary shares issued during the year	1,967	-	9,702	-
Total shares authorised at 31 December	**81,940**	**79,973**	**55,654**	**45,952**

During the 2016 financial year, 1,967,204 shares were issued (2015: Nil). A total of 314,076 shares were issued for no consideration in respect to share-based payments related to VCL contingent consideration (refer note 4.2). A total of 14,323 shares were issued in respect to an employee incentive agreement for no consideration. A total of 1,638,805 representing 2% of total Vista Group shares were issued to Weying NZ (BVI) Limited, a 100% owned subsidiary of Vista Group's China joint partner WePiao for consideration of $8.0m. Refer to section 4.1 for detail.

6.2 EARNINGS PER SHARE AND DIVIDENDS

EARNINGS PER SHARE

Vista Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares in issue during the year.

Diluted EPS reflects any commitments Vista Group has to issue shares in the future that would decrease EPS. In 2016, these are in the form of share based payments and performance rights. To calculate the impact it is assumed that share based payments related to FY16 earning targets are achieved and all the performance rights are taken, therefore adjusting the weighted average number of shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	2016 NZ$'000	2015 NZ$'000
Profit attributable to ordinary shareholders of the Parent for basic earnings	48,620	5,753
Profit attributable to ordinary shareholders of the Parent adjusted for the effect of dilution	48,620	5,753
Weighted average number of shares in basic earnings per share	80,356	79,973
Shares deemed to be issued for no consideration in respect of share-based payments	434	203
Weighted average number of shares used in diluted earnings per share	80,932	80,463
EPS	$0.61	$0.07
Diluted EPS	$0.60	$0.07

DIVIDENDS

Vista Group intends to pay an annual dividend for 2016. The dividend at 50%, will be at the top end of the policy range. This will be based on the profit after tax for the year attributable to owners of the parent after adjustment for the capital gain related to the disposal of Vista China.

6.3 SHARE BASED PAYMENTS

EQUITY SETTLED LONG TERM INCENTIVE SCHEME

During the 2015 financial year, the Directors approved and implemented an equity settled long-term incentive scheme for selected key management personnel. During the 2016 financial year the Directors issued the 2016 Long Term Incentive Scheme, under identical terms and conditions. The Long Term Incentive Scheme is intended to focus performance on achievement of key long term performance metrics, refer to note 6.4 for more details of the scheme.

SHARE BASED PAYMENT RESERVE

The share based payment reserve is used to record any equity share based incentives. The reserve value represents the difference between the value at the time of allocation and the cash received incentives plus the equity component of contingent consideration payable.

6.4 EQUITY SETTLED LONG TERM INCENTIVE SCHEME

During 2016, the Directors approved the second annual issue of an equity settled Long Term Incentive Scheme implemented in 2015 for selected key management personnel ("Participants"). The plan is intended to focus performance on achievement of key long term performance metrics.

The allocation of performance rights is based on a percentage of annual base salary, adjusted by a risk factor calculated using the Monte Carlo valuation model. Performance rights are granted under the plan for no consideration and carry no dividend or voting rights. Participation in the scheme is at the Board's discretion and participants in the scheme are not guaranteed a place from year to year.

The amount of performance rights that will vest depends on Vista Group's relative Total Shareholder Return ("TSR") to shareholders. Vesting of performance rights is dependent upon Vista Group achieving relative TSR targets over a two and three year performance period, against all other NZX50 companies (excluding Vista Group), with 50% of the value of rights allocated under each target. Vesting of the performance rights is defined by the following table:

PERCENTILE PERFORMANCE AGAINST NZX50 COMPANIES	VESTING PERFORMANCE RIGHTS
Less than 50th percentile	Zero
50th - 75th percentile	50% to 75% pro-rata on a straight line basis
Greater than 75th percentile	100%

TSR is measured by the change in TSR from the start date of the grant period until the end of the performance period (two years and three years). The scheme allows the carry forward of any performance rights that do not vest in the first vesting period to be eligible to vest in the vesting period for the second tranche of performance rights. The scale at which carried over rights may vest at the end of the tranche two vesting period shall commence at the TSR percentile achieved in respect of the tranche one vesting period.

The fair value of rights granted is recognised as an employee expense in the statement of comprehensive income with a corresponding increase in the employee share based payments reserve. The fair value is measured at grant date and amortised over the vesting periods. Vista Group has recognised $0.55m of employee expenses during the year ended 31 December 2016 (2015: $0.2m).

The fair value of the rights granted is measured using Vista Group share price as at the grant date less the present value of the dividends forecast to be paid prior to each vesting date. When performance rights vest, the amount in the share based payments reserve relating to those rights are transferred to share capital. When any vested performance rights lapse upon employee termination, the amount in the share based payments reserve relating to those rights is transferred to retained earnings.

Set out below are summaries of performance rights granted under the plan:

GRANT DATE	EXPIRY DATE	TOTAL VALUE OF GRANTED PERFORMANCE RIGHTS $000's	PERFORMANCE RIGHTS GRANTED AT 31 DECEMBER 2016 000's
1 January 2015	1 April 2017	248	103
1 January 2015	1 April 2018	248	100
1 January 2016	1 April 2018	413	115
1 January 2016	1 April 2019	413	116
		1,322	**434**

		2016		2015
		000		000
GRANT DATE	AVERAGE EXCERCISE PRICE PER PERFORMANCE RIGHT	NUMBER OF PERFORMANCE RIGHTS	AVERAGE EXCERCISE PRICE PER PERFORMANCE RIGHT	NUMBER OF PERFORMANCE RIGHTS
As at 1 January	$2.44	206		-
Granted during the year	$3.62	231	$2.44	206
Exercised during the year		-		-
Forfeited during the year	$3.62	(3)		-
As at 31 December	**$3.11**	**434**	**$2.44**	**206**

VIRTUAL CONCEPTS LIMITED (VCL) INCENTIVE SCHEME

Certain employees of VCL receive remuneration in the form of share based payments contingent upon achieving certain annual milestones as part of the acquisition of VCL. The cost is recognised within acquisition expenses in the statement of comprehensive income, refer to section 4.2 for more details of the scheme.

EXPENSES ARISING FROM SHARE BASED PAYMENT TRANSACTIONS

The expense recognised for employee services received during the year is shown in the following table and are included within operating expenses:

	Section	2016 NZ$'000	2015 NZ$'000
Expenses arising from VCL acquisition		1,564	1,435
Equity settled LTI scheme		551	208
Total expense		**2,115**	1,643

6.5 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

Vista Group's capital management objective is to provide an adequate return to its shareholders. This is achieved by pricing products and services commensurately within the level of risk.

Vista Group monitors capital requirements to ensure that it meets its lending covenant obligations and to maintain an efficient overall financing structure. At balance date Vista Group maintains low levels of debt.

The amounts managed as capital by Vista Group for the reporting periods under review are summarised as follows:

	2016 NZ$'000	2015 NZ$'000
Consolidated shareholders' funds	**138,367**	79,052
Consolidated assets	**191,625**	110,747
Capital ratio	**72%**	71%

7. ASSETS AND LIABILITES

This section outlines further details of Vista Group's financial performance by building on information presented in the Statement of Financial Position

7.1 TRADE AND OTHER RECEIVABLES

	2016 NZ$'000	2015 NZ$'000
Trade receivables	45,440	23,653
Sundry receivables	19,979	2,163
Accrued revenue	987	-
Prepayments	1,573	843
Related party loan (see Section 4.4)	2,621	1,500
Related party receivables – trading (see Section 4.4)	2,792	1,910
Total trade and other receivables	**73,392**	**30,069**

Vista Group has recognised a loss of $5,000 (2015: $36,000) in respect of bad and doubtful trade receivables during the year ended 31 December 2016. The loss has been included in administration expenses. The impairment allowance included in trade receivables as at 31 December 2016 was $110,000 (2015: $160,000). Sundry receivables include a receivable of $16.5m from Wepiao related to the equity purchase of 18.3% of Vista China. See section 4.1. Trade receivables include a receivable of $19.0m from Vista China. See section 4.4 for more detail.

ASSESSMENT OF THE DOUBTFUL DEBT PROVISION

The assessment of providing for doubtful debts involves judgement. The collectability of trade receivables and sundry receivables is reviewed on an on-going basis. A provision for impairment is established when there is objective evidence that Vista Group will not be able to collect an amount due according to the original terms of the receivable. See section 5.4 for detail.

7.2 INTANGIBLE ASSETS

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

DEVELOPMENT COSTS AND INTERNALLY GENERATED SOFTWARE

Costs associated with maintaining computer software programmes are recognised as an expense within the statement of comprehensive income as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Vista Group are recognised as intangible assets only when all of the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred within operating expenses. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

INTELLECTUAL PROPERTY

Intellectual property has been acquired through business combination. Customer relationships include the purchase of existing customer bases via an existing license agreement or business combination. Software licenses include the purchase of third party software in the normal course of business. Internally generated software is recognised on the basis described above.

Intangible assets are amortised on a straight-line basis over the following useful economic lives:

- Intellectual property — 4 to 15 years;
- Customer relationships — 4 to 15 years;
- Software licenses — 2.5 years;
- Internally generated software — 3 to 5 years based on their estimated useful life

Refer to section 7.4 for policies on goodwill measurement and impairment testing

2016	INTERNALLY GENERATED SOFTWARE NZ$'000	SOFTWARE LICENSES NZ$'000	INTELLECTUAL PROPERTY NZ$'000	CUSTOMER RELATIONSHIPS NZ$'000	TOTAL NZ$'000
Gross carrying amount					
Balance 1 January 2016	643	2,260	1,608	6,469	10,980
Additions – acquired	-	64	-	1,117	1,181
Internally generated software	4,171	-	-	-	4,171
Acquisition through business combinations (see Section 4.2)	-	38	419	-	457
Exchange differences	-	-	(87)	(311)	(398)
Balance 31 December 2016	**4,814**	**2,362**	**1,940**	**7,275**	**16,391**
Accumulated amortisation					
Balance 1 January 2016	-	(523)	(211)	(1,094)	(1,828)
Amortisation	(96)	(152)	(624)	(1,436)	(2,308)
Exchange differences	-	-	162	372	534
Balance 31 December 2016	**(96)**	**(675)**	**(673)**	**(2,158)**	**(3,602)**
Carrying amount 31 December 2016	**4,718**	**1,687**	**1,267**	**5,117**	**12,789**

2015	INTERNALLY GENERATED SOFTWARE NZ$'000	SOFTWARE LICENSES NZ$'000	INTELLECTUAL PROPERTY NZ$'000	CUSTOMER RELATIONSHIPS NZ$'000	TOTAL NZ$'000
Gross carrying amount					
Balance 1 January 2015	-	2,136	1,408	3,413	6,957
Additions – acquired	-	100	-	1,929	2,029
Internally generated software	643	-	-	-	643
Acquisition through business combinations (see Section 4.2)	-	-	193	1,083	1,276
Exchange differences	-	24	7	44	75
Balance 31 December 2015	643	2,260	1,608	6,469	10,980
Accumulated amortisation					
Balance 1 January 2015	-	(281)	(63)	(268)	(612)
Amortisation	-	(242)	(148)	(826)	(1,216)
Balance 31 December 2015	-	(523)	(211)	(1,094)	(1,828)
Carrying amount 31 December 2015	**643**	**1,737**	**1,397**	**5,375**	**9,152**

7.3 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the asset will flow to Vista Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised within the statement of comprehensive income as incurred.

Depreciation is provided on fixtures, fittings and computers. Depreciation is recognised in the profit or loss to write off the cost of an item of property, plant and equipment, less any residual value, over its expected useful life:

- Fixtures and fittings 6 to 14 years straight line
- Computer equipment 2.5 to 6 years straight line

2016	FIXTURES & FITTINGS NZ$'000	COMPUTER EQUIPMENT NZ$'000	TOTAL NZ$'000
Gross carrying amount			
Balance 1 January 2016	2,441	2,761	5,202
Divestment of Vista China assets	(87)	(78)	(165)
Acquisition through business combinations (section 4.2)	24	97	121
Additions	1,873	955	2,828
Exchange differences	(51)	(70)	(121)
Balance 31 December 2016	**4,200**	**3,665**	**7,865**
Accumulated depreciation			
Balance 1 January 2016	(824)	(1,998)	(2,822)
Current year depreciation	(474)	(570)	(1,044)
Divestment of Vista China assets	10	29	39
Exchange differences	33	91	124
Balance 31 December 2016	**(1,255)**	**(2,448)**	**(3,703)**
Carrying amount 31 December 2016	**2,945**	**1,217**	**4,162**

	FIXTURES & FITTINGS NZ$'000	COMPUTER EQUIPMENT NZ$'000	TOTAL NZ$'000
2015			
Gross carrying amount			
Balance 1 January 2015	1,927	2,095	4,022
Additions	453	606	1,059
Exchange differences	61	60	121
Balance 31 December 2015	**2,441**	**2,761**	**5,202**
Accumulated depreciation			
Balance 1 January 2015	(584)	(1,391)	(1,975)
Current year depreciation	(222)	(559)	(781)
Exchange differences	(18)	(48)	(66)
Balance 31 December 2015	**(824)**	**(1,998)**	**(2,822)**
Carrying amount 31 December 2015	**1,617**	**763**	**2,380**

7.4 IMPAIRMENT TESTING

IMPAIRMENT TESTING OF GOODWILL, OTHER INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Goodwill and other indefinite life intangible assets are not amortised and are tested for impairment annually irrespective of whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. After initial recognition goodwill is measured at cost less any accumulated impairment losses.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of an asset is the greater of its value in use and its fair value less cost to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). The allocation is made to those cash generating units that are expected to benefit from the business combination in which goodwill arose. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

CRITICAL JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

Information about estimates and judgements that have the most significant effect on recognition and measurement of goodwill and intangible assets are provided below. Actual results may be substantially different.

GOODWILL AND OTHER INTANGIBLE ASSETS

The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities, particularly intangible assets is based, to a considerable extent, on management's judgement. Goodwill is subject to annual impairment testing.

Judgement is applied specifically to the following:

1) Assumptions in the value in use calculation for impairment testing purposes.
2) Assumptions in fair value calculation on acquisition.

Goodwill has been allocated to the following Cash Generating Units (CGU):

- Virtual Concepts Limited
- MACCS International BV
- Vista Entertainment Solutions Limited
- Powster Limited
- Share Dimension BV
- Flicks.co.nz Limited

This is the lowest level at which goodwill is monitored for internal management reporting purposes. In determining the recoverable amount of each CGU the value in use calculation is based on post tax cash flows for subsequent years which are extrapolated using estimated growth rates. Management has projected the cash flows for each CGU over a five-year period based on approved budgets for the first year. Determination of appropriate post tax cash flows and discount rates for the calculation of value in use is subjective and requires a number of assumptions and estimates to be made, including growth in net profit, timing and quantum of future capital expenditure, long term growth rates and the selection of discount rates to reflect the risks involved.

The key assumptions used for the value in use calculation are as follows:

	2016 NZ$'000	2015 NZ$'000
Revenue growth average over 5 years	13% - 50%	12% - 28%
Terminal growth rate	2.5%	2.5%
CGU post-tax WACC rate – MACCS, Flicks and Vista	9.0%	12.0%
CGU post-tax WACC rate – Powster	12.0%	-
CGU post-tax WACC rate – VCL and Share Dimension	16.0%	16.0%

The revenue growth average range has increased due to new acquisitions completed in 2016 which have higher revenue growth assumptions than those tested in 2015.

Other factors considered when testing goodwill for impairment include:

- actual financial performance against budgeted financial performance;
- any material unfavourable operational and regulatory factors; and
- any material unfavourable economic outlook and market competition.

IMPAIRMENT TESTING RESULTS

The calculations confirmed that there was no impairment of goodwill during the year (2015: $Nil). The Board believes that any reasonable possible change in the key assumptions used in the calculations for all CGU's with the exception of Share Dimension, would not cause the carrying amount to exceed the recoverable amount. The Share Dimension CGU impairment assessment is sensitive to revenue growth assumptions. Should the average revenue growth assumption decrease over the five year period tested, by more than 5%, then the carrying value would equal the recoverable amount.

7.5 TRADE AND OTHER PAYABLES

	Section	2016 NZ$'000	2015 NZ$'000
Trade payables		6,229	762
Sundry accruals		4,231	3,325
Deferred lease incentives		510	-
Constructive obligations - associates	4.4	50	50
Employee benefits		2,436	1,909
Employee benefits - VCL contingent consideration	4.2	1,063	591
Total trade and other payables		**14,519**	**6,637**

Included in trade and other payables is a balance of $1.28m payable to the associate company Vista China. See section 4.4 for detail.

7.6 EMPLOYEE BENEFIT PAYABLES AND ACCRUALS

SHORT-TERM EMPLOYEE BENEFITS

Accruals for wages, salaries, including non-monetary benefits, commissions and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid using the remuneration rate expected to apply at the time of settlement, on an undiscounted basis. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Vista Group has pension obligations in respect of various defined contribution plans. Vista Group pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis. Vista Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee entitlement expense when they are due.

EMPLOYEE BENEFITS EXPENSE INCLUDED IN TOTAL EXPENSES

	2016 NZ$'000	2015 NZ$'000
Wages and salaries	40,324	29,679
Share-based payment expense	551	208
Defined contribution plans	3,716	2,815
Total employee benefits	**44,591**	**32,702**

8.TAX

8.1 INCOME TAX EXPENSE

INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where Vista Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

	2016 NZ$'000	2015 NZ$'000
Income tax expense comprises:		
Current tax expense	5,326	4,001
Deferred tax expense (Section 8.2)	(1,776)	(20)
Tax expense	**3,550**	**3,981**

RECONCILIATION OF INCOME TAX EXPENSE

The relationship between the expected tax expense based on the domestic effective tax rate of the Company at 28% (2015: 28%) and the reported tax expense in the statement of comprehensive Income can be reconciled as follows:

	2016 NZ$'000	2015 NZ$'000
Profit before tax	53,030	10,121
Taxable income	53,030	10,121
Domestic tax rate for Vista Group International Limited	28%	28%
Expected tax expense / (benefit)	**14,848**	**2,834**
Foreign subsidiary company tax	(358)	(110)
Non-assessable income/non-deductible expenses	(10,579)	1,179
Prior period adjustment	(314)	(103)
Deferred taxation not previously recognised	4	10
Impairment of foreign tax credits	-	133
Other	(51)	38
Actual tax expense / (benefit)	**3,550**	**3,981**

As at 31 December 2016, Vista Group has $5,839,264 (2015: $3,680,502) of imputation credits available for use in subsequent reporting periods.

8.2 DEFERRED TAX ASSETS AND LIABILITIES

DEFERRED INCOME TAX

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by Vista Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

2016	OPENING BALANCE NZ$'000	ACQUIRED AS PART OF A BUSINESS COMBINATION NZ$'000	RECOGNISED IN INCOME STATEMENT NZ$'000	CLOSING BALANCE NZ$'000
Trade and sundry receivables	15	-	13	28
Employee benefits	324	-	98	422
Property, plant and equipment	(185)	-	(9)	(194)
Other	(513)	-	572	59
Intangible assets	(1,884)	(89)	287	(1,686)
Unused tax losses	182	-	815	997
Deferred tax temporary asset/(liability)	**(2,061)**	**(89)**	**1,776**	**(374)**

2015	OPENING BALANCE NZ$'000	ACQUIRED AS PART OF A BUSINESS COMBINATION NZ$'000	RECOGNISED IN INCOME STATEMENT NZ$'000	CLOSING BALANCE NZ$'000
Trade and sundry receivables	33	-	(18)	15
Employee benefits	160	-	164	324
Property, plant and equipment	-	-	(185)	(185)
Other	(371)	-	(142)	(513)
Intangible assets	(1,553)	(554)	223	(1,884)
Unused tax losses	204	-	(22)	182
Deferred tax temporary asset/(liability)	**(1,527)**	**(554)**	**20**	**(2,061)**

The analysis of deferred tax assets and liabilities is as follows:

	NZ$'000	NZ$'000
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	1,105	220
Deferred tax assets to be recovered within 12 months	436	-
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	(1,880)	(1,948)
Deferred tax liability to be recovered within 12 months	(35)	(333)

9. OTHER INFORMATION

9.1 EXPENSES

GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item it is recognised as a deduction against that cost on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

During the year, Vista Group recognised a total of $1.86m (2015: $2.0m) of grants from the Callaghan Innovation and NZTE to assist with Research and Development and new market entry respectively. At balance date, there is a 10% retention amount related to 2016 grants of $0.19m yet to be paid and subject to independent auditor review. Government grants are recognised within the statement of comprehensive income as a reduction to administrative expenses.

AUDITOR'S REMUNERATION INCLUDED IN ADMINISTRATION EXPENSES

	2016 NZ$'000	2015 NZ$'000
Audit of financial statements		
Audit and review of financial statements - PwC	239	157
Audit and review of financial statements - Grant Thornton	-	40
Other services		
Performed by PwC:		
IFRS accounting advice	10	51
Review of R&D growth grant	8	-
Advice on long-term employee incentive scheme	7	137
FRS 101 conversion accounting advice for UK subsidiary	12	-
iXBRL financial statement tagging	4	-
Due diligence agreed upon procedures	19	-
Performed by Grant Thornton:		
Tax advisory services	-	98
Other accounting and compliance advice	-	2
Total other services	**60**	**288**
Total fees paid to auditor(s)	**299**	**485**

OTHER EXPENSES

	2016 NZ$'000	2015 NZ$'000
Included in administration expenses:		
Depreciation (Section 7.3)	1,044	781
Amortisation of intangible assets (Section 7.2)	2,308	1,216
Lease payments recognised as an operating lease expense	2,572	1,854

Vista Group has expensed $8.1m of aggregated research and development expenditure associated with software research and development for 2016 (2015: $7.1m) within operating expenses in the statement of comprehensive income.

9.2 OPERATING LEASES

LEASED ASSETS

All leases are operating leases. Leases in which a significant portion of the risks and rewards of ownership are not transferred to Vista Group as a lessee are classified as an operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred in the statement of comprehensive income.

OPERATING LEASE COMMITTMENTS

Vista Group has operating lease commitments in respect of property and equipment. The total future minimum payments under non-cancellable operating leases were payable as follows:

	2016 NZ$'000	2015 NZ$'000
Less than one year	2,552	1,937
Between one and five years	5,451	4,039
More than five years	-	-
	8,003	**5,976**

9.3 FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS

The classification of financial assets and liabilities depends on the purpose for which the financial assets were acquired. Management determines the classification of Vista Group's financial assets and liabilities at initial recognition.

Vista Group's financial assets for the periods covered by these financial statements consist only of loans and receivables.

Vista Group measures all financial liabilities, with the exception of contingent consideration, at amortised cost in the periods covered by these 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.

(a) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for loans and receivables with maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Vista Group's loans and receivables comprise 'trade and other receivables' in the statement of financial position.

(b) Financial liabilities measured at amortised cost
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 assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Vista Group has transferred substantially all the risks and rewards of ownership. 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 asset and liability at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

After initial recognition, loans and receivables are subsequently carried at amortised cost using the effective interest method. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Impairment
Vista Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cashflows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income

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 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; the carrying value approximates their fair value.

Trade, related party and other payables

These liabilities are mainly short term in nature with the 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; the carrying value approximates their fair value.

Fair values

Vista Group's financial instruments that are measured subsequent to initial recognition at fair values and 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.

The fair value of the contingent consideration on Ticketsoft was assessed as level 3, using a discount rate of 8% to reflect the time value of money. The main level 3 inputs used by Vista Group were based upon a defined set of metrics related to the transition of Ticketsoft customers to Vista Cinema software. There have been no transfers between levels or changes in the valuation methods used to determine the fair value of the Group's financial instruments during the period. Sensitivities to reasonably possible changes in non-market observable valuation inputs would not have a material impact on the Vista Group's financial results.

FINANCIAL INSTRUMENTS BY CATEGORY

	Section	2016 NZ$'000	2015 NZ$'000
Loans and receivables			
Cash	5.1	15,798	16,863
Short term deposits	5.1	5,540	10,437
Trade receivables	7.1	45,440	23,653
Sundry receivables	7.1	19,979	2,163
Related party receivables - trading	4.4	2,792	3,410
		89,549	**56,526**
Financial liabilities measured at amortised cost			
Trade payables	7.5	6,229	762
Sundry accruals	7.5	4,231	2,918
Borrowings	5.3	4,848	4,792
Financial liabilities measured at fair value			
Contingent consideration	4	3,122	1,253
		18,430	**9,725**

9.4 OTHER DISCLOSURES

CONTINGENT LIABILITIES

There were no contingent liabilities for Vista Group at 31 December 2016 (2015: $Nil).

CAPITAL COMMITMENTS

There were no capital commitments for Vista Group at 31 December 2016 (2015: $Nil).

EVENTS AFTER BALANCE DATE

On 17 February 2017, Vista Group announced the appointment of Mr. Cris Nicolli to its Board of Directors as a non-executive independent director.

On 21 February 2017, the Directors approved a fully imputed final dividend of 4.61 cents per share. The dividend record date is 10 March 2017 and payment date is 24 March 2017.

There have been no other events subsequent to 31 December 2016 which materially impact on the results reported (2015: nil).

Independent auditor's report

To the shareholders of Vista Group International Limited

The consolidated financial statements comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements of Vista Group International Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 December 2016, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of related assurance services and employee incentive scheme advice. The provision of these assurance and other services has not impaired our independence as auditor of the Group.

Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall group materiality: $880,000, which represents 1% of total revenues.

We chose revenue as the benchmark because, in our view, this is the metric against which is most commonly used by management and the users of the financial statements to measure the performance of the Group, and is a generally accepted benchmark.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above $40,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Our key audit matters are:

- Accounting for the Vista China transaction
- Impairment testing of goodwill

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We perform audits of the significant subsidiaries of the Group as well as the holding company to appropriately address the risk of misstatement and to obtain sufficient audit coverage and evidence. These audits were undertaken by PwC New Zealand and performed at a materiality level calculated with reference to a proportion of the Group materiality appropriate to the relative financial scale of the subsidiary concerned.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Accounting for the Vista China transaction

Note 4.1 provides details of a number of transactions that collectively have been termed the Vista China Transaction. These transactions resulted in two significant estimates where judgement needed to be applied.

1. Valuation of the retained shareholding in Vista China

Following the disposal of Vista China, the retained interest in Vista China of 39.5% was initially recorded at fair value. The valuation was carried out by an independent expert who determined that the value of the residual interest was $28.6m.

The valuation involved:

- Determining the value of Vista China based on the price paid by Bejing Weying Technology Co. (WePaio) for the 55% controlling shareholding acquired;
- Determining an appropriate discount rate reflecting significant influence but not control;
- Assessing whether the related reseller arrangements were on arms-length terms.

Determining the appropriate discount rate and assessing the terms of the reseller agreement involved the applicable of judgement and estimation.

2. Revenue recognition from the Reseller Agreement

Vista Group has a number of performance obligations under the reseller agreement. These included the granting of exclusive distribution rights of Vista's licensed programs in China, localisation of these products, and

</td><td>

We obtained and reviewed the agreements associated with the transaction and held discussions with management and the Directors to understand the legal and commercial substance of the arrangements entered into.

Having identified that there were two key areas of judgement and estimation, we addressed these as follows.

In relation to the valuation of the retained interest in Vista China, we engaged our own expert experienced in valuing companies to assess the valuation approach undertaken by managements' independent expert. This included reviewing the valuation methodology and whether the discount rate used was supportable by reference to the terms of the transaction and comparison to other similar transactions.

We also considered the independence of managements' expert, their experience in valuing companies and the conclusions reached.

In relation to the reseller agreement we gained an understanding of Vista's performance obligations under the agreement. Through review of the agreement and discussions with management we determined the appropriate revenue recognition policy for each performance obligation.

We then gained an understanding of how management had negotiated the revenue due under the contract and assessed how management had allocated this to each performance obligation using standard selling prices, in particular the revenue associated with the granting of distribution rights and localisation of the licensed programs. Through

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

ongoing training, support and maintenance services. Management has applied judgement in determining the nature of these performance obligations, the time period over which these obligations will be satisfied, the associated revenue for each obligation and from this the amount of revenue that should be recognised.

This assessment has resulted in $3.4m of revenue being recognised for the year ended 31 December 2016 and $11.0m of revenue being deferred in the Statement of Financial Position.

this we also gained comfort that the reseller arrangement was on arm's length terms.

We ensured that:

- At balance date the distribution rights had been granted in accordance with the agreement and accordingly the associated revenue recognised;
- Revenue from maintenance and support services had been recognised on a straight-line basis over the period the services are to be provided in accordance with the agreement; and
- Localisation services have yet to be completed in accordance with the agreement and therefore have been recorded as deferred revenue.

From the procedures performed we have no matters to report.

Impairment testing of goodwill

Note 4.3 provides details of the composition of the goodwill balance of $50.3 million as at 31 December 2016.

Management is required to perform an annual assessment to determine whether there is any impairment of goodwill. This is disclosed in Note 7.4.

To do this, management used a discounted cash flow (DCF) model to value each division (cash generating unit) and then compared these values to the carrying value of the associated assets and liabilities of each cash generating unit, including goodwill as at 31 December 2016.

The discounted cash flow models involve the application of judgment including determining certain key assumptions and estimates, specifically:

- The future revenue growth rates for the 5 year period forecast based on historic and expected future performance;
- Determining the long term growth rates for cash flows beyond the 5 year forecast period;

We gained an understanding of the business process applied by management in assessing impairment of goodwill. We held discussions with management about the performance of each cash generating unit and whether there were any events or circumstances that would indicate that goodwill was impaired.

We assessed the reasonableness of the key estimates and assumptions made by management, by performing the following procedures:

- Obtaining an understanding of how management prepared its budgets and forecast and the associated review and approval processes;
- Assessing the reliability of management's historical budgets and forecasts by reference to actual performance;
- Assessing whether the growth rates used over the 5 year period forecast were reasonable compared to historic growth, board approved budgets and other strategic and operational initiatives being undertaken;

- Calculating the weighted average cost of capital for each cash generating unit used to discount the forecast cash flows.

The assessments completed by management concluded that goodwill was not impaired as at 31 December 2016 but the valuation of Share Dimension was sensitive to changes in the revenue growth assumptions, as disclosed in Note 7.4 of the financial statements.

- Comparing the terminal growth rates against New Zealand long-term rates and industry specific rates; and
- Recalculating the discount rates used and comparing the discount rates against similar market participants.
- We also performed a sensitivity analysis by increasing and decreasing key assumptions to consider whether any reasonably possible changes could result in impairment of goodwill.

Based on the procedures performed and evidence examined we obtained comfort that the key assumptions and estimates were appropriate to support the impairment tests and that a reasonable possible change in key assumptions would not result in an impairment other than in respect of the carrying value of Share Dimension's goodwill of $1.7 million.

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, when we read the annual report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 NZ and ISAs 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 consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which 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 shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Julian Prior.

For and on behalf of:

PricewaterhouseCoopers.

Chartered Accountants
24 February 2017

Auckland

MARKET ANNOUNCEMENT

24 February 2017, Vista Group International Ltd, Auckland, New Zealand

---

Vista Group – NZX Appendix 1

Reporting Period	12	months to	31 December 2016
Previous Reporting Period	12	months to	31 December 2015

	Amount $000's NZ$	Percentage change %
Revenue from ordinary activities	$ 88,589	35.4%
Net Profit / (Loss) from ordinary activities after tax attributable to security holders	$ 7,551	31.3%
Net profit / (loss) attributable to security holders	$ 48,620	745.1%

Net Tangible Assets per share	**2016**	**2015**
Net tangible assets per share	$ 1.231	$ 0.686

Final Dividend	**Amount per security**	**Imputed amount per security**
	NZ 4.61 cents per share	NZ 1.79 cents per share

Record Date for Dividends	10 March, 2017
Dividend Payment Date	24 March, 2017
Comments	Refer also to other documents released (audited financial statements, market announcement, results presentation and Appendix 7) The 2016 result for Vista Group represents strong growth in revenue and shows the strength of Vista Group in producing consistent revenue growth, sustained profit growth and positive operating cashflow. The Net profit/(loss) after tax attributable to security holders does include the one-off capital gain ($41.1m) on the sale of a majority stake in Vista China during 2016.

MARKET ANNOUNCEMENT

24 February 2017, Vista Group International Ltd, Auckland, New Zealand

---

Vista Group – NZX Appendix 7

The Appendix 7 details required under the NZX listing rules are contained on the following page

Brian J Cadzow, Director Commercial and Legal
Vista Group International
Contact +64 9 984 4570

VISTA GROUP

APPENDIX 7 – NZSX Listing Rules

EMAIL: announce@nzx.com

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one (Please provide any other relevant details on additional pages):

Full name of Issuer	Vista Group International Limited
Name of officer authorised to make this notice	Rodney Hyde
Authority for event, e.g. Directors' resolution	Directors Resolution
Contact phone number	(09) 984 4570
Contact fax number	
Date	24 / 02 / 2017

Nature of event
Tick as appropriate

Bonus Issue	☐
If ticked, state whether: Taxable	☐
/ Non Taxable	☐
Conversion	☐
Interest	☐
Rights Issue Renouncable	☐
Rights Issue non-renouncable	☐
Capital change	☐
Call	☐
Dividend	X
If ticked, state whether: Interim	☐
Full Year	X
Special	☐
DRP Applies	☐

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities	Ordinary Shares
ISIN	NZVGLE0001S5 (If unknown, contact NZX)

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities	
ISIN (If unknown, contact NZX)	
Number of Securities to be issued following event	
Minimum Entitlement	
Ratio, e.g (1) for (2)	for
Conversion, Maturity, Call Payable or Exercise Date (Enter N/A if not applicable)	
Treatment of Fractions	
Tick if pari passu	☐
OR provide an explanation of the ranking	
Strike price per security for any issue in lieu or date Strike Price available.	

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security (does not include any excluded income)	NZD $0.0461
Source of Payment	Revenue Reserves
Excluded income per security (only applicable to listed PIEs)	Nil
Currency	New Zealand Dollars
Supplementary dividend details - NZSX Listing Rule 7.12.7: Amount per security in dollars and cents	Nil
Supplementary dividend details - Date Payable	
Total monies	$3,777,447

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	$
Resident Withholding Tax	NZD $0.004778
Imputation Credits (Give details)	NZD $0.017928
Foreign Withholding Tax	
FDP Credits (Give details)	

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm For calculation of entitlements -	10 March, 2017
Application Date Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date.	24 March, 2017
Notice Date Entitlement letters, call notices, conversion notices mailed	
Allotment Date For the issue of new securities. Must be within 5 business days of application closing date.	

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:

Security Code:

NZX