



MORE THAN JUST THE MOVIES

INITIAL PUBLIC OFFERING OF ORDINARY SHARES
IN VISTA GROUP INTERNATIONAL LIMITED

3 July 2014

LEAD
MANAGER AND
ORGANISING
PARTICIPANT



IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>.

Financial advisors can help you make investment decisions

Using a financial advisor cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisors are regulated by the Financial Markets Authority to varying levels, depending on the type of advisor and the nature of the services they provide. Some financial advisors are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check—

- the type of advisor you are dealing with;
- the services the advisor can provide you with;
- the products the advisor can advise you on.

A financial advisor who provides you with personalised financial advisor services may be required to give you a disclosure statement covering these and other matters. You should ask your advisor about how he or she is paid and any conflicts of interest he or she may have.

Financial advisors must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisors, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial advisor.

Important Notice

This document (*Investment Statement*) relates to the Offer by Vista Group Holdings Limited (the *Offeror*) of ordinary shares in Vista Group International Limited (the *Company*) (together, the *Issuers*). The Company is the issuer of the Shares and the Offeror is the issuer and the offeror for the purpose of the Securities Act and Securities Regulations.

This document is an investment statement for the purposes of the Securities Act and the Securities Regulations, and has been prepared at, and is dated, 3 July 2014. It has been prepared in compliance with the Securities Act and Securities Regulations, as modified by the Securities Act (Vista Group International Limited) Exemption Notice 2014. There is a registered prospectus containing an offer of securities to which this Investment Statement relates.

No one is authorised by the Directors or the Issuers to give any information or make any representation in

connection with this Offer which is not contained in this Investment Statement, the Prospectus or in other communications from the Directors or the Issuers. Any information or representation not so contained may not be relied upon as having been authorised by the Directors or the Issuers.

If you are in any doubt as to any aspect of the Offer, you should consult your financial or legal adviser or an NZX Firm.

You should seek your own taxation advice on the implications of an investment in the Shares.

No Guarantee

No person guarantees the Shares offered under this Investment Statement. No person warrants or guarantees the performance of the Shares or any return on any investment made pursuant to this Investment Statement.

Selling Restrictions

The Offer is being made to New Zealand resident clients of NZX Firms who receive a firm allocation of Shares and to selected Institutional Investors in New Zealand, Australia and certain other jurisdictions. No person may offer, sell (including resell) or deliver or invite any other person to so offer, sell (including resell) or deliver any Shares or distribute any documents (including this Investment Statement) in relation to the Shares to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

Unless otherwise agreed with the Issuers, any person or entity subscribing for Shares in the Offer shall, by virtue of such subscription, be deemed to represent that he, she or it is not in a jurisdiction which does not permit the making to him, her or it of an offer or invitation of the kind described in this Investment Statement, and is not acting for the account or benefit of a person within such jurisdiction. None of the Issuers, the Lead Manager, the Registrar or any of their respective directors, officers, employees, consultants, agents partner or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

Forward Looking Statements

This Investment Statement contains certain statements that relate to the future. Such forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the control of the Vista Group and which may cause the actual results, performance or achievements of the Vista Group to differ materially from those expressed or implied by such statements.

Given these uncertainties, you are cautioned not to place undue reliance on any forward looking statements contained in this Investment Statement. Under no circumstances should you regard the inclusion of forward looking statements as a representation or warranty by the Issuers, their respective officers, the Directors or any other person referred to in this Investment Statement with respect to the achievement of the results set out in any such statement, or that underlying assumptions used will in fact be realised.

Definitions

Terms used in this Investment Statement have the specific meanings given to them in the *Glossary* (including certain industry specific terms with which you may not be familiar).

Unless otherwise indicated, any references to dates and times are to dates and times in New Zealand and any references to "\$" or "NZD" are to New Zealand dollars.

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IMPORTANT NOTICE

This document is an investment statement. The purpose of an investment statement is to:

- provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to subscribe for securities; and
- bring to the attention of such a person the fact that other important information about the securities is available to that person in other documents.

For more information to assist you in deciding whether or not to purchase Shares, you are recommended to read the Prospectus which has been prepared in respect of this Offer. The Prospectus, which includes the most recent financial statements of the Company, can be obtained, free of charge:

- by downloading it from www.vistagroup.co.nz; or
- by calling the Registrar on (09) 375 5998 and requesting a copy to be sent to you; or
- from the Companies Office website at www.business.govt.nz/companies.

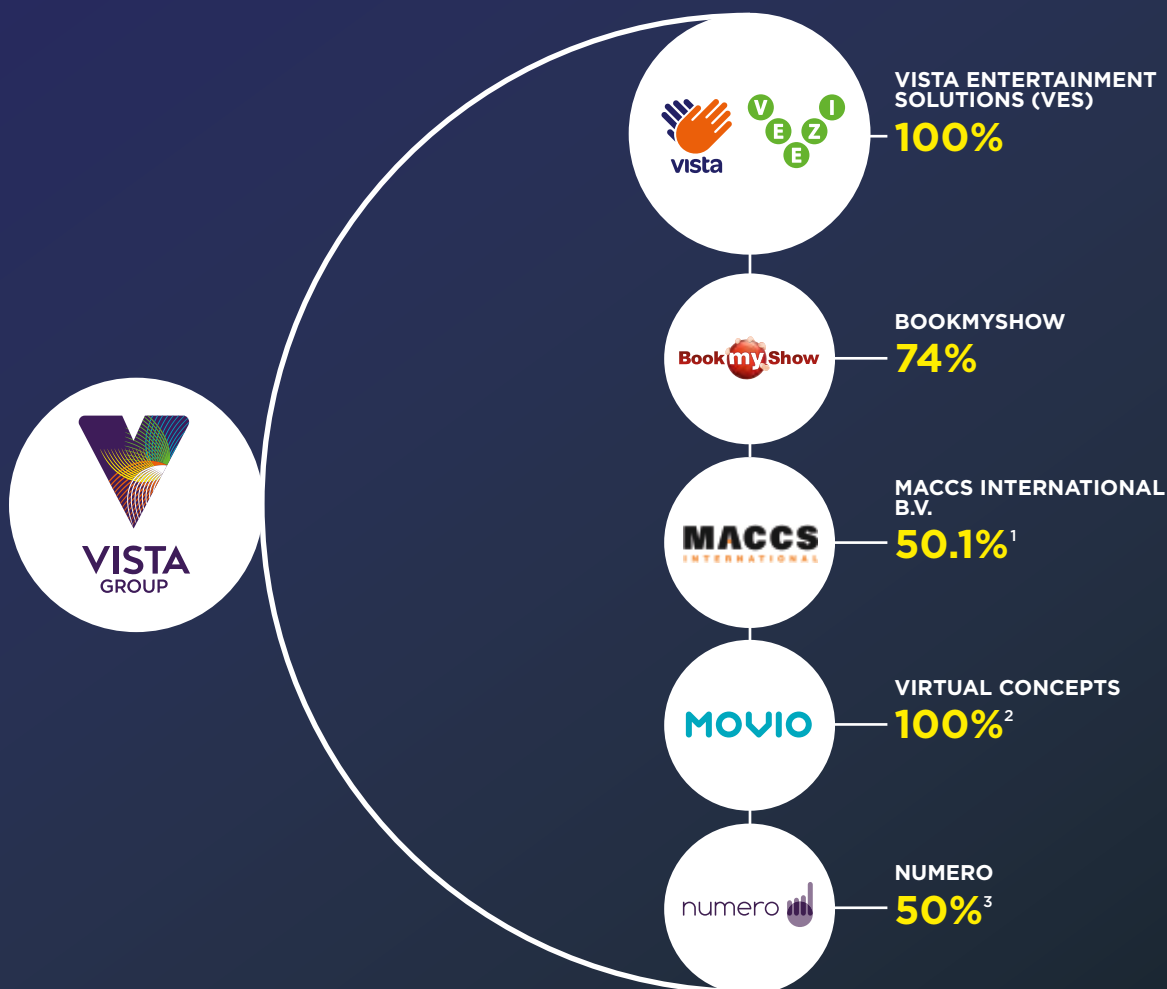
RETHINKING THE BUSINESS OF THE MOVIES



THE VISTA GROUP AT A GLANCE

The Vista Group is a global leader in film industry software solutions that comprises six businesses. Building on the leading position of Vista Cinema, the core business within the Group that operates in the cinema exhibition industry, the Vista Group is now expanding to offer solutions across the wider film industry.

VISTA GROUP COMPANIES



1. MACCS shareholding of 50.1% includes an option to acquire 25%. The Company intends to exercise this option as at 1 September 2014.

2. The Vista Group will use proceeds from the Offer to acquire the remaining 43% in Virtual Concepts post the Offer.

3. As at the date of this Investment Statement, the Company holds all of the shares in Numero. Certain Numero senior managers have been offered (and have accepted subject to agreement of appropriate documents) a 50% stake in Numero. The allotment of these shares is intended to be completed in FY14F. Further information on this transaction is set out under the heading "Sale of shares in Numero" in the *Appendix*.

OPERATING ACROSS THE FILM INDUSTRY

VISTA GROUP BUSINESSES

For more details on each Vista Group business please refer to *Section 4: Business Overview*.

CINEMA AND DISTRIBUTOR SOFTWARE



Vista Cinema is comprehensive and integrated software that delivers a total solution to optimise cinema management for multiplex cinema exhibitors (the Large Circuit Market where cinema exhibitors operate 20 screens or more).

The software operates as modules covering all operational aspects of the cinema, Head Office operations, and customer facing modules to enable customers of the cinema to purchase tickets and food and beverage.

Vista Cinema is installed in more than 60 countries around the world and is the pre-eminent cinema software globally, with a market share in the Large Circuit Market of approximately 37% worldwide.

Management estimates that over 1 billion cinema tickets are processed every year through Vista Cinema.



Veezi offers cinema software similar to Vista Cinema, through a cloud based SaaS product that has been created for the Small Circuit Market (cinema exhibitors who operate less than 20 screens).

Veezi only recently launched with an initial 50 cinemas in 9 countries. Management estimates that the total market for Veezi is in excess of 20,000 sites.



BookMyShow is a cinema ticketing website operated in New Zealand. It primarily acts as a service to Small Circuit Market cinemas that prefer to outsource this process.



MACCS INTERNATIONAL

MACCS provides film distribution software to the film distribution market (which primarily handles the placement of films by film distributors into various sales channels (e.g. cinema exhibition, home entertainment etc) and the collection of royalties from those channels). MACCS is the largest provider of this type of software outside of the USA, including Paramount Pictures International and Warner Bros International.

DATA ANALYTICS

MOVIO

Movio provides a SaaS marketing data analysis and campaign management platform for cinema exhibitors and distributors. Movio's software offerings are built around the latest technology in the Big Data space. Movio operates in six regions worldwide and holds unique insights for over 26 million cinema-goers, more than 1,000 cinemas, and over 1,000 films.

numero

Numero is scheduled to launch in the second half of 2014. It will provide an aggregated box office reporting platform, designed to give the film industry and media vital information in a clean, fast and effective manner. Numero differs from Movio in that it provides more high level data on box office revenue and admissions. This new business opportunity will build off Movio's Big Data technology and the Vista Group's global scale and relationships.

OUTLOOK AND GROWTH

As part of the Vista Group's growth strategy, it intends to use the capital raised from the Offer to increase its shareholding of MACCS and Movio, as well as investing in its newer businesses, Veezi and Numero.



VISTA ENTERTAINMENT SOLUTIONS

Since beginning in 1996, Vista Entertainment Solutions (VES), which provides Vista Cinema software, has steadily added new countries and customers, progressively growing year on year. VES sees opportunity to continue its expansion through capturing further customers in developed and developing cinema markets as well as expansion into large cinema markets where Vista Cinema does not currently operate (Brazil, for example). Growth may also be achieved through the expansion of VES's existing customers by acquisition and organically.

VES, and its cinema software, provides the largest portion of revenue for the Vista Group.

In addition to these growth prospects in its traditional markets, VES has positioned Veezi to address the smaller independent cinema exhibitors within the Small Circuit Market.

OK GROWTH



Numero is a new venture into a market that is dominated by a single company, Rentrak Corporation. There is an opportunity in the market for an alternative provider that provides a faster and more modern service.



MACCS has built a strong product line that is well respected in many international markets. However, MACCS has yet to penetrate the USA, the largest distribution market. Using the base that VES has established in the USA, and VES's reputation and wide network of industry contacts, MACCS is now better positioned in the USA, as well as other markets that VES has customers in but MACCS does not.



Movio has undergone rapid growth in its first three years of operation. Movio's marketing analytics and campaign management SaaS platform is licenced by leading cinema circuits in North America, Central America, Australasia, and Asia. Movio plans to build on its recent expansion by strengthening its position in existing territories and using the Vista Group industry connections and network to grow its market share globally. Movio also plans to build an analytics and marketing platform to provide market research and analytics for film studios and distributors and media.

CHAIRMAN'S LETTER

3 July 2014

Dear Investor

On behalf of the Board of Directors, I am delighted to invite you to become a shareholder in Vista Group International Limited.

I have worked in the cinema industry for more than 20 years and first became aware of the Vista Group as a customer. What impressed me about the business then was its focus on creating a customer driven solution for the cinema operator.

Since our founding in 1996, we have grown consistently to become the leading supplier of software to the cinema industry with 37% of the Large Circuit Market globally (cinema exhibitors operating more than 20 screens). Our customers operate across more than 60 countries with more than 27,000 cinema screens utilising our software.

Our success and profitability to date has provided the Vista Group with an exciting opportunity to not only substantially grow its traditional business in cinema, but also to begin the transition from a cinema software company to a much broader film industry software company.

We have commenced down this path with our recent investments in data analytics (Movio and Numero), cloud based SaaS software for the Small Circuit Market (Veezi) and film distribution software (MACCS). These businesses have high quality software and great people, and are well positioned to leverage off the Vista Group's scale and industry relationships.

This Offer will raise \$40 million in new capital which will be applied to repay debt associated with, and fund the acquisition of, controlling positions in Movio and MACCS, assist in the expansion of Veezi in markets around the world, provide start-up capital for Numero and provide capital for future acquisitions and developments. The Group has a history of paying dividends, however at this stage we do not intend to pay a dividend until at least 2016 as we focus our capital on accelerating our software and data analytics growth within the film industry.

The Existing Shareholders are committed to the long term success of the Vista Group. They will sell down approximately 37% of their holdings, retaining between 45% and 49% of the post Offer shareholding, after dilution. Their remaining shares will be voluntarily locked up until 2016, after the release of our 2015 results.

We will be facilitating a share offer to current employees as follows:

- Eligible Vista Group Employees will be gifted Shares with a gross value of approximately \$1,000 (at the Final Price) per employee prior to allocation under the Offer.
- An allocation of Shares is also offered to Eligible Employee Offerees at a 20% discount to the Final Price.

If fully subscribed, the two employee share offers will represent approximately 0.5% of the total share capital and recognises a high regard for our increasing number of employees and their general desire to hold shares in the company that they are fundamental in building. Also, we are amending remunerations terms for employees in other territories to financially replicate an element of Share ownership. In addition, a Long Term Incentive share scheme will be put in place post listing to incentivise senior management.

I should also mention that the independent Directors have indicated they intend to purchase shares in the Offer.

The Investment Statement and Prospectus contain important information about the Vista Group and the Offer. We encourage you to read the offer documentation and carefully consider the opportunities and risks before making your investment decision.

On behalf of the Board, we commend this Offer to you. We look forward to welcoming you as a Shareholder.

Yours sincerely,



Kirk Senior
CHAIRMAN



CEO'S LETTER

3 July 2014

Dear Investor

The founding members of the Vista Group have been working on the Vista Cinema software since 1996. Through this time we have built the most comprehensive software solution for cinema exhibitors available anywhere in the world.

The software covers all aspects of cinema operations - from front of house ticketing and food & beverage sales, internet and mobile sales, back of house management and programming, loyalty systems and corporate circuit management and information systems.

From a single cinema in 1996 the software is now installed in over 3000 sites in 60+ countries, and over one billion cinema tickets per year are produced with the Vista Cinema software.

One of our strengths is our people and their passion for our products. The Vista Group has very high staff retention rates, with many staff having been with us for 10 years and more. Many of those long serving staff members are Shareholders, and immediately prior to this share offering the Company has been 100% owned by management and staff.

Our company has built a reputation on innovation. Over recent years the cinema industry has been going through considerable change. The move to digital media from film has been significant. This change has led cinema exhibitors to evaluate all parts of their technology and information systems. Also significant has been the move toward more sophisticated food and beverage offerings that include bars, restaurants and in-seat service. This has led cinemas to look for more sophisticated food and beverage systems that integrate well with their core cinema offering. Like all forms of entertainment, cinema faces increasing competition from a wide variety of entertainment offerings, so the demand for advanced loyalty management systems, mobile apps and marketing systems has risen.

The Vista Group is at the forefront of the industry and is well placed to take advantage of these changes and the increase in demand for sophisticated software to meet these changes. Vista Cinema remains the core of our business, with the Veezi, MACCS, Movio and Numero products providing further opportunities for Vista Group to leverage the success of this platform into other parts of the film industry; from the movie-goer and cinema exhibition through distribution to production.

To achieve this, 2014 has been, and continues to be an investment year. While revenue growth will continue, profit will be roughly in line with 2013. Looking through to 2015 and beyond we believe we will see a return to bottom line growth from our existing businesses with additional growth expected from opportunities that our equity raising will enable us to pursue.

At the Vista Group, we have often talked about building an enduring New Zealand company. This move to public ownership will help to achieve that. It will also enable a wider number of staff to participate in the success of the company and retain the participation of the Existing Shareholders.

I am excited about this opportunity for staff and investors to participate in the success of the Vista Group and look forward to having you join us.

Yours sincerely,



Murray Holdaway
CEO AND FOUNDER



B A I

INVESTMENT OVERVIEW

This is an initial public offering of ordinary shares in Vista Group International Limited.

The Vista Group provides Cinema Management Software, Film Distribution Software and customer analytics software to companies across the global film industry. You can find more information about the Vista Group in *Section 4: Business Overview*.

The Offeror is offering between 37.2 million and 41.4 million Shares in the Company, with a value of between \$86.9 million and \$100.3 million based on the Indicative Price Range. Existing Shareholders will retain between a 45% and 49% shareholding in the Company post the Offer.

The existing Shares held by the Existing Shareholders and new Shares to be issued by the Company will rank equally in all respects.

The Offer comprises the Broker Firm Offer, the Vista Group Employee Offer and the Institutional Offer. There will not be a general offer to the public. You can find more information about the Offer in *Section 8: Offer Details*.

Key Dates¹

Prospectus Registered	_____	4 July 2014
Final Price announced	_____	16 July 2014
Offer opens	_____	17 July 2014
Vista Group Employee Offer closes (12.00pm)	_____	25 July 2014
Broker Firm Offer closes (12.00pm)	_____	1 August 2014
Allotment Date	_____	8 August 2014
Expected commencement of trading on the NZX Main Board and ASX	_____	11 August 2014
Expected dispatch of holding statements and any refund payments (if required)	_____	11 August 2014

Key Offer Statistics

Indicative Price Range ²	_____	\$2.10 to \$2.70
Total number of Shares offered	_____	41.4 million to 37.2 million
New Shares being offered to raise up to \$40 million ³	_____	19.0 million to 14.8 million
Expected number of existing Shares being offered	_____	22.4 million
Indicative Offer Size	_____	\$86.9 million to \$100.3 million
Total number of Shares on issue upon completion of the Offer ⁴	_____	82.2 million to 77.2 million
Implied market capitalisation following the Offer	_____	\$172.6 million to \$208.4 million
Prospective Net Cash ⁵	_____	\$26.6 million
Indicative Enterprise Value (EV) ⁶	_____	\$145.9 million to \$181.8 million

KEY INVESTMENT METRICS	FY14F PRO FORMA	FY15F STATUTORY
EV/EBITDA multiple	15.7x - 19.6x	11.1x - 13.8x
EV/EBITA multiple	17.4x - 21.7x	11.7x - 14.6x
Price/NPATA	31.8x - 38.4x ⁷	20.2x - 24.4x

¹ This timetable is indicative only and may be amended. The Issuers reserve the right to vary the Offer, withdraw the Offer at any time before the Allotment Date and accept late Applications (either generally or in individual cases).

² The Final Price will be announced following a bookbuild and prior to the Offer opening and may be above, within or below the Indicative Price Range.

³ New shares issued of up to \$40 million includes \$0.8 million of Shares offered under the Vista Group Employee Offer. The Vista Group Employee Offer is offered at a 20% discount to the Final Price.

⁴ Indicative only. This figure includes the Shares issued as part of the Vista Group Employee Gift and the new Share component of the Offer. You can find out more information on the Vista Group Employee Gift under the heading "Vista Group Employee Gift" in *Section 5.2.6: Executive Remuneration and Share Plans* of the Prospectus. This figure also includes \$6.8 million of new Shares issued as part of the total consideration for Virtual Concepts (Movio), which do not form part of the Offer. You can find out more information on the Movio transaction under the heading "12: Acquisition of a Business or Subsidiary" in *Section 10: Statutory Information* of the Prospectus.

⁵ Prospective Net Cash is a non GAAP measure and is defined as the forecast value of cash less current and non-current borrowings as at 31 December 2014.

⁶ Calculated as the implied market capitalisation plus the prospective Net Cash.

⁷ NPATA of \$5.4 million in FY14F excludes Offer costs of \$1.7 million.

At present, the Vista Group does not intend to pay a further dividend in relation to FY14F or FY15F, but instead to use the available capital to execute on growth opportunities.

These metrics are provided to help you assess the value of the Vista Group. Indicative market capitalisation, indicative EV, prospective EV/EBITA multiple prospective, EV/EBITDA multiple and Price/NPATA ratios are shown based on the lower and upper values of the Indicative Price Range. The calculations are explained in the table set out at the end of the Glossary.

Use of Offer Proceeds

Acquisition of controlling share in MACCS ⁸	\$9.3 million
Acquisition of Movio to move to 100% shareholding ⁹	\$4.0 million
Provision for final settlement to Movio investors based on performance ¹⁰	\$4.6 million
Numero funding requirements	\$2.6 million
Offer expenses	\$3.9 million
Funding for future acquisitions and developments ¹¹	\$15.4 million

Selected Pro Forma Financial Information

The Vista Group has presented the financial information below on a Pro Forma basis. The Vista Group believes this Pro Forma information more closely reflects the Group's post-Offer business because it shows the Vista Group as including the acquisitions of MACCS and Movio and provides a better basis for investors to assess both historical and prospective financial information.

	FY11	FY12	FY13	FY14F	FY15F
\$,000	PRO FORMA	PRO FORMA	PRO FORMA	PRO FORMA	STATUTORY
Revenue	25,018	33,727	38,670	49,901	61,547
EBITDA (before Offer costs) ¹²	4,475	8,788	8,968	9,285	13,196
EBITA (before Offer costs) ¹²					12,463
NPATA					8,554
NPAT					8,106

Wherever prospective financial information appears in this Investment Statement (including in the selected Pro Forma financial information and key investment metrics presented in this section) you should read that financial information together with the assumptions set out in the *Appendix* and also the risk factors set out in *Section 6: What are my Risks?* of this Investment Statement and the Prospectus. There is no guarantee that the results set out in the prospective financial information will be achieved.

NPAT is a GAAP measure. However, the trend in net profit after tax, in the table above: *Selected Pro Forma Financial Information*, is only included for FY15F as the Pro Forma NPAT for FY11, FY12, FY13 and FY14F do not have GAAP measures that are comparable due to changes in the Group as a result of the acquisitions of MACCS and Movio.

The non-GAAP financial information used in this Prospectus has the following meaning:

EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITA	Earnings before interest, tax and amortisation
NPATA	NPATA is net profit after income tax before amortisation
Prospective Net Cash	The forecast value of cash less current and non-current borrowings as at 31 December 2014

⁸ This represents the initial 25.1% investment for \$4.8 million and the second investment (utilising the 25% option) of \$4.5 million, which will take the Company's shareholding to 50.1%. The Company intends to exercise this option as at 1 September 2014.

⁹ Total initial consideration of \$10.8 million is made up of \$4.0 million cash and \$6.8 million of new Shares to be issued.

¹⁰ Expected performance based payment of \$5.9 million which is reflected in the balance sheet on a present value basis of \$4.6 million in FY14F (assuming the performance payment is made in cash (and not in shares)). Payment is expected to be made in two tranches in FY16 and FY17. Further information is available under the heading "Deferred Consideration" in *Section 5.2.6: Executive Remuneration and Share Plans* of the Prospectus.

¹¹ Management intends to pursue further growth opportunities. These may include acquiring competitors, new business opportunities in the film industry, expansion of the Vista Group's Big Data activities or other opportunities that present strategic and commercial benefits to the Group.

¹² Including non-controlling interest in MACCS.

INVESTMENT HIGHLIGHTS



INVESTMENT HIGHLIGHTS

**1. A GLOBAL LEADER IN THE
CINEMA INDUSTRY**

**2. ANALYSIS & MARKETING SPEND
INCREASINGLY BEING DRIVEN
BY THE ABILITY TO CAPTURE
BIG DATA**

**3. GROWTH ACROSS CORE
CINEMA SOFTWARE BUSINESS
AND BROADER FILM INDUSTRY
THROUGH MOVIO, MACCS
AND NUMERO**

**4. CINEMA INDUSTRY RESILIENT
AND GROWTH OUTLOOK POSITIVE**

**5. STRONG FINANCIAL AND
OPERATIONAL PERFORMANCE**

**6. EXPERIENCED BOARD AND
RESPECTED MANAGEMENT
TEAM LED BY FOUNDERS**

1

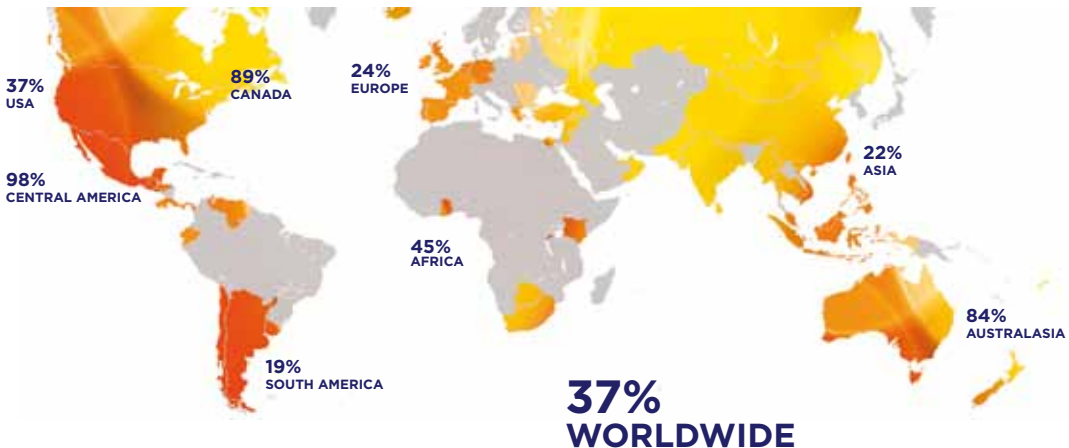
GLOBAL LEADER IN THE CINEMA INDUSTRY

Leading market position in the Large Circuit Market, with a global market share of approximately 37%.

VES has more than 350 customers whom it services through its offices and business partners in 11 countries.

The significant cost, time and risk associated with developing and implementing cinema software creates a significant barrier to entry for other potential competitors.

VISTA CINEMA GLOBAL OPERATIONS AND MARKET SHARE¹³



CUSTOMER FOOTPRINT OF VISTA CINEMA

¹³ Vista Cinema market share is calculated based on the number of contracted sites in the Large Circuit Market.

2

ANALYSIS & MARKETING SPEND INCREASINGLY BEING DRIVEN BY THE ABILITY TO CAPTURE BIG DATA

Through day-to-day transactions, cinema exhibitors collect large amounts of customer data. Movio's marketing analytics and campaign management solutions enable cinema exhibitors and distributors to analyse this data, create marketing campaigns with personalised offers and accurately measure return on investment.

Movio has the potential to be the largest aggregator of customer film data globally, providing the film industry (cinema exhibitors, film studios and distributors and media agencies) with an in-depth understanding of cinema-goers.

Numero is scheduled to launch in the second half of 2014. It will provide an aggregated box office reporting platform, intended to give the film and media industries vital information in a clean, fast and effective manner.

GROWTH ACROSS CORE CINEMA SOFTWARE BUSINESS AND BROADER FILM INDUSTRY THROUGH MOVIO, MACCS AND NUMERO

High quality cinema software that has a proven track record and is continually being developed to meet customer needs. Since the beginning of 2013, VES has secured 40 new customers including the world's largest cinema exhibitor, Regal who operates 575 locations in the United States.

Total screen numbers, in the cinema exhibition industry, are forecast to grow 4.4% from 2012 - 2017 globally, and 21.1% within developing cinema markets.¹⁴

Broader film industry growth through Movio, MACCS and Numero leveraging off the worldwide VES sales and distribution network.



VISTA GROUP GLOBAL OPERATIONS



- VISTA GROUP OFFICES
- VISTA CINEMA BUSINESS PARTNERS
- CUSTOMERS' FOOTPRINT OF VISTA GROUP

¹⁴ Dodona Research 2013

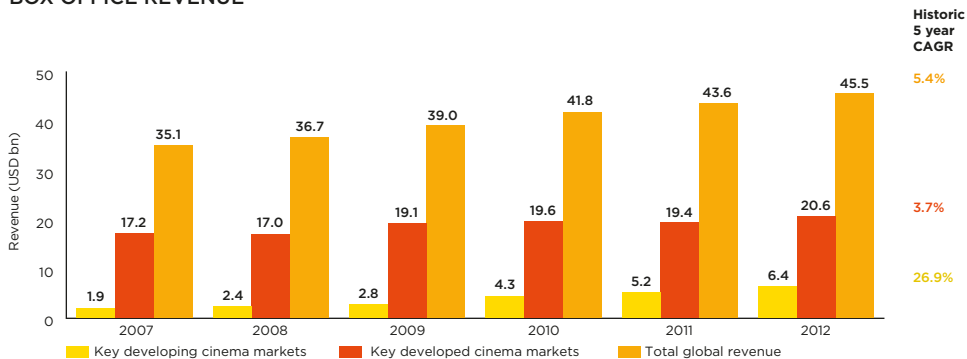
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CINEMA INDUSTRY RESILIENT AND GROWTH OUTLOOK POSITIVE

Developed countries¹⁵ generated approximately \$20.6 billion of revenue through 1.6 billion Admissions in 2012. Historically developed cinema markets have experienced box office revenue annual compound growth of 3.7% from 2007 to 2012.

Developing markets provide a significant growth opportunity due to the low level of screen penetration. The Vista Group is well positioned to maximise the opportunity in these developing cinema markets as the number of screens increases along with box office revenue.

BOX OFFICE REVENUE



¹⁵ Being the USA, Canada, the UK, Australia and New Zealand.

5

STRONG FINANCIAL AND OPERATIONAL PERFORMANCE

Revenue CAGR since 2009 of 20% with increasing Recurring Revenue, providing a significant degree of revenue visibility.

Profitable since 1996.

A high level of ongoing service and innovation results in customer retention rates being high.
As at 31 May 2014, 43 Vista Cinema customers have marked their 10 year anniversary with VES.



6

EXPERIENCED BOARD AND RESPECTED MANAGEMENT TEAM LED BY FOUNDERS

The Vista Group is led by a respected and long standing management team which includes the founders of VES from 1996. The management team is supported by a highly innovative workforce with proven development and sales expertise and a strong focus on customer service.

The Board of Directors comprises a broad range of skills and expertise from finance, software development and broader film industry knowledge, together with strong governance, finance and leadership experience.



 powered by vista

**STABLE GROWTH IN DEVELOPED
CINEMA MARKETS WITH SIGNIFICANT
GROWTH POTENTIAL IN DEVELOPING
CINEMA MARKETS**

THE VISTA GROUP IS A PARTICIPANT IN THE GLOBAL FILM INDUSTRY. THE INDUSTRY CONSISTS OF ORGANISATIONS WHICH ARE PRIMARILY ENGAGED IN THE PRODUCTION, DISTRIBUTION AND EXHIBITION OF FILMS.

FIGURE 1: OVERVIEW OF THE GLOBAL FILM INDUSTRY





GLOBAL CINEMA
EXHIBITION
INDUSTRY REVENUE

\$46
BILLION USD



INDUSTRY OVERVIEW

Film production

The film production industry consists of various players including major production studios as well as a number of smaller, independent production houses. On a global level, films produced by USA studios typically account for the majority of film production industry revenues. This is a result of larger film budgets, the vertical integration of the production and distribution functions and the robust advertising and marketing budgets of US production companies.

Film distribution

The distribution of a film involves the process through which a film is made available to an audience. Today, there are an increasing number of channels through which films can be distributed including theatrical release in cinema theatres, home entertainment release (where a film is made available on DVD-Video or Blu-ray Disc), television program release for broadcast syndication and in more recent years, digital distribution including video streaming. The global film distribution industry is represented by the six major Hollywood film studios as well as a large number of highly fragmented and regionalised distributors across the world. Theatrical release in cinema theatres remains the primary channel for new film distribution.

Cinema exhibition

Cinema exhibition involves the public screening of films at cinema theatres on cinema screens. This global film exhibition industry generated approximately USD46 billion in sales in 2012. The industry attracts over 6 billion patrons per annum globally and its revenue grew at a CAGR of 5.4% from 2007 to 2012. The competitive landscape of cinema exhibitors varies greatly from region to region with some markets being highly fragmented (for example, India) and other markets having a regional leader (for example, Canada).

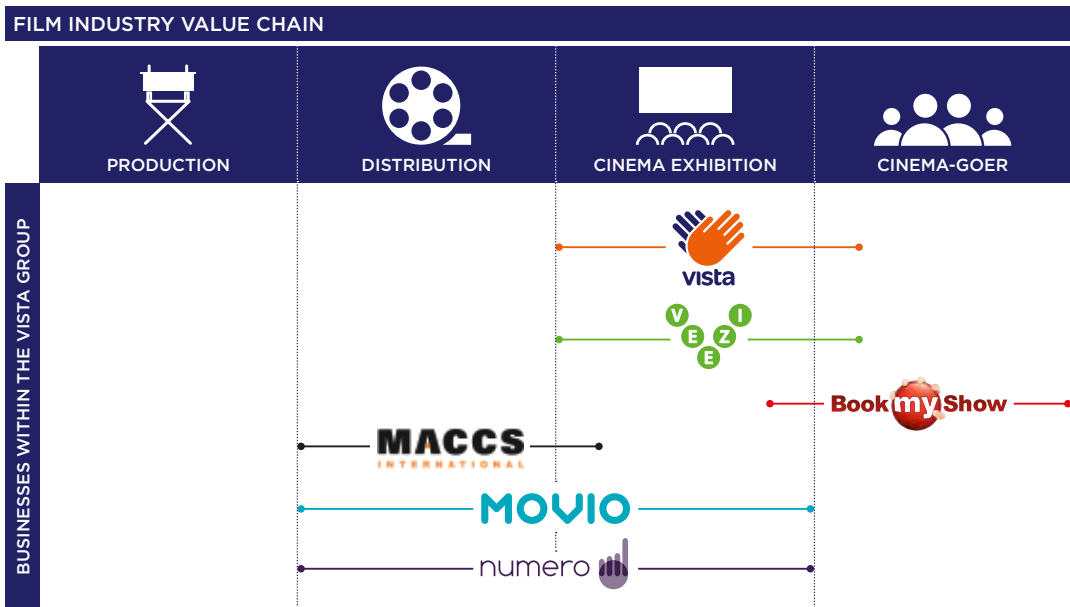
Cinema-goer

Interfaces with cinema customers such as mobile ticketing, online ticketing and social media apps, are increasingly demanded by cinema exhibitors. The Vista Group provides many of these services to cinema exhibitors through Vista Cinema, Veezi and BookMyShow. This offering is likely to be further developed over time so that the end consumer will develop into a target market for the Vista Group.

The Vista Group

The Vista Group provides Cinema Management Software, Film Distribution Software and customer analytics software to companies across the global film industry. The Vista Group has historically focussed on the cinema exhibition segment of the market. However as illustrated in Figure 2, in recent years, the Group has expanded its services to customers across the broader film industry.

FIGURE 2: VISTA GROUP COMPANIES WITHIN THE FILM INDUSTRY



CINEMA EXHIBITION

Cinema Exhibition Market Overview

The Vista Group currently derives the majority of its revenue from the cinema exhibition market.

Cinema exhibition markets around the world can be classified as either developed or developing cinema markets:

- Developed cinema markets tend to have a higher number of screens and higher Admissions per capita. Developed cinema markets focused on in this Investment Statement and the Prospectus include the USA, the UK, Canada, Australia and New Zealand.¹⁶

- Developing cinema markets typically have a relatively lower number of screens and Admissions per capita and a lower proportion of multiplex cinemas. Developing cinema markets focused on in this Investment Statement and the Prospectus include China, Thailand, United Arab Emirates, Romania, Russia, Chile, Colombia and Brazil.

India does not strictly fit either definition above as it has a high number of independent operators with single screen cinemas. Importantly, India is a large cinema-going market and VES currently has a greater than 50% share of the Large Circuit Market.

FIGURE 3: SNAPSHOT OF THE GLOBAL CINEMA INDUSTRY (2012)

	Revenue (US\$ billion)	Screens	Admissions (billion)	Average screens per million people	Average Admissions per capita
North America	16.7	42,868	1.3	106	3.6
Europe	12.6	34,338	1.1	58	1.7
Asia	10.3	34,045	3.0	22	1.8
Latin America	3.4	10,593	0.5	20	1.1
Australia & New Zealand	1.8	2,404	0.1	89	3.5
Middle East & Africa	0.7	3,113	0.1	24	1.0
Total	45.5	127,361	6.2	27	1.7

Source: Dodona Research 2013

Drivers of the cinema exhibition market

Cinema exhibition revenue is driven by Admissions and the number of screens. Specifically, the number of screens is particularly relevant to the Vista Group's business model.

Admissions

Admissions is a driver of cinema exhibition revenue. In 2012 the global cinema industry attracted approximately six billion patrons. Global Admissions is forecast to grow at a CAGR of 4.8% between 2012 and 2017.

Screens

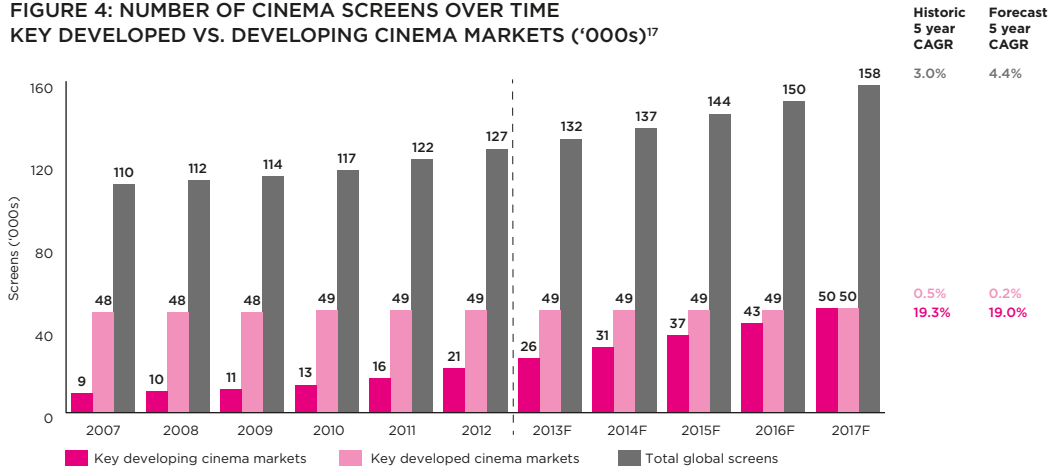
Cinema exhibition revenue is also impacted by the number of screens in each region. In 2012, there were approximately 127,000 screens globally. This number is expected to increase to approximately 158,000 screens by 2017. As illustrated in Figure 4, the growth in number of screens is primarily as a result of the developing cinema markets, where the current screens per capita is low relative to the other regions.



¹⁶ Europe has been excluded on the grounds that, due to a mixture of developed and developing markets, an aggregated figure would not be representative of all markets.

INDUSTRY OVERVIEW

FIGURE 4: NUMBER OF CINEMA SCREENS OVER TIME
KEY DEVELOPED VS. DEVELOPING CINEMA MARKETS ('000s)¹⁷

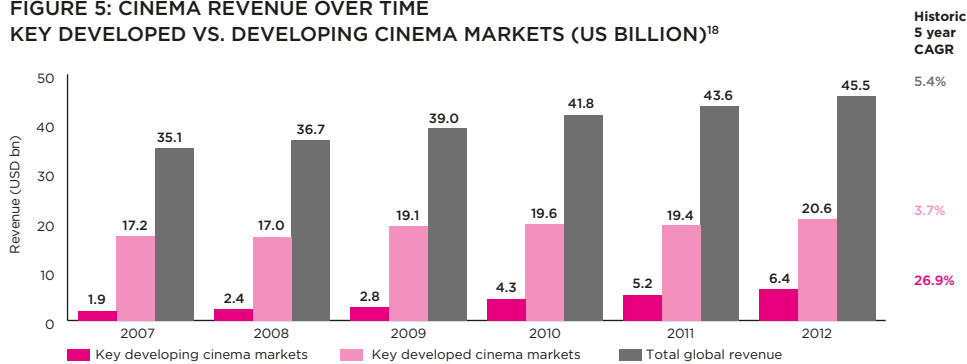


Source: Dodona Research

Cinema exhibition revenue

In 2012, the global cinema industry generated revenue of US\$46 billion, and from 2007 to 2012 its revenue grew at a CAGR of 5.4%. As shown in Figure 5, the growth in global exhibition revenue has primarily been driven by significant revenue growth in the developing cinema markets who have experienced a CAGR of 26.9% in the same period.

FIGURE 5: CINEMA REVENUE OVER TIME
KEY DEVELOPED VS. DEVELOPING CINEMA MARKETS (US BILLION)¹⁸



Source: Dodona Research

¹⁷ Key developed cinema markets represent mature markets where there is a high screen-to-population ratio and higher Admissions per capita. These regions include the USA, the UK, Canada, Australia and New Zealand. Key developing cinema markets include regions which have a five year forecast growth rate of 5% or greater (e.g. China, Thailand, the UAE, Romania, Chile and Colombia) and regions that have a lower forecast growth rate however, have a meaningful number of screens (e.g. Russia and Brazil). India has been excluded from this data set given a majority of the screens are owned by independent cinema operators. It should be noted that total global screens data shown above only includes regions where Dodona Research has been able to collect data.

¹⁸ Total global revenue data shown above only includes regions where Dodona Research has been able to collect data.

DEVELOPED AND DEVELOPING MARKETS

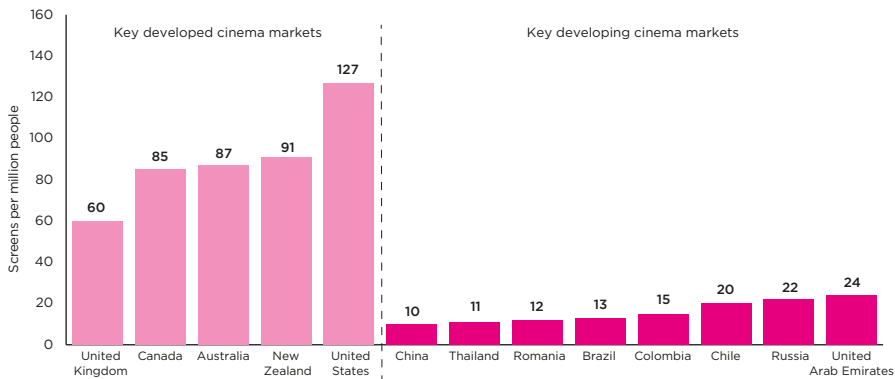
Developed cinema markets are characterised by higher screens and Admissions per capita. These markets also tend to have a higher penetration of multiplex cinemas (multiple cinema screens at one site) and as a result, represent more mature cinema markets with a lower yet stable level of screen and attendance growth.

In contrast, developing cinema markets are typically characterised by a lower screens and Admissions per capita. The penetration of multiplex cinemas

(where multiple screens operate at one site) is lower than in developed markets, with a significant number of smaller operators.

The average number of screens per million people in key developing countries is approximately 16 compared with approximately 90 in key developed economies. This lower penetration rate provides Vista Cinema with an opportunity for growth, with a CAGR from 2007 to 2012 of 19.3% and forecast five-year CAGR of 19%.

**FIGURE 6: SCREENS PER MILLION PEOPLE
KEY DEVELOPED VS. DEVELOPING CINEMA MARKETS**



Source: Dodona Research



INDUSTRY OVERVIEW
Cinema exhibition in developed cinema markets

Developed cinema markets, such as the USA, the UK, Canada, Australia and New Zealand, typically experience stable but slower growth. Although the growth in screens within developed cinema markets has been low (0.5% CAGR see Figure 4) cinema operators have grown revenue at a CAGR of 3.7% (see Figure 5) due to increasing ticket price and patrons' spend on food and beverage.

Vista Group operations within developed cinema markets

As cinema exhibitors offer a wider variety of experiences to their customers, there is an increasing need for them to implement high-function Cinema Management Software. As a result, despite developed cinema markets experiencing a lower percentage level of screen and patronage growth, these markets represent growth opportunities for Vista Cinema as more and more operators require higher-quality software to cater for, for example; enhanced food and beverage offerings, mobile sales channels to customers and sophisticated loyalty management software.

In addition, Movio provides exhibitors within these markets with the tools necessary to analyse their customer loyalty data to drive sales. Cinema exhibitors collect a large amount of data about their loyalty customers through day-to-day transactions. Movio empowers exhibitors to identify their most valuable customers and group those with similar behaviours to create relevant marketing initiatives and send them personalised communications. As a result, cinema exhibitors improve customer engagement and retention.

Cinema exhibition in developing cinema markets

Developing cinema exhibition markets tend to have lower but increasing cinema attendance, often due to growing consumer affluence. The key high growth developing cinema markets include China, Thailand, the UAE, Romania, Russia, Chile, Colombia and Brazil. These countries represent approximately 14% of global revenue today, however are expected to represent a significantly greater proportion of revenue going forward.

These key high growth developing markets generated approximately US\$6.4 billion of revenue through approximately 1 billion Admissions in 2012. The average Admission per capita in these markets is 0.8. This is significantly lower than the average Admission per capita in developed cinema markets of 3.4.

A number of operators within developing markets are focused on converting traditional cinema sites into multiplex cinema sites (multiple cinema screens at one site) as well as building additional multiplex sites. Revenue in the key developing markets outlined above has increased at a CAGR of 26.9% from 2007 to 2012, due to both of these factors.

Vista Group operations within developing cinema markets

The Vista Group is well positioned to benefit from the anticipated strong growth in screen numbers in developing economies, as well as the likely increase in market share of multiplex operators and the associated increase in the number of cinema sites and screens in these markets. For example, VES has recently gained its first customer in Russia. In China there are only six accredited cinema systems for use and Vista Cinema and Veezi are the only non-Chinese systems.

As the Vista Group grows and takes advantage of the expansion of multiplex cinemas, the Vista Group businesses can leverage off this growth to drive new customers and expand their geographic footprint.



COMPETITIVE LANDSCAPE

Cinema Management Software providers

VES is the largest provider of Cinema Management Software solutions to the cinema exhibition industry with an estimated market share of 37% of the Large Circuit Market. VES believes it has the largest geographic spread of customers among Cinema Management Software suppliers.

VES's key competitors include NCR (Radiant) and Allure Global in the USA, Compeso, Admit One and ticket international in Europe, and Showbizz in India.

Vista Cinema also competes with in-house written software. VES has added a number of customers in recent years who have abandoned their strategy of developing their own software. The main reason for this is the difficulty of staying abreast of technology and the rapidly changing nature of the industry.

Veezi's key competitors are many small companies operating in just one country.

Movio competitors

Movio is the only marketing analytics and campaign management provider to offer a focussed solution to the cinema exhibition and distribution markets that integrate into the cinema exhibitors' software, and deliver unique return on investment reporting, demonstrating exactly what type of marketing is working for different segments of customers.

NOTICE OF DISPUTE

On 25 June 2014 the Vista Group received a letter from a significant customer expressing a desire to initiate formal dispute resolution proceedings in relation to contracted services. On the basis of the information received by the Vista Group to-date, and legal advice obtained in respect of that information, the Vista Group estimates that its exposure (if any) in relation to the matters raised by the customer is between \$0 and \$1.5 million. The Vista Group believes that it is in a strong position to rebut a claim, if one is made.

There are a number of companies who provide general data analytics and campaign monitoring solutions, but Movio believes that none are direct competitors in terms of providing a marketing analytics and campaign management solution that integrates directly with cinema exhibitors' point of sale software.

MACCS competitors

Management believes that MACCS is the largest provider outside the USA of Film Distribution Software. Within the USA, Hollywood Software (a division of Cinedigm Corp (CIDM-G)) is a competitor. Like Vista Cinema, MACCS faces some competition from in-house systems, for example Spiritworld, developed by Sony Corp.

Número competitors

Número is entering a market serviced by a single supplier - Rentrak Corporation (RENT:NASDAQ). It is the single supplier nature of the existing market that is creating demand for an alternative supplier.





**VISTA ENTERTAINMENT
SOLUTIONS PROVIDES A SOLID
PLATFORM FOR THE GROUP'S
CONTINUED GROWTH AND EXPANSION
ACROSS THE FILM INDUSTRY**

THE VISTA GROUP IS A GLOBAL LEADER IN FILM INDUSTRY SOFTWARE SOLUTIONS. BUILDING ON THE LEADING POSITION OF VISTA CINEMA WITHIN THE FILM EXHIBITION (I.E. CINEMA) INDUSTRY, THE VISTA GROUP NOW OFFERS SOLUTIONS ACROSS THE WIDER FILM INDUSTRY.

The Group has over 250 staff across offices in New Zealand (headquarters), the USA, the UK, the Netherlands, Australia and China. Its Vista Cinema software is installed in more than 60 countries around the world including the USA, Canada, Mexico, the UK, India, China, Australia and New Zealand. Management estimates that over 1 billion cinema tickets are processed every year through Vista Cinema.

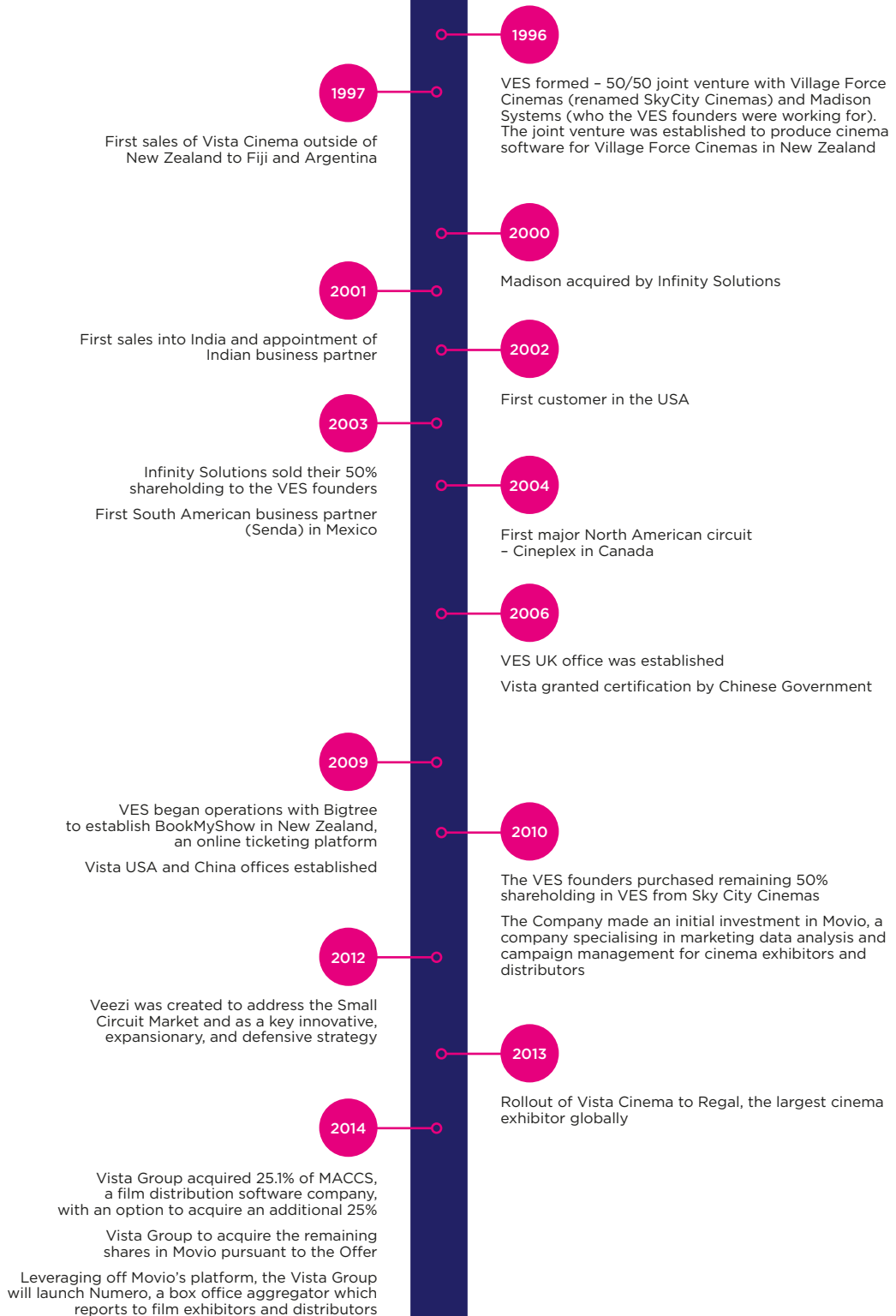
4.1 EVOLUTION OF THE VISTA GROUP

Vista Cinema started out in 1996 as a custom software development for Village Force Cinemas and the Vista Group has now developed into a global business which creates highly sophisticated software across the film industry.

Each of the Vista Group businesses provide high-quality software and have individual growth potential across the film industry (see Figure 2 in *Section 3: Industry Overview*). To build on this, each of the Group businesses has the opportunity to leverage VES's global breadth of customers, distributors and scale to create further growth.



The Vista Group story



4.2 VISTA GROUP BUSINESSES

The Vista Group has a portfolio of six businesses that provide software solutions to the film industry. The Group derives its revenue from licencing of software, maintenance fees, monthly subscription fees and services.



VES is the leading supplier of cinema software in the world. Its main products comprise Vista Cinema and Veezi.

Vista Cinema is the leading cinema software in the world, with software installed in over 3,000 sites in more than 60 countries. Vista Cinema is used by a range of cinema exhibitors. It is designed for the Large Circuit Market, but can cater for single screen operators up to the world's largest cinema circuits with hundreds of sites and thousands of screens.

Vista Cinema is a true enterprise-wide cinema management system for exhibitors. Vista Cinema offers a comprehensive and integrated suite of over 20 modules that deliver a total solution to optimise cinema management:

1. **Cinema operations** – such as ticket sales, food and beverage sales, staff management and cash management interfaces, to projection and air conditioning systems, and mobile platforms for cinema managers.
2. **Head office management** – control of circuit pricing, access to all cinemas statistics and reports, executive information systems, finance, loyalty programmes, vouchers and gift cards, film programming and royalty.
3. **Customer sales channels** – point of sale, Internet ticketing, smartphone ticketing, call centre operations, corporate sales, automated telephone ticketing and in-cinema automated ticket machines.

VES also offers customised software development services to its customers to ensure Vista Cinema meets their needs.

Vista Cinema currently has a worldwide market share of 37% in the Large Circuit Market. In Canada, Mexico and Australasia, Vista Cinema's market share exceeds 80%. This highlights the potential for the software in other markets such as the USA, where Vista Cinema only has 37% market share (grown from 2% in 2009)¹⁹ but which accounts for approximately 40% of box office spending worldwide. Developing markets also provide an opportunity as the number of cinemas and cinema-goers increase.

The number of installed Vista Cinema sites worldwide has increased by around 150% over the last 4 years to almost 3,000 in 2013 and is projected to increase to 4,400 by the end of the forecast period.



Only recently launched by VES, Veezi is a new, cloud-based SaaS solution which eliminates the need to invest in expensive servers and infrastructure.

Veezi provides similar software to Vista Cinema, targeting the Small Circuit Market.

Veezi provides smaller, independent cinema operators with point of sale software for ticketing and food and beverage sales, theatre management, cinema reporting and online ticketing services. An initial 50 cinemas in 9 countries have subscribed to Veezi.

Management estimates that the total market for Veezi is in excess of 20,000 sites.

¹⁹ Market share calculated based on number of contracted sites in the Large Circuit Market.



The Vista Group also have a joint venture with Bigtree Entertainment, Vista Group's business partner in India, called BookMyShow. BookMyShow currently provides movie information and online ticketing solutions for the Small Circuit Market in New Zealand. For the avoidance of doubt, the Vista Group does not have an interest in BookMyShow India.



Management understands that MACCS is the largest provider, outside the USA, of Film Distribution Software for the film distribution industry.

MACCS software manages core financial, logistical, administrative and decision making processes for film distributors within the film industry, covering all aspects of the film distribution life cycle, including:

1. content (rights and royalties) management;
2. management of the theatrical film distribution process; and
3. management of the non-theatrical (e.g. home entertainment) film distribution process.

MACCS has customers in over 35 countries and has a customer list that includes the likes of Warner Bros International, Paramount Pictures International, Roadshow Film Distributors as well as many leading film distributors in Europe.

MACCS has yet to penetrate the USA, the largest distribution market. This presents a significant opportunity for growth, which will be assisted by the existing Vista Group network.



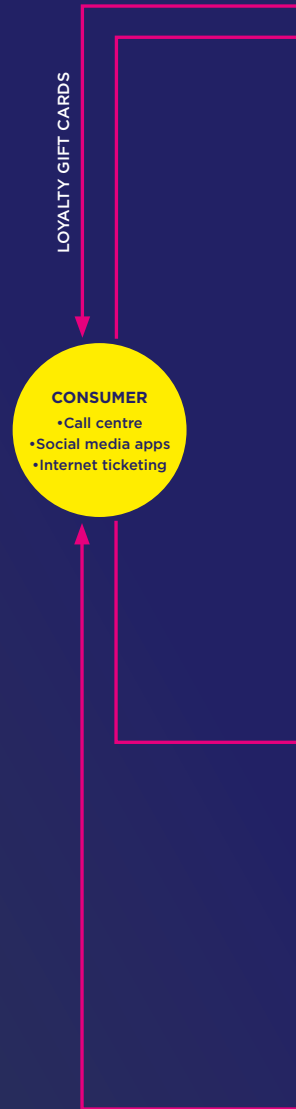
Numero is scheduled to launch in the second half of 2014. It will provide an aggregated box office reporting platform, providing the film industry and media vital information in a clean, fast and effective manner.

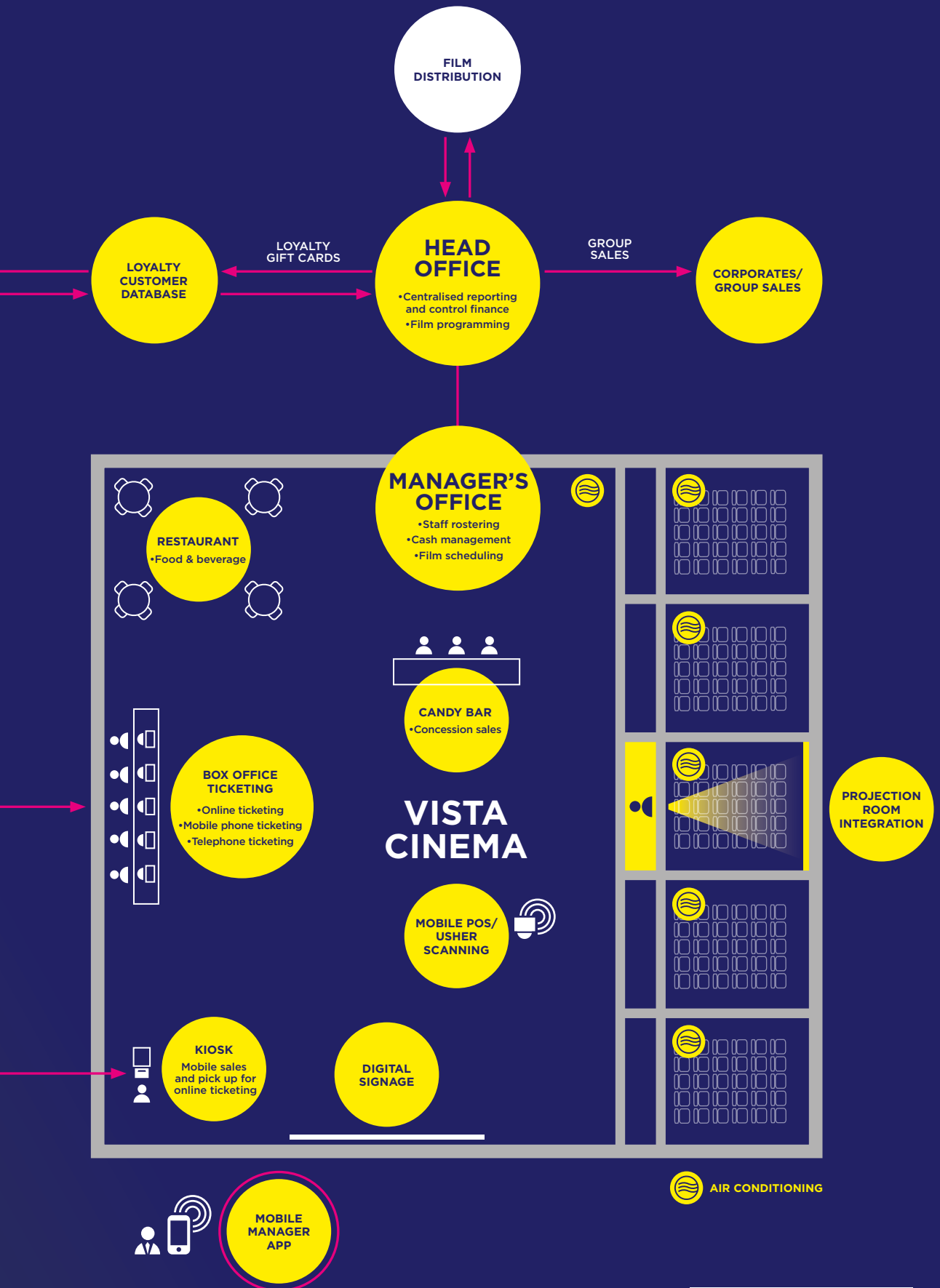
This new business opportunity will build off Vista Group's global scale and relationships. Numero will extract data from cinema exhibitor point of sale software, including Vista Cinema and Veezi. Numero will sell access to this data to film studios and distributors.

HOW VISTA SOFTWARE OPERATES.

THE GROUP'S VISTA CINEMA SOFTWARE IS INSTALLED IN MORE THAN 60 COUNTRIES AROUND THE WORLD WITH SIX BUSINESSES AND OVER 200 STAFF ACROSS OFFICES IN AUCKLAND (HEADQUARTERS), LOS ANGELES, LONDON AND SHANGHAI.

FIGURE 7: VISTA CINEMA SOFTWARE







Movio empowers cinema exhibitors and distributors to identify their most valuable customers and group those with similar behaviours to create relevant marketing initiatives and send them personalised communications, with its marketing analytics and campaign management solutions.

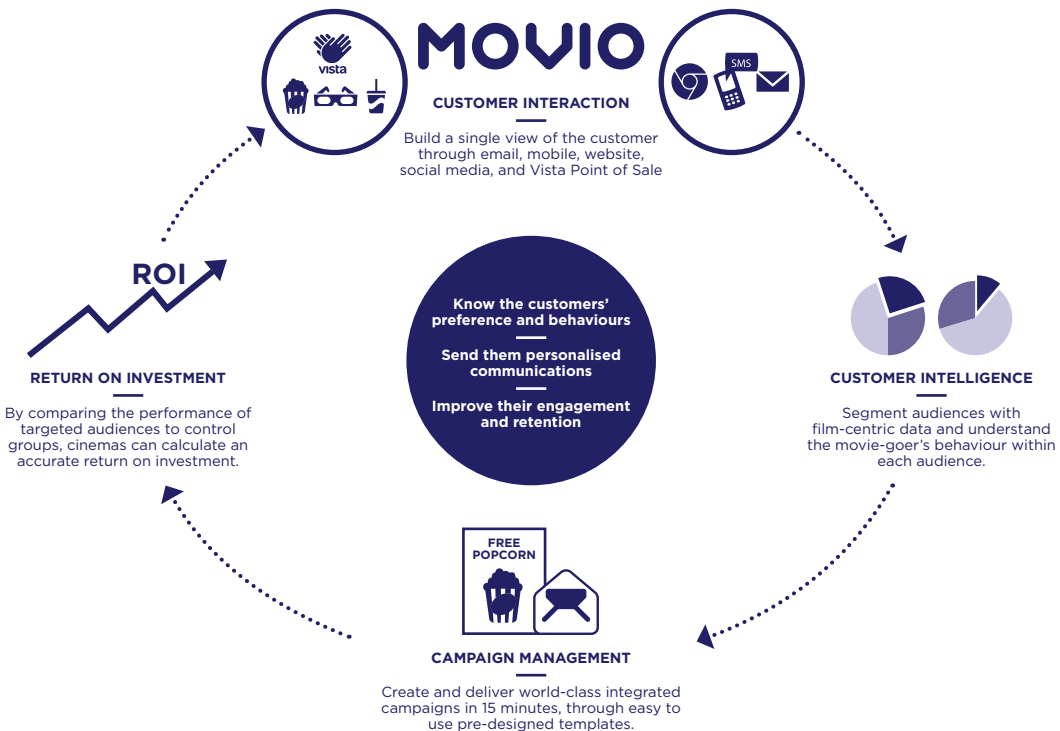
A feature of Movio’s SaaS based software is that it allows users to measure the effectiveness of a campaign, including in dollar terms, through integration with the various sales channels at the cinema.

Movio is the only fully integrated film focused customer intelligence and campaign management solution that integrates with cinema exhibitors’ software. Movio currently has extensive data on more than 26 million customer profiles, over 1,000 theatres, and over 1,000 films, across six countries. Movio has the ability to pull information from a number of sources: cinema exhibitors’ loyalty member databases, Vista Cinema, Veezi or other point of sale software, email, website, mobile, and soon social media platforms.

In the past 12 months, Movio has grown from seven to 27 staff, and increased its global revenue by 211%, with a strong pipeline of customers due to be implemented this year. Movio counts the leading cinemas (by box office revenue) as customers in most covered territories: Regal Entertainment in the USA, Cineplex Entertainment in Canada, Cinepolis in Mexico, and Event in Australia and New Zealand.

Movio’s vision is to change the way the film industry interacts with viewers by providing a greater understanding of what drives consumer behaviour, and communicating through their preferred channels.

FIGURE 8: MOVIO DATA CAPTURE



4.2.1 Support from a Global Partner Network

Vista Entertainment Solutions has a global distribution network with offices and business partners in 11 countries. This structure enables VES to provide a high level of customer service, from almost every corner of the world. VES's business partners receive a margin from the software licence and ongoing maintenance fees, which is approximately 40%.

Movio also utilises this network to support its growth and provide services to its growing base of customers.

MACCS provides support to its customers through its presence in the Netherlands (headquarters), Germany and Australia. Going forward, MACCS will leverage off the Vista Entertainment Solutions' network as it expands further into the USA and South America, and consolidate offices with VES where appropriate.

FIGURE 9: VES GLOBAL OFFICES AND BUSINESS PARTNERS



4.2.2 People & Culture

The Vista Group believes that it is distinguished by having advanced products coupled with exceptional customer service. All Vista Group employees are dedicated to the provision of great service and are passionate about what they do. Across the Vista Group, staff turnover is particularly low, with most years only having less than 5% turnover.

Many staff have been with the Vista Group in excess of 10 years. In an intellectual property business, this provides value in the research and development processes, and in customer service.

The Vista Group has doubled its staff numbers since 2010 and is forecast to increase to more than 350 staff by the end of 2015.

4.3 REVENUE MODEL

The Vista Group generates revenue from:

- licencing of software products;
- maintenance fees;
- monthly subscription fees; and
- implementation and other services.

The majority of revenue is currently derived from Vista Cinema's license fee and ongoing maintenance fees.

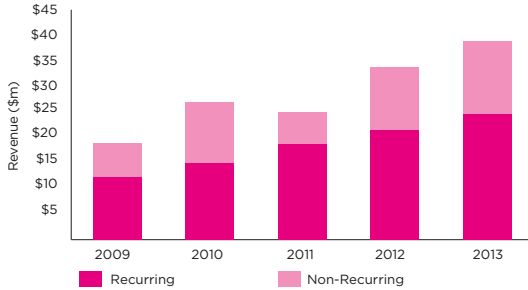
Vista Group business	Upfront revenue	Ongoing & Recurring Revenue
Vista Cinema	Licence fees	Annual maintenance fees
	Implementation fees	Consulting and training services and software development
Veezi		Monthly subscription fees
		Web ticketing charges
MACCS	Licence fees	Annual maintenance fees
		Usage fees for certain products
Movio		Annual licence fees
		Monthly activity charges
Numero		Annual subscription fees
BookMyShow		Web ticketing booking fees

Recurring Revenue comprised approximately 64% of total Group revenue in FY13 which is forecast to grow to over 75% in FY15F, driven by:

- an increasing number of installed customers and hence annual maintenance revenue;
- an increasing number of Veezi, MACCS and Movio customers paying primarily annual Recurring Revenue; and
- increasing sales of ancillary services for Vista Cinema customers such as consultancy and training.



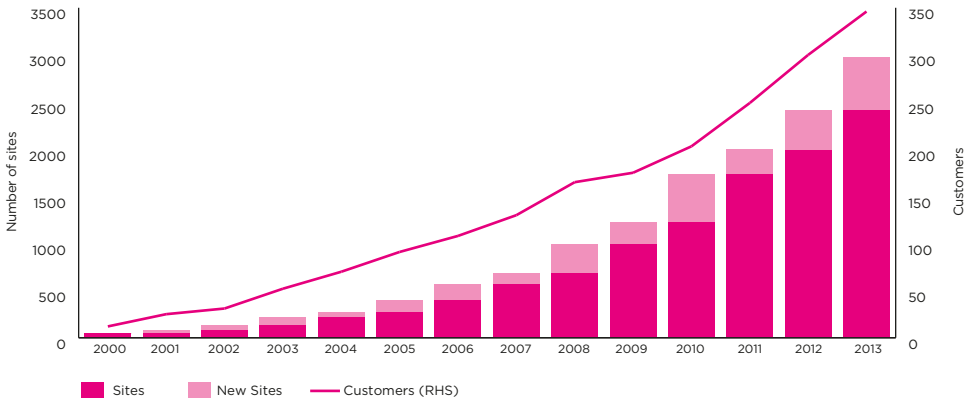
FIGURE 10: VISTA GROUP RECURRING REVENUE VERSUS NON-RECURRING REVENUE FY09-FY13



A driver of licence fee revenue is the number of new sites which operate Vista Cinema.

The graph below shows there has been significant growth in the number of contracted sites for Vista Cinema, 200% since 2008. Growth in site numbers is expected to continue through the forecast period by a further 50% (as discussed in *Section 4.5: Growth Strategies*).

FIGURE 11: NUMBER OF VISTA CINEMA SITES (SITES INSTALLED)



4.4 GLOBAL OPERATIONS AND OPPORTUNITY

The Vista Group operates around the world in more than 60 countries with over 400 customers. Since beginning in 1996, VES has steadily added new countries and customers, progressively growing up-front licence fees and annually recurring software maintenance fees. Vista Cinema has a low customer churn rate.

The cinema industry is constantly expanding, with the number of screens worldwide increasing 12% over the last 4 years to 127,000 (total screens for Large and Small Circuit Markets). It is anticipated that developing countries will have higher growth rates than developed countries going forward given the lack of penetration currently (as discussed in *Section 3: Industry Overview*).

Vista Entertainment Solutions is well positioned to benefit from the anticipated strong growth in screen numbers in developing economies over the next 10 years. In these markets, the move to large multiplex cinemas will also create increased demand for Vista Cinema.

As VES grows and takes advantage of the expansion of multiplex cinemas, the other Vista Group

businesses can also build on this growth to drive new customers and expand their geographic footprint.

Movio operates in 6 countries around the world, being New Zealand, Australia, the USA, Canada, Mexico and Vietnam. Over the past two years, Movio has signed and implemented the leading cinema exhibitor (by box office revenue) in all six countries, including Regal Cinemas, the world's largest cinema circuit.²⁰

Movio has been able to accelerate its growth over the past two years through leveraging the global customer and distribution network of VES. In late 2013, Movio signed a partnership deal with NCR (Radiant), a USA-based provider of cinema point of sale software, to supply Movio software to NCR's customer base. This deal has already resulted in the signing of two leading USA cinema circuits.

Through Movio's strategic partnerships with Vista Cinema and NCR, the increase of their global footprint, and the extension of the Movio offering to film studios and distributors, Movio is projecting revenue growth from \$5.1 million in 2014 to \$9.1 million in 2015.

REGION	MARKET SHARE	SELECTED CUSTOMERS
USA	11,118/30,050 screens - 37%	Regal, Harkins Theatres, Arclight, Sundance, Bow Tie, B&B, Georgia Theatre Company, Goodrich, Wehrenberg, Alamo Drafthouse
Europe	4,076/16,865 screens - 24%	Vue (UK), Cineworld (UK), Mars (Turkey), Kinopolis (Belgium, France, Spain), Cinestar (Germany), Yelmo (Spain), Karo Film (Russia)
Asia	3,005/13,456 screens - 22%	Major Cineplex (Thailand), PVR (India), Lumiere (China), Grand Cinemas (UAE)
Central America	4,995/5,108 screens - 98%	Cinopolis (Mexico), Cinemex (Mexico), Cinemark (Central America)
South America	877/4,713 screens - 19%	Village SA (Argentina), Cine Hoyts (Chile), Cines Unidos (Venezuela), Cinemark (South America)
Canada	2,067/2,323 screens - 89%	Cineplex Entertainment, Landmark Canada
Africa	973/2,172 screens - 45%	Nu Metro (South Africa), Silver Bird (Nigeria)
Australasia	1,380/1,636 screens - 84%	Hoyts, Event, Village
Worldwide	28,491/76,323 screens - 37%	

Note that the above market share data only includes the Large Circuit Market. Market size data is sourced from Dodona 2013.

²⁰ As measured by box office revenue.

4.5 GROWTH STRATEGIES

The Vista Group has identified three key areas from which it will seek to continue its track record of growth.

4.5.1 Growth in Existing Business

Vista Cinema

- Expansion of market share in current markets such as the USA, China, India and Thailand.
- Expansion into new markets where VES does not presently have customers such as Holland and Italy.
- Expansion into developing markets such as Russia, Brazil, Indonesia and a number of Eastern European markets. VES recently gained its first customer in Russia.

Veezi

- Expansion into the USA will be an initial primary focus given its size and scale of approximately 3,000 independent cinema exhibitors, as estimated by management. There is a significant opportunity to build market share in this large, fragmented market.
- There are presently inefficiencies in the industry with small independent cinemas communicating box office numbers to distributors and industry aggregators of Box Office data. This causes the distributors to incur additional costs in collecting data from these small cinemas. Since Veezi removes much of this inefficiency, it is possible that the film distributors may pay a fee to receive this information electronically.
- The newly created partnership with Fandango should provide additional demand for Veezi. Fandango is a provider of web ticketing for cinemas in the USA and is by far the most widely used cinema web ticketing platform in the USA. Previously smaller independent cinemas could not access Fandango's services. Now with the partnership between Fandango and Veezi, by signing up to Veezi, cinemas can access the Fandango ticketing services.

MACCS

- MACCS has a global footprint but has historically focused on Europe. MACCS is in the process of establishing an office in Los Angeles and will allocate resources to focus on the USA as a significant growth opportunity.
- MACCS also plans to expand through new products such as DCinemaHub, which manages digital keys and eliminates manual processing in order to streamline the digital film distribution process, as well as developing a SaaS version of the MACCS product that will appeal to smaller operators on a global basis.

Movio

- Movio's growth and main focus is on the USA, the epicentre of the film industry, where it has an established office and secured a number of key contracts. Movio will have a dual focus, both on cinema exhibitors as well as film studios and distributors, who spend billions of dollars a year on marketing their films.
- Further significant opportunities exist for Movio to accelerate growth into the UK, Europe, South America and Asia.

Numero

- Numero is scheduled to launch in Australia and New Zealand in the second half of 2014, and intends to expand internationally from 2015 onwards.

4.5.2 Opportunities in New Markets or Sectors

Expansion of Vista software into adjacent industries

A number of Vista Cinema customers also operate food and beverage businesses. Some of these customers have chosen to use Vista Cinema as the software solution. As an enterprise management system, Vista Cinema has the potential to fulfil similar roles in a wide variety of sectors and industries. Whilst not a current focus, the Vista Group could look to expand Vista Cinema in to adjacent industries, although this would likely require an acquisition to secure industry credibility, scale and talent.

Expansion of Movio

Movio's technology may have applications in other industries with large customer databases and loyalty programmes, for example retail, lotteries, food and beverage, and airlines. Whilst not an immediate focus, Movio is aware of the potential for expanding or licensing the software into other industries.

4.5.3 Acquisitions

The Vista Group is always looking to invest in, or acquire, businesses or products that add value to the Group, and that can utilise VES's established distribution network and credibility in the film industry.

BOARD, MANAGEMENT AND GOVERNANCE

Vista Group Directors

1. Kirk Senior Chairman

BBUS (SWINBURNE)

Kirk brings a strong international film industry background acquired from 18 years with the Village Roadshow Limited Group. Kirk was formerly CEO (and prior to that, CFO) of Village Cinemas, one of the world's leading cinema companies. Kirk was also a director of Village Cinemas and many of its subsidiaries and joint ventures throughout the world. Prior to Village Cinemas, Kirk was a chartered accountant with Ernst & Young in Australia and the UK. Kirk also advises and provides consulting services to other companies in the film and entertainment industries.

2. Murray Holdaway Executive Director

BSC (MATHEMATICS AND COMPUTER SCIENCE)
AND BCOM (ACCOUNTING) (UNIVERSITY OF AUCKLAND)

Murray is the co-founder and Chief Executive of the Vista Group. Murray has been the product visionary for Vista Entertainment Solutions over the past 15 years.

Prior to running the Vista Group Murray was a founding shareholder and Chief Executive of Madison Systems Ltd (which was a joint venture partner in Vista Entertainment Solutions when it formed in 1996). From its beginnings in 1988 Madison became one of the largest IBM re-sellers in New Zealand. Madison was involved in two separate cinema system developments before the Vista Cinema product was created. Madison was sold to Infinity in 2001 and it was at this time that Murray transferred full time to work on Vista Cinema. Murray is also a director of Postie Plus Group Limited, which is currently in voluntary administration at the election of the board.

3. Brian Cadzow Executive Director

BCOM (ACCOUNTING AND INFORMATION SYSTEMS)
(OTAGO), CA

Brian is the Finance Director and one of the co-founders of the Vista Group. Brian has had a long career in finance positions in the Industrial, Media, Transport and Technology sectors for both listed (up to 2000) and private companies. Brian operated his own consulting business for 10 years (with the Vista Group as a major client) until joining the Vista Group as a full time employee in his current role in 2008.

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4. Susan Peterson Independent Director

BCOM AND LLB (OTAGO)

Susan has a strong financial and governance background gained from a long history with the ANZ where she was General Counsel and Company Secretary before moving on to other business leadership roles, including General Manager of Wealth Business and Performance encompassing private banking, insurance and funds management. Susan was also a director on many of ANZ's New Zealand subsidiary company boards.

Susan is currently an Independent Director of Wynyard Group Limited and The New Zealand Merino Company Limited. Susan also chairs the Audit and Risk Committees for these companies.

Susan is a Tribunal Member of the NZ Markets Disciplinary Tribunal and a Ministerial Appointee to The National Advisory Council for the Employment of Women. Susan is also on the Board of IHC and on the Strategic Advisory Board of the New Zealand Heart Foundation.

5. James Ogden Independent Director

BCA (HONS) (ACCOUNTING) (WELLINGTON), FCA, FINST D

James brings strong financial expertise to the Board and director experience across a broad range of industries. He has had a distinguished career as an investment banker for eleven years, six years as Country Manager for Macquarie Bank and five years as a director of Credit Suisse First Boston. James has also worked in the New Zealand dairy industry in chief executive and finance roles for eight years. James is also a director of The Warehouse Group, Summerset Group Limited, Vehicle Testing Group Limited and Seaworks Limited. Former directorships include NZ Post Limited, Kiwibank Limited, NZX-listed Powerco Limited and Capital Properties New Zealand Limited.

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Vista Group Executive team

1. Murray Holdaway Chief Executive

See Murray's full biography under the heading "Vista Group Directors"

2. Brian Cadzow Finance Director

See Brian's full biography under the heading "Vista Group Directors"

3. Kimbal Riley Chief Operating Officer

BSC (BIOCHEMISTRY)

Kimbal was appointed the Vista Group's Chief Operating Officer in November 2013.

Kimbal was appointed the Vista Group's Chief Operating Officer in November 2013.

Formerly, he was COO of Orion Health, New Zealand's largest software exporter and one of the world's leading Health IT companies with operations on every continent and customers in over 50 countries. Kimbal was with Orion Health for 7 years, during a period of large growth for the company. Prior to his tenure at Orion Health, Kimbal undertook senior sales and delivery roles in global software and services organisations including CSC, Compaq, EDS, and Nortel.

4. Derek Forbes President, VES USA (Los Angeles)

BCOM (MANAGEMENT SCIENCE & INFORMATION SYSTEMS), BSC (COMPUTER SCIENCE), UNIVERSITY OF AUCKLAND

Derek joined the Vista Group in 2000 and was involved in the creation of early versions of Vista Cinema. Subsequently Derek transitioned to software implementation and product management within VES. In 2005, Derek moved to London where he established Vista Entertainment Solutions' UK office. There he built the office to oversee a broad European operation which introduced Vista Cinema to new territories including Spain, Greece and Lithuania. Derek then moved to Los Angeles in 2009 to establish and lead VES's USA office. In the 4½ years since, VES has grown its cinema exhibition market share from <1% to 37%, and the team has grown to 38.



5. Mischa Kay
Managing Director, VES EMEA (London)

BSC, (COMPUTER SCIENCE, INFORMATION SYSTEMS),
UNIVERSITY OF AUCKLAND

Mischa has worked in both the VES Auckland and London offices and has progressed through the ranks from a student consultant in 2006 to becoming Managing Director for the EMEA region in 2014. He has deep international experience in both the services and project teams, and the Group's different offices. His broad experience with customers and partners across the EMEA region has made him an invaluable asset to the EMEA office.

6. Wendy Huang
Regional Manager – Asia (Shanghai)

ME (SOFTWARE ENGINEERING), UNIVERSITY OF AUCKLAND

Wendy joined the Vista Group as a university graduate in 2007 and completed her Masters-level education in 2011 after part-time study. After several years in China, Wendy was recently promoted to Regional Manager of VES's Shanghai-based Asia office taking up the role in 2014. Prior, Wendy worked in VES's Services Consulting team in Auckland for seven years. During this time, she worked with customers in various regions of the world implementing Vista Cinema. Wendy's cinema industry knowledge and experience is extensive and she has a dedicated team of eight helping her develop Vista Entertainment Solutions Asia-region business.

7. William Palmer
Movio Chief Executive

William is the Chief Executive of Movio and co-founder

Prior to Movio, William established and subsequently sold a number of successful start ups, including HRV, Connectnow and Warmo. William is highly experienced in business management, particularly during high growth phases, having nurtured businesses from conception to profitability on a number of occasions.

William's primary skill is business development and is responsible for the sales function within Movio. His approach is particularly hands on and has successfully established Movio in six markets since inception.

8. Bert Huls
MACCS Chief Executive

ME (ELECTRICAL ENGINEERING), DELFT UNIVERSITY OF
TECHNOLOGY (THE NETHERLANDS)

Bert is the Chief Executive and co-founder of MACCS, which provides software to over 100 film distributors in more than 36 territories. Prior to MACCS, Bert was involved in a number of start-ups within the IT industry including; a distributor of ticket printers, stock market information systems and IT distribution (resale of hardware and software).

BOARD, MANAGEMENT AND GOVERNANCE

5.1.3 Directors and senior managers' interests in Shares

Director/Senior Manager	Shareholder(s)	Total interest prior to the Offer (Shares)	Shares sold pursuant to the Offer	Total interest after the Offer
Kirk Senior	Kirk Senior Pty Limited	2,975,550	1,130,709	1,844,841
Murray Holdaway	Murray Lawrence Holdaway, Helen Rachel Geary and Stephen John McDonald	15,086,875	5,733,013	9,353,862
Brian Cadzow	Brian John Cadzow, Julie Ann Cadzow and Peter Allen Lewis	10,456,250	3,973,375	6,482,875
Kimbal Riley	Kimbal Harrison Riley and Wendy Anne Thorpe	59,750	22,705	37,045
Derek Forbes	Bruce Alan Forbes and Derek Geoffrey Forbes	2,987,500	896,250	2,091,250
Mischa Kay	Mischa Alexander Kay	29,875	Nil	29,875
Wendy Huang	Jungwen Huang	23,900	7,170	16,730
William Palmer	ETCO Limited WASPP Corporation Limited	Nil	Nil	1,293,889– 1,663,572 ²¹

The executives and senior managers listed in the table above have all agreed with the Company that any Shares they do not sell under the Offer, and any Shares purchased under the Vista Group Employee Offer, will be subject to escrow arrangements which will restrict their sale or disposal until the first day after the Vista Group's preliminary announcement has been released to the market in respect of its financial results for the year ending 31 December 2015. Further information on these escrow arrangements is available under the heading "Escrow Arrangements" in *Section 8: Offer Details*.

The independent Directors have indicated an intention to acquire Shares under the Offer. Any Shares acquired by the Independent Directors will be subject to the same escrow arrangements referred to above and in *Section 8: Offer Details*.



²¹ William Palmer will acquire an interest in these Shares pursuant to the Company's acquisition of Virtual Concepts (Movio). Further information on the acquisition of Virtual Concepts is available under the heading "12: Acquisition of a Business or Subsidiary" in *Section 10: Statutory Information of the Prospectus*.

WHAT ARE MY RISKS?

Your Shares will be fully paid and you will not have liability to make any further payments for them. However, you may not be able to get back any or all of your investment and you may not receive the returns you expect. This could be because you are unable to sell your Shares for the price you paid for them (or at all) or because the dividends paid on your Shares are less than you expect.

The principal risks that may have an impact on our business or financial results, and which could reduce or eliminate the value of your Shares or the returns on them are set out below. A full description of the risks that may have an impact on your investment is set out in *Section 6: What are my Risks?* in the Prospectus.

Key Personnel Retention Risk

We rely on the service and performance of our senior management team, including our executive team as outlined in *Section 5.1: Board and Management*, as well as key technical and sales personnel. If these employees were to leave, replacing them could involve significant time and cost, and may inhibit us from achieving our business objectives.

In addition, if we are not able to attract and retain qualified and talented people to execute our growth strategy, our operating results may be adversely affected.

Competition Risk

The current and prospective market for our software products and services is competitive, as outlined in *Section 3.1.3: Competitive Landscape*. Some of our current and potential competitors have significantly greater resources in certain markets that we either operate or intend to operate in. These factors may allow our competitors to respond more effectively than us to new or emerging technologies and changes in market requirements. Our competitors may develop products, features or services that are similar to ours or that achieve greater market acceptance, may undertake more far-reaching and successful product development efforts or marketing campaigns, or may adopt more aggressive pricing policies.

Key Customer Risk

We derive a significant portion of our revenue from large exhibitors or cinema circuits. Contractually, many of these customers are able to terminate their agreements at will. If one or more of these larger customers terminated or did not renew its contract, our performance may be impacted. In 2013, the top five customers contributed approximately 20% of total revenue.

Motion Picture Industry Risk

Our ability to operate successfully depends upon the availability, diversity and appeal of motion pictures, the success of motion picture exhibitors

and the cinema experience of the public generally. Poor performance of, or any disruption in the production of, motion pictures (including by a reason of a strike or lack of adequate financing) or a reduction of public attendance at cinemas, could adversely impact our business.

Technology Vulnerability Risk

Our products incorporate software that is highly technical and complex. Our software has contained, and may now or in the future contain, undetected errors, bugs or vulnerabilities. Some errors in our software code may only be discovered after the code has been released. Any errors, bugs or vulnerabilities discovered in our code after release could result in damage to our reputation, loss of users, loss of revenue, or liability for damages, any of which could adversely affect our business and financial results.

Foreign Exchange Risk

Our exposure to foreign exchange markets gives rise to risks. We derive our revenue in a number of different countries and, accordingly, in a number of different currencies. Fluctuations in exchange rates may have a direct impact on our earnings. Although there are hedging strategies in place, extreme volatility in foreign exchange markets could undermine the effectiveness of the hedging strategy, which could impact profitability. The three main currencies (USD, GBP and EUR) comprised approximately 85% of revenue in 2013.

Acquisition Risk

We review potential acquisitions of complementary businesses from time to time and may undertake such acquisitions in the future. All acquisitions face the risk that returns on investment will fall short of expectations. Estimates of fair value made in considering an acquisition are based on assumptions believed to be reasonable, but which are inherently uncertain. Where an acquired business fails to perform as expected, a number of material changes can eventuate that adversely affect operating results including, for example, impairment of goodwill. Further, acquisitions can involve a significant amount of management time and reduce the management team's ability to respond to other challenges and opportunities. Between them, these impacts may be material.

Obsolescence Risk

We are continually updating our existing products and continuing to develop new products. If we are not able to provide enhancements and new features for our existing products or new products that achieve market acceptance or that keep pace with rapid technological developments, our business could be adversely affected. This has the potential to impair our revenue growth.

OPERATIONAL AND FINANCIAL INFORMATION

This section provides an overview of financial information. Certain information included in this section (including EBIT, EBITA, EBITDA, NPATA and Pro Forma Financial Information) is non-GAAP financial information. You can find an explanation of why the Vista Group uses these measures and an explanation of the Pro Forma adjustments later in the section. Audited financial statements for FY13 are set out in *Section 7.5: Historical Financial Information* of the Prospectus along with summary financial statements for the Vista Group for FY09 to FY13. The historical FY13 financial information has been extracted from the Vista Group's consolidated financial statements. An unqualified audit opinion dated 1 April 2014 was received for these financial statements.

All financial information in this section is presented in NZD (unless otherwise stated) and rounded to the nearest thousand dollars.

The Vista Group comprises the following companies:

THE VISTA GROUP	
Vista Group Companies	Shareholding post IPO
- Vista Entertainment Solutions Limited (VES)	100%
- BookMyShow Limited	74%
- Virtual Concepts Limited (Movio)	100% ²²
- MACCS International B.V.	50.1% ²³
- Numero Limited	50% ²⁴

The MACCS International BV financial statements included in this Investment Statement and the Prospectus have been prepared in accordance with NZ IFRS but are not audited.

The following table illustrates the differing basis used in the preparation of the statutory and Pro Forma financial information presented in this section:

OPERATIONAL AND FINANCIAL INFORMATION		
Pro Forma FY11 – FY14F	Statutory FY14F	Statutory FY15F
- VES 100%	- VES 100%	- VES 100%
- BookMyShow 100%	- BookMyShow 74%	- BookMyShow 74%
- Virtual Concepts 100%	- Virtual Concepts 100%	- Virtual Concepts 100%
- MACCS 50.1% (Consolidated)	- MACCS 50.1% (Consolidated) acquired on 1 September 2014 (previously held 57% and equity accounted)	- MACCS 50.1% (Consolidated)
- Numero 100% FY11 – FY13 (Consolidated) commenced operations in September 2013	- MACCS 50.1% (Consolidated) 25% acquired on 2 April 2014 and option for 25.1% exercised 1 September 2014	- Numero 50% (equity accounted) ²⁴
- Numero 50% FY14F (equity accounted) ²⁴	- Numero 50% (equity accounted) ²⁴	

²² The Company has signed agreements with the other shareholders of Virtual Concepts to acquire the remaining 42.99% of the share capital of Virtual Concepts post the Offer. Further information on the acquisition of Movio is available under the heading "12: Acquisition of a Business or Subsidiary" in *Section 10: Statutory Information* of the Prospectus.

²³ MACCS shareholding of 50.1% includes an option to acquire 25%. The Company intends to exercise this option as at 1 September 2014.

The Vista Group has prepared PFI for FY14F and FY15F in accordance with FRS-42 Prospective Financial Statements for inclusion in the Prospectus and the *Appendix*. The PFI provided in this section has been extracted from this information. The PFI is forward looking and based on certain assumptions and therefore involves risk and uncertainties.

Actual results could differ from those expressed or implied by such forward looking statements, with factors that could cause such differences including, but not limited to, those discussed in *Section 6: What are my Risks?* of this Investment Statement and the Prospectus. You should read the basis of preparation, assumptions and sensitivities relating to the prospective financial information as detailed in the *Appendix* so that you fully understand the PFI.

If you do not understand the information in this section, you should consult a financial advisor.

²⁴ As at the date of this Investment Statement, the Company holds all of the shares in Numero. Certain Numero senior managers have been offered (and have accepted subject to agreement of appropriate documents) a 50% stake in Numero. The allotment of these shares is intended to be completed in FY14F. Further information on this transaction is set out under the heading "Sale of shares in Numero" in the *Appendix*.

7.1 HOW THE VISTA GROUP MAKES MONEY

The following provides a simplified overview of how the Vista Group makes money as an introduction to assist in reading the detail in the rest of this section.

VES derives revenue from its customers via three main sources:

- 1 Licence fees for Vista Cinema are charged to customers for the initial software implementation for each and every site installation as completed. The licence fee is a matter of negotiation with each customer. Licence fees are invoiced based on the currency applicable to that customer. Veezi licence fees are on a monthly subscription basis.
- 2 Maintenance fees are received by the Vista Group on an annual basis from customers in return for access to the Group's help desk and updated modifications to Vista Cinema.
- 3 Services revenue is charged to existing customers for ongoing consultation, programming and site support work associated with the Vista Cinema product.

BookMyShow generates revenue from commission on cinema ticket sales.

Movio derives revenue from its annual licence fees and service charges, which are based on activity.

MACCS derives its revenue using a similar model to VES – being a one-time licence fee and annual maintenance, plus services.

Número will generate revenue from annual licence fees.

Main Drivers of the Vista Group's Financial Performance

The following factors can have a significant impact on financial performance and net cashflows, but are not an exhaustive list of all relevant factors. This should be read in conjunction with the Explanations of Trends in Financial Performance later in this section and *Section 6: What are my Risks?* of this Investment Statement and the Prospectus.

Key customer acquisition and expansion into new markets

The Vista Group's ability to win new customers is a key driver of its initial licence fee revenue and ongoing services and maintenance revenue. VES has an established business with owned offices and business partner offices across 11 countries, and has a platform for continuing growth. The Vista Group has enabled further opportunities for growth following the recent acquisitions of MACCS and its existing relationship with, and after the Allotment Date, full ownership of, Movio. Both MACCS and Movio provide the opportunity for further growth, alongside VES.

For further detail on the Vista Group's growth strategies see *Section 4.5: Growth Strategies*.

Annual revenues

VES has predictable and recurring fees with existing customers which are either spread over a number of years (usually three) or are determined in conjunction with the specific customer contract. VES has a stable customer base due to the quality of Vista Cinema and Veezi. There are relatively significant barriers faced by customers in switching to alternative products, in terms of functionality, time, cost and risk. The Vista Group takes its customer relationships very seriously to ensure that customer delivery is maintained to the high standard that the Group's customers expect.

Employee expenditure

The provision and development of the Vista Group's software requires high quality personnel for research and development, implementation and ongoing service. The majority (68% in FY13) of the Vista Group's operating expenses are employee costs. These costs are forecast in line with known requirements to support the Group's revenue growth and are forecast to increase by 42% from FY13 to FY14F. For further information relating to employee costs, please refer to Table 6: Pro Forma Expenses in the *Appendix*.

OPERATIONAL AND FINANCIAL INFORMATION (CONTINUED)

7.2 OVERVIEW OF SELECTED OPERATIONAL AND FINANCIAL INFORMATION

Financial statements for the period ended 31 December 2012 and earlier have been prepared to comply with NZIFRS, as appropriate for profit orientated entities that qualify for and apply differential reporting concessions. The Vista Group has prepared financial statements using all available differential reporting exemptions except for the exemption available in NZ IAS 18: Revenue. From 1 January 2013 the financial statements have been prepared under NZIFRS, although not under the differential reporting framework.

Pro Forma Consolidated Statement of Comprehensive Income

The Vista Group has presented the financial information below on a Pro Forma basis. The Vista Group believes this Pro Forma Information more closely reflects the Group's post-Offer business and provides a better basis for investors to assess both historical and prospective financial information.

The Pro Forma adjustments have largely been made to reflect the Vista Group as a whole, incorporating MACCS and Virtual Concepts, as opposed to any normalisation adjustments.

12 MONTHS ENDING 31 DECEMBER (\$000)	FY11 Historical Pro Forma	FY12 Historical Pro Forma	FY13 Historical Pro Forma	FY14F Forecast Pro Forma	FY14F Forecast Statutory	FY15F Forecast Statutory
Operating revenue	25,018	33,727	38,670	49,901	45,244	61,547
Revenue growth	(7%)	35%	15%	29%	-	23%
Less Expenses:						
Sales and Marketing	(1,262)	(1,526)	(2,555)	(2,878)	(2,708)	(3,786)
Operating	(12,423)	(15,925)	(18,087)	(24,604)	(22,045)	(29,163)
Administration	(6,858)	(7,488)	(9,060)	(13,134)	(11,548)	(15,402)
Total expenses	(20,543)	(24,939)	(29,702)	(40,616)	(36,301)	(48,351)
EBITDA before offer Costs	4,475	8,788	8,968	9,285	8,943	13,196
Offer costs	-	-	-	(1,708)	(1,708)	-
EBITDA	4,475	8,788	8,968	7,577	7,235	13,196
Depreciation					(574)	(733)
EBITA					6,661	12,463
Amortisation					(384)	(622)
EBIT					6,277	11,841
Net interest expense					22	587
Share of profit/(loss) from associates					(348)	18
Net profit before tax					5,951	12,446
Taxation expense					(2,204)	(3,309)
Net profit after tax					3,747	9,137
Non-controlling interests					(307)	(1,031)
Net profit after tax (after non-controlling interests)					3,440	8,106

Summary of non GAAP items

12 MONTHS ENDING 31 DECEMBER (\$'000)	FY14F Forecast Statutory	FY15F Forecast Statutory
EBITDA (before Offer costs)	8,943	13,196
Depreciation	(574)	(733)
EBITA (before Offer costs)	8,369	12,463
Non-Controlling Interest	(307)	(1,031)
Net interest income	22	587
Share of profit/(loss) from associates	(348)	18
Taxation expense ²⁵	(2,312)	(3,483)
NPATA (before Offer costs)²⁶	5,424	8,554

Overview of Consolidated Cash Flows²⁷

12 MONTHS ENDING 31 DECEMBER (\$'000)	FY14F Forecast Statutory	FY15F Forecast Statutory
Net cash flow from operating activities	6,158	13,393
Net cash flow from investing activities	(15,476)	(1,127)
Net cash flow from financing activities	37,980	(834)
Net (decrease) / increase in cash	28,662	11,432
Opening cash balance	3,436	32,098
Closing cash balance	32,098	43,530

Overview of Consolidated Balance Sheet

AS AT 31 DECEMBER (\$'000)	FY14F Forecast Statutory	FY15F Forecast Statutory
Current assets	48,646	63,064
Non-current assets	43,503	43,329
Total Assets	92,149	106,393
Current liabilities	(15,623)	(23,634)
Non-Current liabilities	(11,864)	(9,117)
Total Liabilities	(27,487)	(32,751)
Net Assets	64,662	73,642
Share Capital	45,985	45,985
Retained Earnings	10,411	18,551
Total Equity attributable to equity holder	56,396	64,536
Non-Controlling Interest	8,266	9,106
Total Equity	64,662	73,642

²⁵ As taxation expense no longer includes a deferred tax benefit on amortisation of intangibles of \$0.1 million and \$0.2 million in FY14F and FY15F respectively, it has increased relatively to the taxation expense reported in the previous table "Pro Forma Consolidated Income Statement".

²⁶ FY14F NPATA (excluding offer costs) of \$5.4 million can be reconciled to FY14F net profit after tax (after non-controlling interest) of \$3.4 million by subtracting offer costs \$1.7 million, and amortisation \$0.3 million (net of tax). The FY15F adjustments

between NPATA (excluding offer costs) of \$8.6 million and net profit after tax (after non-controlling interest) of \$8.1 million consist of amortisation of intangibles of \$0.6 million and deferred tax benefit on amortised intangibles of \$0.2 million.

²⁷ Prior to 31 December 2013, the Vista Group was not required to prepare or disclose a Consolidated Statement of Cash Flows. A Statement of Cash Flows is included in the FY13 financial statements with FY12 comparatives.

OPERATIONAL AND FINANCIAL INFORMATION (CONTINUED)**Table of Pro Forma adjustments**

Set out below is a reconciliation between profit before tax presented as if it were prepared on a statutory basis to the EBITDA presented above on a Pro Forma basis.

12 MONTHS ENDING 31 DECEMBER (\$000)	Pro Forma Adjustment	FY11 Historical	FY12 Historical	FY13 Historical	FY14F Forecast
Profit before tax (statutory)		2,596	7,943	7,815	5,951
Net interest expenses and share of loss from associates		175	60	267	326
Depreciation and amortisation		398	388	336	958
Offer costs		-	-	-	1,708
EBITDA on a statutory basis (before Offer costs)		3,169	8,391	8,418	8,943
Include MACCS results prior to the date of control (net of NCI)	1	654	199	488	184
Assume Virtual Concepts Limited was consolidated for the Pro Forma Period	2	-	-	(424)	(26)
BookMyShow revenue	3	(2,064)	(2,567)	-	-
BookMyShow costs	3	2,064	2,567	-	-
EBITDA before Offer costs		3,823	8,590	8,482	9,101
Offer costs	4	-	-	-	(1,708)
EBITDA (after non controlling interests)		3,823	8,590	8,482	7,393
Add back: non controlling interest		652	198	486	184
EBITDA (Pro Forma)		4,475	8,788	8,968	7,577

Pro Forma adjustments

The Vista Group believes that its statutory financial information does not reflect its financial performance in a consistent manner. The PFI for FY14F (statutory) and FY15F (statutory) are also shown on an unadjusted basis, as this reflects the basis on which the Group will report its results for those financial years. Pro Forma financial information adjusts statutory financial information to reflect the structure of the Group to aid comparability of financial information. The Vista Group believes that the use of Pro Forma financial information allows investors to better compare its financial information between years.

A Pro Forma consolidated Income Statement for FY11 to FY14F (*the Pro Forma Period*) is presented alongside FY15F. There are no Pro Forma adjustments in FY15F and therefore FY15F is accordingly presented in a manner consistent with the "Basis of Preparation" outlined in the *Appendix*.

Equally the Vista Group has not presented a Pro Forma Balance Sheet and Cash Flows. As is explained below by each of the adjustments, the impact of the change in the Group structure and the Pro Forma adjustments required to adjust for the relevant acquisition accounting is a complexity

which the Vista Group believes will not add to the understanding of this aspect of the Group's financial information. The Directors note that whilst acknowledging the materiality of acquisition accounting to the Group's Balance Sheet and Cash Flows (for a full understanding of the business combinations impacting the Group refer to Specific Assumptions in the *Appendix*), the Directors do not believe that the non-presentation of Pro Forma Balance Sheet and Cash Flows is material for the purposes of this offer. Investors are advised that for a complete understanding of the Group's Balance Sheet and Cash Flows they should refer to the *Appendix* and *Section 7.5: Historical Financial Information* of the Prospectus.

Accordingly Balance Sheet, Cash Flows and Statements of Movements in Equity are presented on a statutory basis.

Description of Pro Forma adjustments

- 1 The results from MACCS have been consolidated throughout the Pro Forma Period, including the period prior to 2 April 2014 where control was deemed to exist for financial reporting periods. The Company's interest in MACCS is 50.1% which results in a non-controlling interest computation

as disclosed in the table below. In respect of historical expenses for MACCS, they have been presented in a manner consistent with how the Group expects it would have treated expenses as if it was owned by the Company for the historical period. The attribution of costs to expense categories has been performed consistently through the historical and prospective financial years.

- 2 It has been assumed that the Vista Group has fully consolidated Virtual Concepts (Movio) for the Pro Forma period from FY11 to FY14F. In the historical financial statements for FY13 this was not the case whereby control was not deemed to exist and the entity was accounted for as an associate. For the 19 months (between 1 January 2013 and 1 September 2014) where significant influence rather than control was deemed to exist, the Pro Forma consolidated income statement assumes that control did exist. This adjustment does not impact FY11 and FY12 but does impact FY13 by increasing revenue by approximately \$2.1 million but decreasing EBITDA by \$0.4 million. For FY14F the revenue impact is an increase of \$2.9 million with a small reduction in EBITDA due to timing of costs.
- 3 For the FY11 and FY12 historical financial statements, BookMyShow revenue was recorded gross being ticket price as opposed to net, being the revenue attributable to the Vista Group. This treatment has been adjusted in FY11 and FY12 by reducing revenue and costs of sales accordingly. This adjustment effects revenue and costs only and has no impact on EBITDA.
- 4 Offer costs, being those one-off listing costs that are required to be expensed, have been shown separately. There are some Offer costs, in addition to those expensed, deducted against equity, which is in proportion to the assumed component of new Shares issued. One-off Offer costs expensed are \$1.7 million.

Explanations of the non-GAAP financial information

The Vista Group's financial statements have been prepared in accordance with NZ GAAP. As such, they comply with NZIFRS as well as IFRS.

Revenue has been highlighted in a number of places to indicate Group performance however in order to assist readers of the Vista Group's financial performance, the Vista Group uses certain non-GAAP financial measures in addition.

This includes several profit measure other than Net Profit. Where non-GAAP financial information is reported, there is a reference to further information

to help you interpret those terms which are not defined under NZ GAAP, together with reconciliations showing how the non-GAAP measure has been calculated from the historical and prospective financial statements.

Because they are not defined by NZ GAAP, IFRS, or any other body of accounting standards, the Vista Group's calculation of these measures may differ from similarly titled measures presented by other companies. These measures are intended to supplement the NZ GAAP measures presented in the Group's financial statements and not as a substitute for those measures.

EBITDA and related profit measures

EBITDA (or EBITDA after non-controlling interests) is earnings before net finance expenses, income tax, depreciation, and amortisation.

EBITDA (before Offer Costs) is earnings before net finance expenses, depreciation, amortisation and offer costs.

Vista Group management uses EBITDA and related profit measures to evaluate operating performance without the impact of non-cash depreciation or amortisation of acquisition related intangibles, capital position and tax.

EBITA and related profit measures

EBITA is earnings before net finance expenses, tax and amortisation.

Vista Group management uses EBITA and related profit measures to evaluate operating performance without the impact of non-cash amortisation of acquisition related intangibles, capital position and tax.

NPATA and related profit measures

NPATA is net profit after income tax before amortisation.

NPATA excluding issue costs is net profit after income tax, amortisation and issue costs.

Vista Group management considers that NPATA and related profit measures allow a better comparison to other companies as the measure excludes the amortisation from acquisition related intangibles.

Net Cash

Net Cash is total cash less total current and non-current loans and borrowing of the Group.

You can find a full description of assumptions and sensitivities relating to the prospective financial information for FY14F and FY15F in the *Appendix*, along with PFI presented in further detail.

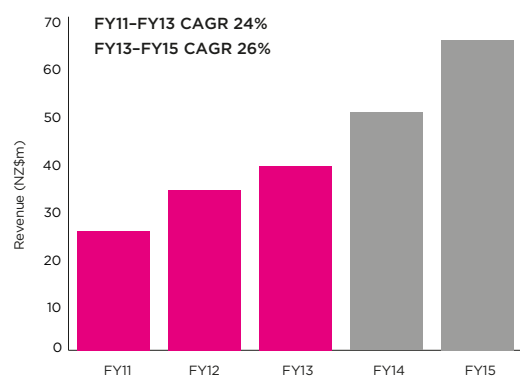
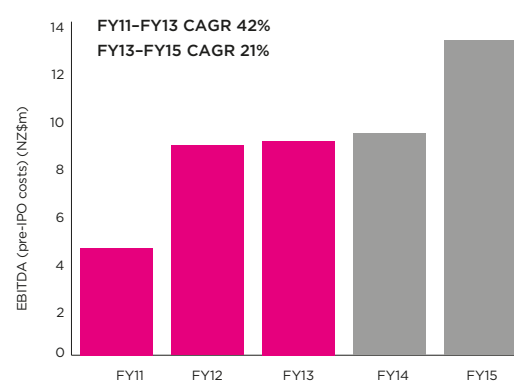
OPERATIONAL AND FINANCIAL INFORMATION (CONTINUED)

Selected Operational Metrics

AS AT 31 DECEMBER	FY11 Historical	FY12 Historical	FY13 Historical	FY14F Forecast	FY15F Forecast
No of installed sites – cumulative Vista Cinema	1,993	2,409	2,975	3,865	4,376
No of installed sites – year – Vista Cinema	256	416	566	890	511
Group Pro Forma FTE's	138	174	219	311	358
Revenue per FTE (Pro Forma \$000)	181	194	177	160	171

Explanations of Trends in Financial Performance

The charts below summarise the movement in Pro Forma revenue and Pro Forma EBITDA for the period FY11, FY12 and FY13 and the PFI for FY14F and FY15F. These charts allow for a comparison of historical Pro Forma revenue and Pro Forma EBITDA in the PFI Period.

VISTA GROUP PRO FORMA REVENUE TRENDS,
FY11 – FY15FVISTA GROUP PRO FORMA EBITDA TRENDS,
FY11 – FY15F

Below is an overview of primary drivers of the Vista Group's year on year Pro Forma revenue and Pro Forma EBITDA performance for FY11 to FY15F. A full description of assumptions and sensitivities relating to the PFI for FY14F and FY15F is in the *Appendix*. Historical financial performance is further discussed in *Section 7.5: Historical Financial Information of the Prospectus*.

Overview of Historical Pro Forma Revenue and Pro Forma EBITDA for FY12

Pro Forma revenue increased \$8.7 million in FY12 driven by an increase in the number of sites installed from 256 to 416. In particular the Vista Group commenced the delivery of two major contracts in the UK and the USA which together contributed approximately \$4.0 million of revenue. Maintenance revenue grew by \$2.7 million reflecting an increasing number of cumulative sites installed with the remaining increase primarily attributable to increasing services revenue.

Pro Forma EBITDA increased by \$4.3 million reflecting the EBITDA impact of revenue explained above offset by an increase of \$3.6 million in employee costs reflecting the full year impact of recruitment and ongoing investment by the Vista Group in its employees.

Overview of Historical Pro Forma Revenue and Pro Forma EBITDA for FY13

Pro Forma revenue increased by \$5 million to \$38.7 million in FY13 as a result of four more significant contracts deployed in the USA and Europe totalling 243 sites as further gains in market share were made in these markets.

Pro Forma EBITDA was flat reflecting significant additional investment in personnel as the Group prepares for future growth and preparing itself for being a listed company.

Overview of Prospective Pro Forma Revenue and Pro Forma EBITDA (before Offer costs) for FY14F

Pro Forma Revenue for FY14F is forecast to grow by \$11.2 million. This reflects \$5 million contracted additional revenue in respect of forecast maintenance revenue from significant customer installation programs in the USA. Other revenue growth is supported by Europe and China. Furthermore, the Group's acquisition of MACCS and Movio is expected to contribute further growth from that demonstrated in the Pro Forma Period. The combined impact of the acquisitions is expected to contribute a further \$4.2 million of revenue in FY14F. Further growth in revenues is forecast from the Vista Group's customer base consistent with growth achieved in the historical period.

Pro Forma EBITDA (before Offer costs) is expected to increase a further \$0.4 million, reflecting the impact of revenue growth described above offset by further investment in personnel and research and development.

Overview of Prospective Revenue and EBITDA (before Offer costs) for FY15F

Revenue for FY15F is forecast to grow by \$11.6 million. This growth reflects the significant contribution that the Group expects from both MACCS and Movio as both product offerings are extended into the USA which is forecast to contribute approximately \$6.2 million of growth. Complementing this, the Vista Group expects to continue to grow maintenance and services revenue across its customer base in line with growth currently achieved as sites installed increase.

An EBITDA (before Offer costs) increase of \$3.9 million in FY15F reflects forecast revenue growth with the offsetting investment in personnel and research and development continuing, but at a declining rate relative to revenue.



OFFER DETAILS

8.1.1 The Offer

The Offer is an offer of ordinary shares in the Company, comprising both existing Shares held by the Existing Shareholders and new Shares to be issued by the Company, which will be acquired by the Offeror and sold under this Offer at the Final Price to members of the public in New Zealand and to selected Institutional Investors in New Zealand, Australia and certain other jurisdictions. The existing Shares held by the Existing Shareholders and new Shares to be issued by the Company will rank equally in all respects.

The Offer comprises a Broker Firm Offer, a Vista Group Employee Offer and an Institutional Firm Offer. There is no general public offer under which you may subscribe for Shares. If you are not a Vista Group employee, and you wish to subscribe for Shares, you must do so through an NZX Firm with an allocation of Shares.

Further details of the Broker Firm Offer, the Vista Group Employee Offer and the Institutional Offer can be found under the headings "Broker Firm Offer", "Vista Group Employee Offer" and "Institutional Offer".

Purpose of the Offer

The purpose of the Offer is to:

- fund the acquisition of Movio and MACCS, including associated transaction costs, fees for the Offer;
- to allow Existing Shareholders to realise some of their investment; and
- to list the Company on the NZX Main Board and the ASX which will enhance the Vista Group's ability to pursue growth opportunities through access to the capital markets.

Size of the Offer

The Offer comprises an offer by the Offeror of:

- up to \$40 million worth of new Shares (being between 14.8 million and 19.0 million Shares based on the Indicative Price Range), which includes up to \$0.8 million worth of new Shares as part of the Vista Group Employee Offer (being between 0.3 million and 0.4 million Shares based on the Indicative Price Range); and
- 22.4 million existing Shares.

Based on the Indicative Price Range and there being \$40 million of new Shares issued the

expected gross proceeds from the Offer will be \$86.9 million to \$100.3 million, of which the Company will receive \$40 million.

The Selling Shareholders will each enter into binding commitments to sell their chosen number of Shares before commencement of the bookbuild.

Proceeds of the Offer

The Company intends to apply the proceeds it receives from the Shares offered under the Offer to:

- acquire a controlling share in MACCS;²⁸
 - move to a 100% shareholding in Movio;
 - provide final settlement to Movio investors based on performance;²⁹
 - fund Numero as required;
 - Offer expenses; and
 - funds for future acquisitions and developments.
- Management intends to seek further growth opportunities. These may include acquiring competitors, new business opportunities in the film industry, expansion of the Group's Big Data activities or other opportunities that present strategic and commercial benefits to the Group.

How much do I pay?

You will pay the Final Price per Share, determined following the bookbuild process described below. The Final Price is expected to be announced on or about 16 July 2014 on the Vista Group website: www.vistagroup.co.nz.

As the Final Price will be known when you make your Application, you will be asked to apply for a number of Shares multiplied by the Final Price, which will give a total Application amount.

The price per Share payable under the Vista Group Employee Offer will be 80% of the Final Price.

You will not pay any brokerage, commission or stamp duty for the Shares you apply for in the Offer.

How is pricing of the Shares fixed?

The Final Price for the Shares will be determined on or about 16 July 2014 following the conclusion of a "bookbuild" process managed by the Lead Manager. A bookbuild is the term used to refer to the process of collating demand for shares at various prices from institutional investors, including NZX Firms, who bid for shares. The information collated in the bookbuild is then used to assist with the

²⁸ Initial 25.1% investment for \$4.8 million and a second investment (utilising the 25% option) of \$4.5 million, which will take the Company's shareholding to 50.1%. The Company intends to exercise this option as at 1 September 2014. Further information on the MACCS acquisition is available under the heading "12: Acquisition of a Business or Subsidiary" in Section 10: Statutory Information of the Prospectus.

²⁹ Expected performance based payment of \$5.9 million which is reflected in the balance sheet on a present value basis of \$4.6 million in FY14F (assuming the performance payment is made in cash and not in Shares). Further information on the Movio acquisition is available under the heading "12: Acquisition of a Business or Subsidiary" in Section 10: Statutory Information of the Prospectus.

determination of the pricing and allocation of shares. NZX Firms bid into the bookbuild in order to obtain a firm allocation which they can then offer to their New Zealand resident clients. The bookbuild is expected to take place on 15-16 July 2014.

The Final Price will be determined by the Issuers in consultation with the Lead Manager and may be within, above or below the Indicative Price Range.

Selling Shareholders

Selling Shareholders are selling a portion of their holding to the Offeror in connection with the Offer pursuant to a Sale and Purchase Agreement (as described under the heading "Material Contracts" in *Section 10: Statutory Information* of the Prospectus). Subject to confirmation of the Final Price, Selling Shareholders intend to sell 22.4 million Shares under the Offer. The continuing shareholding of the Existing Shareholders is expected to comprise between 45% and 49% of the total Shares on issue following the issue of new Shares under the Offer (based on the Indicative Price Range). The Offeror will sell all of the Shares acquired from the Selling Shareholders, as well as all of the new Shares it subscribes for, into the Offer and will not retain a shareholding following completion of the Offer.

Shares retained by the Existing Shareholders, any Shares purchased by Existing Shareholders under the Vista Group Employee Offer and any Shares purchased under the Offer by the independent Directors will be subject to escrow arrangements which will restrict their sale or disposal until the first day after the Vista Group's preliminary announcement has been released to the market in respect of its financial results for the year ending 31 December 2015, without the approval of the Directors who are not "interested" in the decision (as that term is defined in the Companies Act), the Company and NZX, subject to limited exceptions set out in the Prospectus.

Shareholdings

The ownership of the Company prior to the Offer and upon completion of the Offer (following the allotment of the Shares) is illustrated in the table below based on the Indicative Price Range and the range of Shares that the Selling Shareholders may elect to sell down.

SHAREHOLDER	Prior to the Offer		Following completion of the Offer ³⁰	
	SHARES	%	SHARES (MILLION)	%
Murray Lawrence Holdaway, Helen Rachel Geary and Stephen John McDonald	15,086,875	25.3	9,353,862	11.4-12.1
Brian John Cadzow, Julie Ann Cadzow and Peter Allen Lewis	10,456,250	17.5	6,482,875	7.9-8.4
Bruce Alexander Wighton, Marianne Bachler and Peter John Clark	8,735,450	14.6	5,415,979	6.6-7.0
Gregory James Trounson, Donald Mackenzie Gibson and Kathryn Mary Lee Trounson	7,020,625	11.8	4,352,787	5.3-5.6
Bruce Alan Forbes and Derek Geoffrey Forbes	2,987,500	5.0	2,091,250	2.5-2.7
Other Shareholders with a holding of less than 5% prior to the Offer	15,463,300	25.9	9,652,012	11.7-12.5

8.1.2 Broker Firm Offer

The Broker Firm Offer is open to New Zealand resident clients of NZX Firms who have received an allocation. You should contact your broker to determine whether they may allocate Shares to you

under the Broker Firm Offer. Your NZX Firm will determine the number of Shares you may apply for. However, the minimum application amount is 2,000 Shares.

³⁰ Numbers and percentages assume the maximum number of Shares sold down in the indicative range and include Shares to be issued prior to the Allotment Date to the VCL Sellers, to Eligible Vista Group Employees pursuant to the Vista Group Employee Gift. Further information on these transactions is available under the

heading "12: Acquisition of a Business or Subsidiary" in *Section 10: Statutory Information* of the Prospectus and "Vista Group Employee Gift" in *Section 5.2.6: Executive Remuneration and Share Plans* of the Prospectus.

OFFER DETAILS (CONTINUED)

You can apply in the Broker Firm Offer by completing the Application Form accompanying this Investment Statement in accordance with the instructions set out in *Section 10: How Do I Apply?*

Please contact your broker if you require further instructions.

8.1.3 Vista Group Employee Offer

The Vista Group Employee Offer is open to Eligible Employee Offerees.

Up to \$800,000 worth of Shares have been reserved for the Vista Group Employee Offer. Shares will be offered under the Vista Group Employee Offer at a 20% discount to the Final Price.

You can apply under the Vista Group Employee Offer by completing the Employee Offer Application Form provided to you by the Vista Group. Eligible Employee Offerees wishing to apply under the Vista Group Employee Offer must contact Brian Cadzow (brian.cadzow@vista.co.nz) to request a copy of the Vista Group Employee Offer Application Form.

8.1.4 Institutional Offer

The Institutional Offer is open to Institutional Investors in New Zealand, Australia and certain other jurisdictions who will participate through the bookbuild.

8.1.5 Allocation, Allotment and Listing

Allocations

The allocation of Shares between the Broker Firm Offer and the Institutional Offer and as between Institutional Investors will be determined by the issuers in consultation with the Lead Manager.

Allocations of Shares under the Vista Group Employee Offer will be determined by the Issuers. If the value of Applications received under the Vista Group Employee Offer is greater than the value of Shares available under the Vista Group Employee Offer (\$800,000), Applications will be scaled back in such a manner as the Issuers may determine.

Up to \$800,000 worth of Shares have been reserved for the Vista Group Employee Offer. For the purpose of NZX Listing Rule 7.1.8, this represents a maximum of 0.4 million Shares or 0.5% of the total Shares the Group will have on issue following the Offer, based on the Indicative Price Range.

Allocations by NZX Firms to their New Zealand resident clients will be determined by those NZX Firms. It will be a matter for the NZX Firms to ensure that their New Zealand resident clients who have received an allocation from them receive their Shares. Broker Firm Offer Applicants should contact their NZX Firm from whom they received their allocation to find out if their Application was successful.

Allotments

Any New Zealand resident with a CSN will have their Shares allotted under their CSN, if the CSN was provided on the Application Form.

Applicants who do not have a CSN will be allocated a CSN at the time of Application. The CSN will be advised at the time the allotment of Shares is confirmed and the associated Authorisation Code (FIN) will be sent as a separate communication on 9 August 2014.

Shares allocated under the Offer are expected to be allotted on 8 August 2014.

Holding statements are expected to be sent to all successful Applicants on 11 August 2014. None of the Issuers, the Lead Manager, the Registrar nor any of their respective directors, officers, employees or advisers accepts any liability should any person attempt to sell or otherwise deal with the Shares before a statement confirming allotment is received.

Listing

NZX

Application has been made to NZX for permission to list the Company and to quote the Shares on the NZX Main Board and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus. The NZX Main Board is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act.

Initial quotation of the Shares on the NZX Main Board is expected to occur under the code 'VGL' on 11 August 2014.

ASX

An application will be made to ASX after this Investment Statement and the Prospectus have been lodged with ASIC for the Company to be admitted to the official list of the ASX and for quotation of the Shares on the ASX. It is anticipated that the ASX stock code for the Company's Shares will be "VGI".

ASX takes no responsibility for the contents of this Investment Statement or the Prospectus or for the merits of the investment to which this Investment Statement relates. The fact that ASX may admit the Company to the official list and quote the Shares on the ASX is not to be taken as an indication of the merits, or as an endorsement by ASX, of the Vista Group or the Shares. The ASX is not a registered market under the Securities Markets Act.

ABOUT THE SHARES

Each Share confers an equal right to share in dividends and other distributions authorised by the board of the Company, and to cast a vote at meetings of Shareholders, in accordance with the Constitution.

The existing Shares held by the Existing Shareholders and new Shares to be issued by the Company will rank equally in all respects.

Once the Shares are trading, further information about the Company will be able to be obtained at www.nzx.com.

What returns will I get?

Your returns on Shares may be:

- dividends paid and other distributions which may be made in respect of your Shares; and
- any gains you make if you sell or dispose of your Shares for a net price that is greater than the price you paid for them (although the market price of your Shares may also decline, making them worth less than you paid for them).

No amount of returns is promised in respect of the Shares. The key factors that will determine your returns (if any) are the market price for Shares and the Board's decisions in relation to dividends or other distributions. If you sell your Shares, you may be required to pay brokerage or other sale expenses. Tax will also affect your returns from the Shares. You should seek your own tax advice in relation to your Shares.

The Company is legally liable to pay you any dividends or other distributions declared on your Shares.

If you sell any of your Shares, the purchaser of those Shares will be legally liable to pay you the sale price.

You may cash in your investment by selling your Shares. Any sale of Shares must be made in accordance with the requirements of the Constitution, the NZX Listing Rules and ASX Listing Rules and any applicable laws.

Dividend Policy

The Vista Group's dividend policy is to distribute 30% to 50% of profit subject to immediate and future growth opportunities. At present, the Vista Group does not intend to pay a further dividend in relation to FY14F or FY15F, but instead to use the capital to execute on growth opportunities.

The Directors will monitor the Group's projected cashflow and capital requirements and will review this policy on an annual basis.

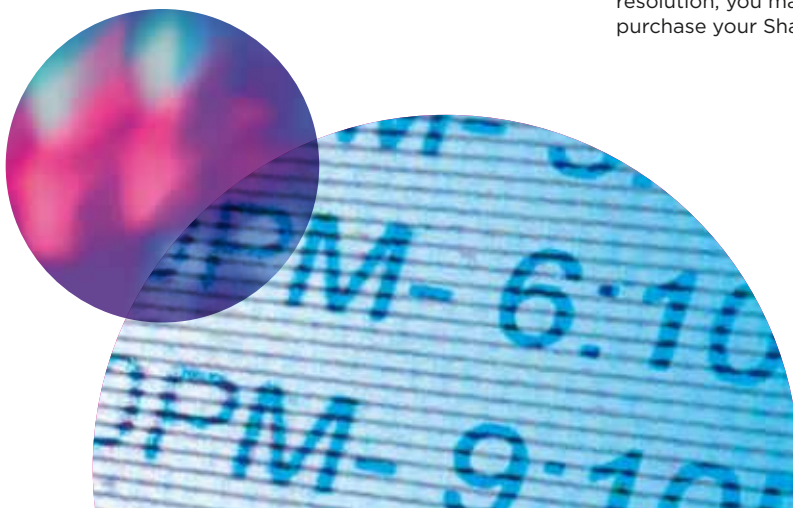
Escrow

The Existing Shareholders and the independent Directors have entered into an escrow arrangement with the Company under which the Existing Shareholders have agreed not to sell or otherwise dispose of their Existing Shares which are not sold as part of the Offer and any Shares purchased by them under the Vista Group Employee Offer (where that Existing Shareholder is an Eligible Employee Offeree), and the independent Directors have agreed not to sell or otherwise dispose of any Shares purchased under the Offer, until the first day after the Company's preliminary announcement has been released to the market in respect of its financial results for the period ending 31 December 2015, except in certain limited circumstances. For more information see *Section 8: Details of the Offer* of the Prospectus.

Can my investment be altered?

The Company may only amend its Constitution (which sets out the rights attached to Shares) with approval by a special resolution of Shareholders. The Company cannot take any action that affects the rights of any interest group of Shareholders without approval by a special resolution of that affected interest group.

A special resolution must be approved by at least 75% of the votes of those Shareholders entitled to vote and who actually vote on that resolution. Under certain circumstances, if your rights are affected by an action approved by a special resolution, you may require the Company to purchase your Shares.



ABOUT THE SHARES (CONTINUED)**NZX Listing Rule 7.1.15**

As of the date of this Investment Statement, the following Shareholders have relevant interests (as defined in the Securities Markets Act 1988) in 51% or more of the Shares:

Relevant Interest Holder	Shares	Nature of Relevant Interest	Consideration and Other Terms
Murray Lawrence Holdaway, Helen Rachel Geary and Stephen John McDonald	15,086,875	Legal and registered title held as trustees of the Holdaway Geary Trust	2,525 Shares (following subdivision, now 15,086,875) were acquired for 8.5 cents per Share in August 2003 on incorporation of the Company and in connection with the Company's original acquisition of a 50% interest in Vista Entertainment Solutions.
Brian John Cadzow, Julie Ann Cadzow and Peter Allen Lewis	10,456,250	Legal and registered title held as trustees of the B&J Cadzow Family Trust	1,700 Shares (following subdivision, now 10,157,500) were acquired for 8.5 cents per Share in August 2003 on incorporation of the Company and in connection with the Company's original acquisition of a 50% interest in Vista Entertainment Solutions. 50 Shares (following subdivision, now 298,750) were subsequently purchased at \$2,500 per Share (effective price post subdivision, \$0.42 per Share).
Bruce Alexander Wighton, Marianne Bachler and Peter John Clark	8,735,450	Legal and registered title held as trustees of the Wighton Bachler Holdings Trust	1,275 Shares (following subdivision, now 7,618,125) were acquired for 8.5 cents per Share in August 2003 on incorporation of the Company and in connection with the Company's original acquisition of a 50% interest in Vista Entertainment Solutions. 187 Shares (following subdivision, now 1,117,325) were subsequently purchased at \$2,500 per Share (effective price post subdivision, \$0.42 per Share).
Gregory James Trounson, Donald Mackenzie Gibson and Kathryn Mary Lee Trounson	7,020,625	Legal and registered title held as trustees of the Trounson Family Trust	1,175 Shares (following subdivision now 7,020,625) were acquired for 8.5 cents per Share in August 2003 on incorporation of the Company and in connection with the Company's original acquisition of a 50% interest in Vista Entertainment Solutions.
Bruce Alan Forbes and Derek Geoffrey Forbes	2,987,500	Legal and registered title held as trustees of the DG Forbes Trust	500 Shares (following subdivision now 2,987,500) were acquired between 2009 and 2012 at an average cost of \$1,437.05 (effective price post subdivision, \$0.24 per Share).

None of the persons named above guarantees, or undertakes any liability in respect of, the Shares.

Consequences of Insolvency

In the event of the insolvency of the Company, you will not be liable to pay any money to any person. All creditors (secured and unsecured) of the Company will rank ahead of your claim as a Shareholder in the Company, if the Company is liquidated. After all such creditors have been paid, any remaining assets will be available for distribution among all Shareholders who rank equally. Any distribution made on liquidation of the Company may be less than the amount of your investment or you may not receive any amount.

GLOSSARY

Admissions	Admissions refers to the number of people who buy a ticket to watch a film at a cinema
Allotment Date	8 August 2014, unless brought forward or extended by the Issuers
Applicant	A person who submits an Application Form
Application	An application to subscribe for Shares offered under this Investment Statement and the Prospectus
Application Form	An application form attached to or accompanying this Investment Statement to subscribe for Shares
ASX	ASX Limited, or the financial market operated by ASX Limited, as the context requires, also known as the Australian Securities Exchange
ASX Listing Rules	The official listing rules of ASX
Auditor	Grant Thornton
Big Data	Data sets that are too large and complex to manipulate or interrogate with standard methods or tools
Board or Board of Directors	The board of directors of the Company
Broker Firm Offer	The offer of Shares under this Investment Statement and the Prospectus to New Zealand resident retail clients of brokers who have received an allocation from their broker
Business Day	A day on which the NZX Main Board is open for trading
CAGR	Cumulative annual growth rate
Cinema Management Software	Software that enables cinema owners and employees to manage the process of operating an individual cinema and cinema circuit. The software may for example include a ticketing system, concession system, film management or loyalty system, for example.
Closing Date	The last day on which Applications will be accepted under the Broker Firm Offer, being 1 August 2014, unless brought forward or extended by the Issuers
Company	Vista Group International Limited
Companies Act	Companies Act 1993
Constitution	The constitution of the Company, as amended from time to time
CSN	Common Shareholder Number
Director	A director of the Company
Existing Shareholders	All Shareholders of the Company as at the date of the Prospectus
Eligible Vista Group Employee	Any person resident in New Zealand or the United Kingdom who is employed on a permanent (full time or part time) basis by the Company or a wholly-owned subsidiary of the Company
Eligible Employee Offerees	Eligible Vista Group Employees who do not (directly or through any related party) own (or investment trusts or other similar entities associated with them) (as at 31 March 2014) more than one percent of the issued Shares

GLOSSARY (CONTINUED)

EV	Enterprise Value
F	In relation to financial years, means a forecast period
Film Distribution Software	Software that enables film distributors to manage various aspects of their business and includes software for film bookings, contract administration and rights management, film advertising, as well as financial management and reporting for each film
Final Price	The price per Share at which the Shares will be allotted under the Broker Firm Offer and the Institutional Offer, expected to be determined on or about 16 July 2014
Financial Reporting Act	Financial Reporting Act 2013
FTE	Full-time equivalent
FY	Financial year
Indicative Price Range	\$2.10 to \$2.70
Institutional Investor	Investors to whom the Lead Manager determines an offer or invitation of securities may be made without the need for a lodged prospectus (or other formality, other than a formality with which the Issuers are willing to comply), including in New Zealand person to whom offers or invitations can be made without the need for a registered prospectus under the Securities Act
Institutional Offer	The invitation to selected Institutional Investors in New Zealand, Australia and certain other jurisdictions
Investment Statement	This document
Issuers	The Company and the Offeror
Lead Manager	Macquarie Securities (NZ) Limited
Large Circuit Market	Cinema exhibitors with 20 screens or more
MACCS	MACCS International B.V.
Movio	Movio Limited
NPAT	Net profit after tax
Numero	Numero Limited
NZ GAAP or GAAP	New Zealand Generally Accepted Accounting Practice
NZIFRS	New Zealand equivalents to International Financial Reporting Standards
NZX	NZX Limited
NZX Firm	Any company, firm, organisation or corporation designated or approved as a Primary Market Participant from time to time by NZX, see http://www.nzx.com/investing/find_a_participant for a list
NZX Listing Rules	The listing rules applying to the NZX Main Board as amended from time to time
NZX Main Board	The main board equity security market, operated by NZX
Offer	The offers of Shares pursuant to this Investment Statement and the Prospectus
Offeror	Vista Group Holdings Limited

PFI	Prospective financial information
PFI Period	FY14F and FY15F
Prospectus	The prospectus in respect of the Offer
Recurring Revenues	Revenues that re-occur on an annual basis. For the Vista Group, they include annual maintenance fees, subscription fees, annual licence fees and half of Vista Cinema's service fees. They do not include one-off, upfront licence fees or implementation fees
Registrar	Link Market Services Limited
SaaS	Software as a service - a software licensing model in which software is licenced on a subscription basis and is centrally hosted on the cloud by independent software vendors or application service providers
Securities Act	Securities Act 1978
Securities Markets Act	Securities Markets Act 1988
Securities Regulations	Securities Regulations 2009
Selling Shareholder	An Existing Shareholder who has elected to sell Shares under the Offer
Share	An ordinary share in the Company
Shareholder	A holder of one or more Shares in the Company
Small Circuit Market	Cinema exhibitors with less than 20 screens
VCL Sellers	Certain shareholders holding 39.28% of the shares in Virtual Concepts prior to the Allotment Date
Veezi	Cloud-based cinema management software developed by Vista Entertainment Solutions and supplied to its customers
VES or Vista Entertainment Solutions	Vista Entertainment Solutions Limited
Virtual Concepts	Virtual Concepts Limited, the sole shareholder of Movio
Vista Cinema	Cinema Management Software developed by Vista Entertainment Solutions and supplied to its customers
Vista Group or Group	The Company and each of its subsidiaries and in addition MAACS
Vista Group Employee Offer	The offer of Shares under the Prospectus and this Investment Statement to Eligible Employee Offerees

ADDITIONAL DEFINITIONS FOR THE KEY OFFER STATISTICS AND KEY INVESTMENT METRICS

Implied market capitalisation	The number of Shares on issue following the Offer multiplied by the Indicative price range
Prospective net cash	The forecast value of cash less current and non-current borrowings as at 31 December 2015
Implied enterprise value	The implied market capitalisation minus prospective net cash as at 31 December 2014
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITA	Earnings before interest, tax and amortisation
NPATA	Net profit after tax before amortisation

PROSPECTIVE FINANCIAL INFORMATION

This *Appendix* contains:

- the basis of preparation for the consolidated PFI for the Vista Group, including the significant accounting policies;
- a description of the board's best estimate of general and specific assumptions that underpin the PFI contained in this Investment Statement;
- the consolidated PFI for the Vista Group, as required by clause 11(1)(c) of Schedule 1 to the Securities Regulations, which includes prospective consolidated statements of comprehensive income, balance sheets, changes in equity and cash flows; and
- an analysis of the sensitivity of PFI to changes in specific key assumptions.

Basis of Preparation

The consolidated PFI, for FY14F and FY15F has been prepared in accordance with the requirements of FRS-42 Prospective Financial Statements, subject to the Securities Regulations, specifically for the purpose of the Offer and may not be suitable for any other purpose.

The PFI, including the assumptions underlying it, has been prepared by management and approved by the Board. They are based on the Board's assessment of events and conditions existing at the date of the Investment Statement and the accounting policies and best estimate assumptions set out under the heading "General and Specific Assumptions". The Board approved the consolidated PFI on 2 July 2014 for use in this Investment Statement and the Prospectus.

PFI by its nature involves risks and uncertainties, many of which are beyond the control of the Vista Group. The Board believes that the consolidated PFI has been prepared with due care and attention, and consider the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Investment Statement. Actual results are likely to vary from the information presented as anticipated events and results may not occur as expected, and the variations may be material. Accordingly, neither the Directors nor any other person can provide any assurance that the PFI will be achieved and investors are cautioned not to place undue reliance on the PFI.

The consolidated PFI for FY14F includes trading results for the three months to 31 March 2014.

There is no present intention to update the consolidated PFI or to publish PFI in the future, other than as required by accounting standards. The Vista Group will present a comparison of certain line items of the consolidated PFI with actual financial results when reported in accordance with NZ GAAP and regulation 44 of the Securities Regulations.

All financial information in this section is presented in NZD and rounded to the nearest thousand.

The PFI includes items considered non-GAAP financial information, including the following profit measures. EBTIDA – earnings before net finance expense, income tax, depreciation, and amortisation, EBITA – earnings before interest, tax, and amortisation, and NPATA, being Net Profit after Tax before amortisation has all been disclosed. Where non-GAAP financial information is reported there is a reference to further information to help you interpret those terms.

The significant accounting policies applied to the preparation of the consolidated PFI are set out in *Section 7.5.2: FY13 Audited Financial Statements of the Prospectus*.

Other than those included in the specific assumptions section below no new accounting policies have been adopted in the PFI period. However, any further changes to NZ GAAP could necessitate changes in the accounting policies currently adopted and any new or amended accounting standards, or interpretation may impact the actual financial results or financial position.

General and Specific Assumptions

A description of the Board's best estimate general and specific assumptions upon which the consolidated PFI is based are summarised below and should be read in conjunction with the information set out under *Section 6: What are my Risks?* of this Investment Statement and the Prospectus.

General Assumptions

Political, legislative and regulatory environment

There will be no material change in the Vista Group's competitive, political, legislative or regulatory environment. It is assumed that sales of our products will not be adversely affected by any adverse publicity about our products.

Economic environment

There will be no material change in the general economic environment in which the Vista Group operates or sells its products.

Key customers, suppliers and distribution channels

There will be no material change in existing contractual, business and operational relationships with the Vista Group's key customers, suppliers and resellers throughout the PFI Period. Relationships with other key customers and resellers and suppliers, should they cease, will be replaced by arrangements with other parties on similar levels of activity and contractual terms.

Competitive environment

There will be no material change to the competitive dynamics of the markets in which the Vista Group operates or sells its products, including any material change in competitor environment.

Disruption to operations

There will be no material disruption to operations, including natural disasters, fires or explosions, input product supply or quality issues, product recall requirements or through normal hazards associated with the Vista Group's activities (including disruptions to or affecting any of the Vista Group's suppliers or resellers).

Taxation

There will be no material change to the New Zealand corporate tax rate of 28% or any region in which the Vista Group has a material tax exposure. There will be no material changes to corporate tax laws in any jurisdiction that would affect the Vista Group.

Accounting standards

Accounting standards and interpretation will remain consistent throughout the PFI Period. The prospective financial statements assume there will be no material change in NZ GAAP during the PFI Period. It is assumed that the Vista Group will not early adopt any accounting standards that have been issued but are not currently effective.

Acquisitions and disposals

It is assumed that the Vista Group will not undertake any material acquisitions or disposals other than those disclosed in the specific assumption section below.

Key Directors, senior management, personnel and consultants

It is assumed that Directors, senior management key personnel and consultants remain in employment of the Vista Group or be available to the Group as required.

Specific Assumptions

Accounting policies

The Vista Group's accounting policies will remain constant throughout the period covered by the prospective financial statements except for the new policies discussed below. The Vista Group's existing accounting policies are set out in the historical financial statements for the year ended 31 December 2013 included in *Section 7.5: Historical Financial Information* of the Prospectus.

In addition to the accounting policies of the Vista Group set out in the 2013 financial statements, the Group intends to adopt the following accounting policies:

Share Capital

Ordinary share capital is recognised at the fair value of the consideration received by the Vista Group. Transaction costs related to the listing of new Shares and the simultaneous sale and listing of existing Shares are allocated to those transactions on a proportional basis.

Transaction costs relating to the sale and listing of existing Shares are not considered costs of an equity instrument as no equity instrument is issued, and consequently costs are recognised as an expense in the Statement of Comprehensive Income when incurred. Transaction costs related to the issue of new share capital are recognised directly in equity as a reduction of the Share proceeds received.

Intangible Assets

Intellectual property and customer relationships acquired as part of business combinations have the following useful economic lives:

- intellectual property – 10 to 15 years;
- customer relationships – 10 years.

Business Combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition.

The cost of the acquisition is measured as the aggregate of the consideration transferred measured at the acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquirer at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred and included in administrative expenses.

On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated Statement of Financial Position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Company's and Group's accounting policies.

Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any excess of identifiable net assets over acquisition cost is recognised in profit or loss immediately after acquisition.

PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and the resulting gain or loss is recognised in the profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of NZ IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with change in fair value recognised in either profit or as a change to Other Comprehensive Income.

Basis of Consolidation

The Group financial statements consolidate those of the parent company, Vista Group International Limited, and its subsidiaries. A subsidiary is any reporting entity over which the Group has the power to control the financial and operating policies and takes into account the voting rights and terms of appropriate shareholder agreements. The subsidiary has 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.

Business combinations

The following transactions are assumed to occur in the PFI period:

Acquisition of 50.1% of MACCS

In April 2014, Vista acquired 25.1% of the share capital of MACCS with an option to acquire a further 25% of the shares for a total of EUR5.75 million (\$9.3 million). All share capital acquired is from the existing owners of MACCS. MACCS has a 90% investment in VPFHub GmbH; a German registered Company.

It is assumed the option is exercised by the Company on 1 September 2014, shortly after the Offer proceeds are received.

The following assumptions have been made in respect of the acquisition and the ongoing treatment of MACCS in the PFI:

- The option to acquire the 25% shareholding in MACCS is deemed to be substantive and the existing shareholders agreement provides sufficient power to the Company to determine that the Company controls MACCS from the date of the agreement. The shareholder's agreement permits the Company to make certain operating and strategic decision, when there is a deadlock for fixed consideration to the remaining shareholders. Accordingly, MACCS has been consolidated into the Vista Group results from this date. It is assumed that no such payments are made in the PFI period.
- The non-controlling interests in MACCS are assumed to be measured at fair value on acquisition. Fair value was determined using the value per share determined by the Company's acquisition less a discount to reflect the fact that it is a non-controlling interest.
- The Company has assumed that definite life intangible assets with a value of EUR3.2 million (NZ\$5.1 million) were acquired and separately recognised on the acquisition balance sheet.
- Goodwill created from the transaction has assumed to be EUR6.7 million (NZ\$10.7 million).
- Impairment testing for this balance at 31 December 2014 has determined that based on forecast cash flows the goodwill is not impaired.
- A deferred tax liability of \$1.4 million is recognised on the acquisition balance sheet in respect of the depreciable intangible assets.

Acquisition of the remaining share capital in Virtual Concepts

The Vista Group currently own 57% of the share capital of Virtual Concepts and have signed sale and purchase agreements to purchase the remaining 43% of the share capital after the Allotment Date. In the FY13 financial statements the investment in Virtual Concepts was equity accounted as it was determined that the Vista Group exerted significant influence but not control.

In the FY11 and FY12 financial statements Virtual Concepts was consolidated in the Vista Group financial statements.

The initial consideration for the 43% in Virtual Concepts is \$10.8 million. Further deferred contingent consideration, which is capped at \$9.8 million, is split evenly into two tranches and will be payable based on a number of performance target criteria. The Company has provided for a total of \$5.9 million in the PFI Period (based on the expected payout), which is included in the balance sheet at its present value.

The sale and purchase agreement allows the Vista Group to settle the deferred consideration with a minimum of 30% cash and the balance in shares (at the discretion of the Vista Group). The settlement of the deferred consideration is assumed to be outside the PFI Period.

The following assumptions have been made in respect of the acquisition and the ongoing treatment of Virtual Concepts in the PFI:

- It is assumed the initial consideration of \$10.8 million will be satisfied as to \$3.9 million in cash and the balance of \$6.8 million in Shares valued at the Final Price. On completion of this acquisition the Vista Group is assumed to control Virtual Concepts and the financial results of Virtual Concepts are consolidated into the Vista Group.
- The two founders of Movio will remain in employment of Movio until at least March 2017.
- It is assumed that the current carrying value of the investment in Virtual Concepts equates to its fair value at the time that control is attained. The fair value of the consideration has been calculated using a payout associated with the probability-weighted average of all possible outcomes. The total deferred consideration of \$5.9 million is recognised as a financial liability on the Group's balance sheet.
- The payment of the deferred consideration is to be made after the PFI Period and is expected to be \$5.9 million. To reflect the time value of money the consideration has been discounted using a rate of 8% giving rise to a total discount of approximately \$1 million. The present value of this expected payment (\$5.9 million) is \$4.6 million as at 1 January 2014. The effect of the discounting unwinds over the PFI Period and the balance sheet by FY14F is \$5.1 million and FY15F \$5.7 million.
- The Vista Group reviewed the intangible assets associated with Movio and have identified \$1.9 million of definite life intangible assets have been separately recognised on the acquisition balance sheet.
- Goodwill of \$16.3 million is assumed to be recognised on the Group balance sheet at the date of acquisition. It is assumed the goodwill will not be impaired in the PFI Period.
- A deferred tax liability of \$0.6 million is recognised on the acquisition balance sheet in respect of the depreciable intangibles.

Allotment of new shares in BookMyShow

BookMyShow Limited has a pre-existing arrangement to allot 26% of the share capital in BookMyShow to Big Tree International PVT Limited. The allotment took place in May 2014 for US\$15,000.

Sale of shares in Numero

Numero is a start up company established by the Vista Group. As at the date of this Prospectus, the Company holds all of the shares in Numero. Certain Numero senior managers have been offered (and have accepted subject to agreement of appropriate documents) a 50% stake in Numero in consideration for A\$60,000 (in aggregate). The allotment of these shares is intended to be completed in FY14F. The shares allotted to Numero Senior Management are intended to retain those employees and incentivise performance.

Given the Vista Group had previously held 100% of the share capital (notwithstanding the pre-existing arrangement with Numero senior management referred to above), Numero has historically been consolidated in the Group's financial statements. Post the allotment of shares to Numero senior management, it is assumed that the Vista Group will have significant influence (but not control) over the investment and therefore it will be equity accounted from FY14F (not consolidated).

PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

Revenue

Overview

The Vista Group has four key sources of revenue:

- revenue from VES which is split into three subgroups: product, services and maintenance;
- data analytics revenue generated by the Movio products;
- revenue generated by MACCS' film distributor; and
- revenue from online ticketing solutions from BookMyShow.

The Vista Group's actual and forecast revenue split on a Pro Forma basis is presented in the following table:

TABLE 1: REVENUE BY PRODUCT TYPE

NZ\$000	FY11 PRO FORMA	FY12 PRO FORMA	FY13 PRO FORMA	FY14F PRO FORMA	FY15F STATUTORY
Product	7,709	11,713	12,065	13,035	15,165
Services	2,292	3,463	4,179	5,001	4,630
Maintenance	9,104	11,794	13,931	19,089	22,768
Cinema Software (VES)	19,105	26,970	30,175	37,125	42,563
BookMyShow	217	273	294	395	409
Data Analytics (Movio)	100	810	2,170	5,135	9,075
Film Distribution (MACCS)	5,596	5,674	6,031	7,246	9,500
Total revenue	25,018	33,727	38,670	49,901	61,547

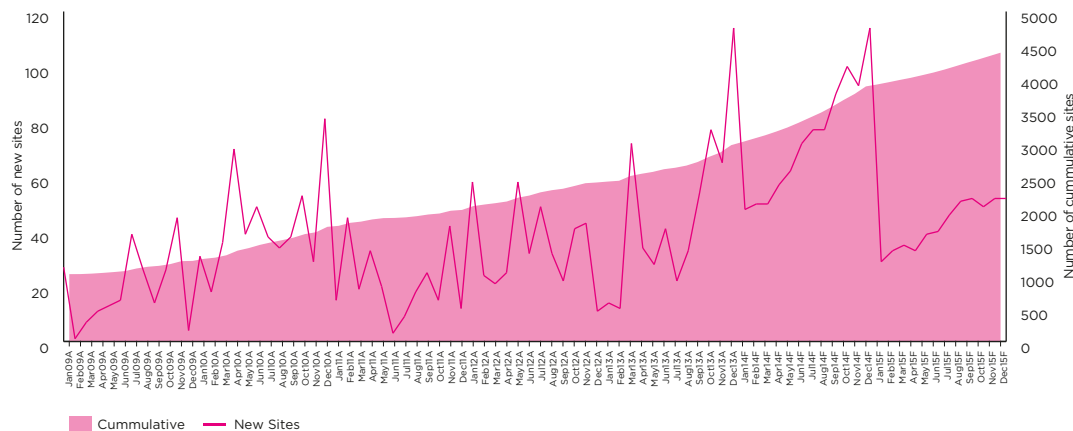
Pro Forma revenue is anticipated to grow 29% to \$49.9 million in FY14F and then 23% to \$61.5 million in FY15F. The key assumptions associated with each of the product groups as discussed below.

Vista Entertainment Solutions – product revenue

Product revenue is driven by the number of sites where VES's products are installed and the average price per installed site. The price varies based on the prevailing foreign exchange rates.

It is assumed the number of new sites installed will increase from 566 in FY13 to 890 in FY14F and then decrease to 511 in FY15F. The number of new sites and the number of cumulative sites where product has been installed in the historical financial information and PFI is depicted in the following graph.

TABLE 2: NUMBER OF LICENCE SITES (NEW AND CUMULATIVE)

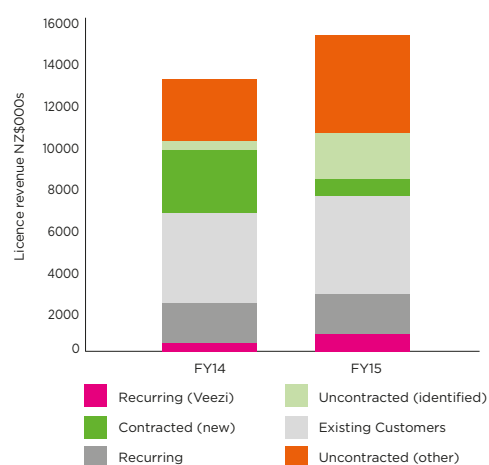


The PFI Period product revenues by product are split between:

- Recurring Revenues (from Veezi and licence rental fees);
- revenues from existing customers from anticipated new sites opened or acquired by Vista Entertainment Solutions' customers;
- revenues from new customers that are either:
 - contracted;
 - uncontracted where the customer has been identified; or
 - uncontracted where the customer has not been identified.

Unidentified revenues are analysed by geographical region and are based on the past experience of Vista Entertainment Solutions as to the quantum of previously unidentified that has historically been achieved.

TABLE 3: FY14F/FY15F VISTA ENTERTAINMENT SOLUTIONS' PRODUCT REVENUE BY TYPE



Income from Veezi is assumed to be \$0.4 million in FY14F and \$0.8 million in FY15F.

For larger contracts a deposit is received with the balance payable on installation.

Revenue in respect of non-recurring product licences is recognised when the product is installed at the customers' site. Any revenue received before the product is installed is recognised in the balance sheet as pre-billed deferred revenue.

Vista Entertainment Solutions - maintenance revenue

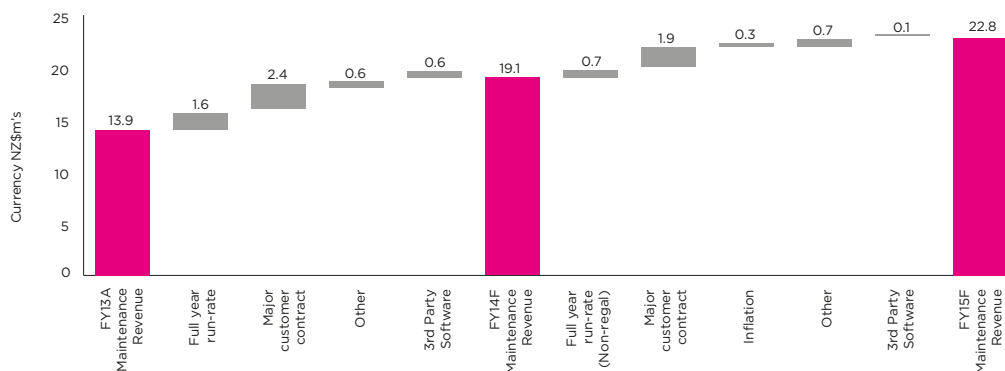
The Vista Group contracts include a maintenance agreement which entitles the holder to receive software enhancements and access to the services helpdesk. Whilst there is no legal entitlement to receive and pay for this service, over 98% of Vista Cinema sites currently do so.

It is assumed in the PFI that a similar proportion of customers continue to receive and pay the annual maintenance fee.

Annual maintenance revenues increase from \$13.9 million in FY13 to \$19.1 million in FY14F and then to \$22.8 million in FY15F. The movements are depicted in the following bridge.

PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

TABLE 4: FY14F/FY15F VISTA ENTERTAINMENT SOLUTIONS' MAINTENANCE REVENUE BRIDGE



As noted above \$2.4 million of the increase in maintenance fees in FY14F and \$1.9 million of the maintenance fees in FY15F relate to a signed contract with a major customer. Vista Cinema's maintenance contracts contain either CPI adjustment clauses or equivalent mechanisms to increase maintenance fees over time. An average CPI index is factored into the maintenance revenue PFI.

Maintenance fees are invoiced periodically in advance and recognised as revenue on a straight line basis over the period to which they relate.

Vista Entertainment Solutions – services revenue

Services revenue is generated from installation of Vista Entertainment Solutions' products to new customers and development and support for existing and new customers.

Vista service revenue increases from \$4.2 million in FY13 to \$5 million in FY14F, falling to \$4.6 million; representing an 11% increase over the two years.

The prospective service revenue is based on management's expectations of revenue pipeline based on the expected growth in new and existing

customers. The assumptions are supported by a corresponding growth in service facing personnel.

Film Distribution Software (MACCS) revenue

Film Distribution Software revenues are derived from the same source as Vista Entertainment Solutions' revenue being product, maintenance and services. In FY14F it is forecast that 39%, 53% and 8% of revenues will be generated from maintenance, services and product fees respectively.

MACCS' strategic growth is focused on establishing an office in Los Angeles and developing opportunities in the USA. MACCS have assumed securing work with one or more major USA film studios and included in the PFI is \$0.6 million of revenue in FY14F and \$2 million of revenue in FY15F that pertain to this growth initiative.

Data analytics (Movio) revenue

Significant revenue growth is forecast for the data analytics (Movio) business. Revenue is forecast to increase from \$2.2 million in FY13 to \$5.1 million in FY14F (a 137% increase) to \$9.1 million in FY15F (a 77% increase). The Movio business has a number of income streams as shown in the following table.

TABLE 5: DATA ANALYTICS (MOVIO) REVENUE SPLIT BY TYPE

CURRENCY: NZ\$000	FY14F	FY15F
Licence fees	2,242	3,829
Other exhibitor revenue	1,129	2,410
Project revenue	1,232	1,708
Services	532	1,128
Total revenue	5,135	9,075

Licence fees, receivable from cinema exhibitors for the use of the Movio software are either or both of the following:

- based on variables such as the number of members or customers on a database or the number of site locations; and
- paid annually based on fixed fee with contracted terms (typically two years).

The licence fee is a recurring annual fee payable whilst the software is still in use. Movio are not anticipating losing any major customers in the PFI Period.

Other exhibitor's fees include fees for outgoing communications, through email distribution, survey monkey and social media. A chart showing the split between the type of revenue receivable from cinema exhibitors in the PFI Period is below.

TABLE 6: ANALYSIS OF LICENCE AND OTHER EXHIBITOR REVENUE BY TYPE



The growth in “per member” licence fees is due to the targeted growth of Movio in the USA where this type of fee arrangement is more common.

Revenue is currently being generated from email distribution. The social media and the survey monkey distribution tools are currently being constructed by Movio and are anticipated to be available in August 2014 and November 2014 respectively. The service offerings are in response to demand from cinema exhibitors for these kinds of distribution tools.

Revenue from cinema exhibitors has been determined in the PFI as follows:

- expected revenues by service offering have been assigned to new and existing customers;
- for existing customers revenues are based on contracted licence fee agreements with estimates for the variable portions based on growth projections. Where a contract ends in the PFI period it assumes the contract will roll over on terms similar to the existing contracts; and
- for new customers a probability weighting has been assigned to the expected revenues to reflect the level of uncertainty in securing the contract. With a few minor exceptions only new customers, where there is a probability of 50% or more, have been included in the PFI revenues.

Project revenues predominantly relate to research and development projects for existing customers and the development of the Numero product. Services revenues relate to income from the recharge of software development, consultancy and training.

PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)**Expenses**

Total Pro Forma expenses are forecast to increase over the PFI period from \$29.7 million in FY13 to \$40.6 million in FY14F and to \$48.3 million in FY15F. Almost 70% of Pro Forma expenses are wage costs in FY14F.

Pro Forma expenses are presented in the table below:

Table 7: Pro Forma Expenses

CURRENCY: NZ\$000	NOTES	FY11 PRO FORMA	FY12 PRO FORMA	FY13 PRO FORMA	FY14F PRO FORMA	FY15F STATUTORY
Sales and marketing expenses		1,262	1,526	2,555	2,878	3,786
Operating expenses		12,423	15,925	18,087	24,603	29,163
Administration expenses		6,858	7,488	9,060	13,135	15,402
Total expenses		20,543	24,939	29,702	40,616	48,351
Comprised:						
Services		2,129	2,798	4,115	7,065	9,355
Development		5,162	6,566	8,401	11,340	12,964
Admin and other		3,923	5,441	6,593	8,978	10,443
Labour contracted		1,399	1,422	1,028	1,253	1,361
Total Employee costs		12,613	16,227	20,137	28,636	34,123
Distribution and other costs		3,731	5,139	4,545	4,944	5,483
Sales and marketing expenses		1,262	1,526	2,555	2,878	3,786
Others		3,400	2,525	3,111	4,842	5,643
(less: Grant income)		(463)	(478)	(646)	(684)	(684)
Total expenses		20,543	24,939	29,702	40,616	48,351

Additional sales and marketing costs (which include travel costs) were incurred in FY13 as a result of Vista Group rebranding, the establishment of Veezi's marketing collateral, the bi-annual customer conference and a general push to expand and support the sales effort internationally. The ongoing increases in FY14F and FY15F are to support and enhance the sales focus of the Group as it moves from its existing cinema industry focus to a wider film industry focus.

Employee costs have risen in line with actual and forecast growth in staff numbers. Staff numbers across Development, Services and Administration have increased from FY13 to FY15F to support growth, particularly in the new Group businesses (Movio, Veezi and Numero) and to ensure the Group has the capability to execute on new contracts won.

Operating expenses comprise employee costs (services, development and labour contracted) and distribution and other costs. Operating expenses in the forecast period are based on assumed FTE by expense type as disclosed below in a manner consistent with Vista's business model and growth forecasts throughout the forecast period.

Pro Forma employee FTE's from FY11 to FY15F are presented in the following table:

Table 8: Pro Forma FTE's by Type

NO: (AT END OF YEAR)	FY11	FY12	FY13	FY14F	FY15F
VES					
Services	34	49	63	88	100
Development	37	50	59	88	95
Administration & sales	20	28	29	40	44
Contractors	10	5	6	3	5
	101	132	157	219	244
Movio	4	7	25	52	69
MACCS	33	35	37	40	45
Total employee FTEs	138	174	219	311	358

FTE's are based in New Zealand, the UK, the USA, the Netherlands and China. The strongest growth in FTE's is assumed to be in the USA (from 28 FTE's in FY13 to 48 in FY15F) but approximately 50% growth in FTE's is also assumed in New Zealand, the UK and China offices.

As at May 2014 the Vista Group had 256 FTE's.

EBITDA by division

The following table shows Pro Forma EBITDA split between business units.

Table 9: EBITDA by business unit

GROUP	FY11 PRO FORMA	FY12 PRO FORMA	FY13 PRO FORMA	FY14F PRO FORMA	FY15F STATUTORY
NZ\$000					
VES (including BMS) Cinema and distributor software ³¹	4,686	8,972	9,392	8,915	11,095
Data Analytics (Movio)	(211)	(184)	(424)	370	2,101
Total Pro Forma EBITDA³²	4,475	8,788	8,968	9,285	13,196

The Vista Group has invested for growth and future revenue generating opportunities over FY13 and FY14F. This has seen a growth in FTE numbers to support new customers coming on stream as well as in additional products (Veezi, Maccsbox and Movio) where development costs are expensed and revenue is yet to be generated.

Dividends

The Vista Group's dividend policy is to distribute 30% to 50% of profit subject to immediate and future growth opportunities. At present, the Vista Group does not intend to pay any further dividend in FY14F or FY15F, but instead to use the capital to execute on growth opportunities.

The Directors will monitor the Group's projected cashflow and capital requirements and will review this policy on an annual basis.

A dividend of \$3.5 million has been paid in FY14F to Existing Shareholders, prior to the listing date.

Taxation

The Vista Group expects to be profitable across the PFI Period. Tax expenses have been calculated based on current rates in the regions where the profit is anticipated to be made.

³¹ Vista Entertainment Solutions and MACCS (including non-controlling interest).

³² Excluding Offer costs.

PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)**Debt, investments and interest rates**

It is assumed that a Euro denominated loan is drawn to pay for the initial 25.1% of the MACCS shares. No capital repayments are assumed in respect of the loan through the PFI Period. Interest is paid at 3.13%, although proceeds from the Offer will be set aside to cover this loan, creating a partial hedge.

Surplus cash balances will be placed in a short term deposit as appropriate to earn interest. The PFI assumes an interest rate of 4.25%.

Working capital

The nature of the Vista Group's product and maintenance agreements means the business usually operates with a net working capital assets. December in particular is a month where a large quantum of pre-billing is performed and hence debtors and creditors tend to be higher in December when compared to the rest of the year.

The PFI period assumes that trade debtors and trade payables will be consistent with the historical period.

As at 31 December 2013, the Vista Group had net working capital (trade and other receivables less trade and other payables) of \$1.3 million. At 31 December 2014 this is forecast to increase to \$1.8 million. At 31 December 2015 it is assumed that trade and other payables exceed trade and other receivables by \$0.6 million.

Capital expenditure

Capital expenditure in the PFI Period largely consists of purchases of fixtures and fittings and computer equipment, and is driven by increases in headcount. Capital expenditure in FY14F is \$1.9 million and \$1.18 million in FY15F.

Research and development costs

Research costs are expensed as incurred.

Development costs that meet the recognition criteria under NZ IAS 38: Intangibles are capitalised. Historically, a substantial portion of development costs have been incurred maintaining and making minor modifications to the existing software. On this basis these costs have not been capitalised.

It is assumed that all development costs, except \$0.8 million of development costs in each of FY14 and FY15 included within Numero, are of a similar nature to those costs expensed in the historical period.

Capital raising costs

It is assumed that the Vista Group will receive gross proceeds of \$40 million from the Offer.

Of the \$3.6 million in costs paid by the Group, \$1.9 million has been allocated to the costs associated with raising new share capital and recognised as a reduction of equity. The remaining \$1.7 million has been allocated to the sale of existing share capital and expensed in the Income Statement.

Foreign exchange

Approximately 98% of the Vista Group's revenues are denominated in overseas currencies, with approximately 50% of costs also denominated in overseas currencies.

Foreign exchange been assumed at the following rates for the PFI Period: USD .85, GBP .51, EUR .62, AUD .92 and RMB 5.1.

The following table shows the revenue exposure by currency.

Table 10: Revenue Exposure to Foreign Currency in the PFI Period

CURRENCY: NZ\$000	% of Revenue			
	FY14F	FY15F	FY14F	FY15F
USD	20,929	29,273	46%	48%
GBP	14,212	15,098	31%	25%
EUR	5,435	9,500	12%	15%
AUD	1,124	2,793	2%	5%
RMB	2,483	3,774	5%	6%
Total foreign currency	44,183	60,439	98%	98%
NZD	1,061	1,108	2%	2%
Total Revenue per invoices/PFI	45,244	61,547	100%	100%

Contingent Assets and Liabilities

There are no known contingent assets and liabilities year ended 31 December 2013. There has been no change in the nature or status of these contingent assets and liabilities and there are no other known material contingent assets or liabilities as at the date of this Offer.

**Consolidated PFI
Prospective Statement of Comprehensive Income**

12 MONTHS ENDING 31 DECEMBER (\$000) NZ\$000	FY14F FORECAST PRO FORMA	FY14F FORECAST STATUTORY	FY15 FORECAST STATUTORY
Revenue	49,901	45,244	61,547
Sales and marketing expenses	(2,878)	(2,708)	(3,786)
Operating expenses	(24,604)	(22,045)	(29,163)
Administration expenses	(13,134)	(11,548)	(15,402)
Total expenses	(40,616)	(36,301)	(48,351)
EBITDA	9,285	8,943	13,196
Depreciation and amortisation		(958)	(1,355)
EBIT (before Offer costs)		7,985	11,841
Offer costs		(1,708)	-
EBIT		6,277	11,841
Finance costs		(465)	(682)
Finance income		487	1,269
Share of profit/(loss) from associates		(348)	18
Net Profit before taxation		5,951	12,446
Taxation expense		(2,204)	(3,309)
Net Profit after tax		3,747	9,137
Other comprehensive income		-	-
Total comprehensive income for the year attributable for:		-	-
Non-Controlling Interests		307	1,031
Owners of the Company		3,440	8,106
Total comprehensive income for the year		3,747	9,137

Summary of non GAAP items

12 MONTHS ENDING 31 DECEMBER (\$000) NZ\$000	FY14F FORECAST STATUTORY	FY15F FORECAST STATUTORY
EBITDA (before Offer costs)	8,943	13,196
Depreciation	(574)	(733)
EBITA (before Offer costs)	8,369	12,463
Non-Controlling Interest	(307)	(1,031)
Net interest income	22	587
Share of profit/(loss) from associates	(348)	18
Taxation expense	(2,312)	(3,483)
NPATA (excluding Offer costs)	5,424	8,554

PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)
Prospective Statement of Changes in Equity

12 MONTHS ENDING 31 DECEMBER \$000 NZ\$000	ISSUED CAPITAL	OTHER RESERVES	RETAINED EARNINGS	TOTAL	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 1 January 2013	1,100	(40)	11,273	12,333	-	12,333
Net profit after tax for the period	-	-	3,440	3,440	307	3,747
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period		-	3,440	3,440	307	3,747
Equity attributable to NCI	-	-	-	-	7,959	7,959
Acquisition of subsidiary	-	-	(762)	(762)	-	(762)
Transactions with shareholders						
Contribution by new shareholders from the issue of new share capital	40,000			40,000		40,000
Dividends paid to shareholders		-	(3,500)	(3,500)		(3,500)
IPO and listing costs charged against equity	(1,940)	-		(1,940)		(1,940)
Increase in share based deferred consideration	6,825	-		6,825		6,825
Closing balance 31 December 2014	45,985	(40)	10,451	56,396	8,266	64,662
Net profit after tax for the period	-	-	8,106	8,106	1,031	9,137
Other comprehensive income	-	34	-	34	-	34
Total comprehensive income for the period	-	34	8,106	8,140	1,031	9,171
Equity attributable to NCI	-	-	-	-	(191)	(191)
Closing balance at 31 December 2015	45,985	(6)	18,557	64,536	9,106	73,642

Prospective Statement of Financial Position

AS AT 31 DECEMBER NZ\$000	FY14F FORECAST STATUTORY	FY15F FORECAST STATUTORY
Current assets		
Cash and cash equivalents	32,098	43,530
Trade and other receivables	16,548	19,534
Total current assets	48,646	63,064
Non-current assets		
Property plant and equipment	2,697	3,091
Investment in associates	162	216
Intangible assets	6,672	6,050
Goodwill	33,972	33,972
Total non-current assets	43,503	43,329
Total Assets	92,149	106,393
Current liabilities		
Trade and other payables	14,730	20,106
Income tax payable	264	481
Loans and borrowings	629	-
Deferred Consideration	-	3,047
Total current liabilities	15,623	23,634
Non-current liabilities		
Deferred consideration	5,173	2,600
Deferred tax liability	1,868	1,694
Loans and borrowings	4,823	4,823
Total non-current liabilities	11,864	9,117
	27,487	32,751
Net Assets	64,662	73,642
Equity		
Equity attributable to owners of the parent:		
Share Capital	45,985	45,985
Retained earnings	10,411	18,551
Total equity	56,396	64,536
Non-controlling interest	8,266	9,106
Total equity and non-controlling interest	64,662	73,642

PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)**Prospective Statement of Cash Flow**

12 MONTHS ENDING 31 DECEMBER \$000 NZ\$000	FY14F FORECAST STATUTORY	FY15F FORECAST STATUTORY
Cash flows from operating activities		
Receipts from customers	44,354	59,275
Interest received	486	1,269
Payments to suppliers	(34,935)	(44,032)
Listing costs	(1,708)	-
Interest paid	(239)	(207)
Income taxes paid	(1,800)	(2,912)
Net cash flows from operating activities	6,158	13,393
Cash flows from investing activities		
Purchase of investments	(13,677)	-
Purchase of property, plant and equipment	(1,799)	(1,127)
Net cash flows from investing activities	(15,476)	(1,127)
Cash flows from financing activities		
Proceeds from issue of shares, net of transaction costs	38,060	-
Proceeds from borrowings	4,823	-
Repayment of borrowings	(1,117)	(584)
Dividends paid	(3,786)	(250)
Net cash flows from financing activities	37,980	(834)
Net (decrease) / increase in cash	28,662	11,432
Cash and cash equivalents at start of the period	3,436	32,098
Closing cash and cash equivalents at end of the period	32,098	43,530

Management intends to seek further growth opportunities utilising the Group's cash balance. These may include acquiring competitors, new business opportunities in the film industry, expansion of the Group's Big Data activities or other opportunities that present strategic and commercial benefits to the Group.

Sensitivity Analysis

Introduction to sensitivities

PFI is inherently subject to uncertainty and accordingly actual results are likely to vary from PFI and this variation could be material. You can find a full description of the assumptions relating to the PFI for FY14F and FY15F under the heading “General and Specific Assumptions”, along with a description of risks in *Section 6: What are my Risks?* of the Prospectus.

The sensitivity analysis below is provided to assist you with assessing the potential effects of variations in certain key assumptions (defined as those most likely to materially affect results).

The sensitivity for each assumption is not intended to be indicative or predictive of the possible range of outcomes. The sensitivity has been applied to show the effect on forecast revenue and profit before taxation.

Each movement in an assumption is calculated and presented in isolation from possible movements in other assumptions (i.e. when the assumption is sensitised, all other things remain equal).

Sensitivities have been modelled for each specific assumption and an explanation of each is below.

Foreign exchange

The Vista Group generates revenue and incurs expenses in a number of foreign currencies. The foreign currency rates used in the PFI are described under the heading “Specific Assumptions”. USD makes up approximately 50% of the Vista Group’s foreign currency exposure. Accordingly, the sensitivity of revenue and operating income to a +/- 5% movement in USD and a further +/- 5% movement in all foreign currencies is shown below.

The impact on FY14F is limited by prepaid revenue and the limited period of the year remaining.

Number of sites and average licence fee per site

The number of projected new sites and average licence fee per site, have been sensitised for a +/- 5% movement. The sensitivity has been calculated on all sites including ones that are contracted. The profit impact is marginally different to revenue due to the impact of distribution payments.

Operating expenses

Operating expenses consisting of staff related costs and other overheads have been sensitised to a +/- 5% movement which reflects both movements in wage costs and timing variations in the employment of assumed personnel.

Sensitivity analysis

CURRENCY: NZ\$000	INCREASE/ DECREASE	IMPACT ON FY14F	IMPACT ON FY15F
Revenues			
Foreign exchange - USD	5%/(5%)	+/- 404	+/- 1,464
Foreign exchange - All currencies	5%/(5%)	+/- 853	+/- 3,022
Number of sites	5%/(5%)	+/- 313	+/- 622
Average licence fee per site	5%/(5%)	+/- 313	+/- 622
Operating expenses	5%/(5%)	-	-
Net Profit before tax			
Foreign exchange - USD	5%/(5%)	+/- 115	+/- 850
Foreign exchange - All currencies	5%/(5%)	+/- 286	+/- 1,783
Number of sites	5%/(5%)	+/- 293	+/- 564
Average licence fee per site	5%/(5%)	+/- 293	+/- 564
Operating expenses	5%/(5%)	+/- 869	+/- 2,018

HOW DO I APPLY?

If you are applying under the Broker Firm Offer, please complete the blank Application Form at the back of this Investment Statement in accordance with the instructions on the Application Form.

You can either complete the Application Form to authorise a one-time direct debit from your bank account or attach a cheque to your Application Form as payment for your Shares. You should complete the Application Form in accordance with the instructions on the Application Form

Your Application Form should be returned to your NZX Firm to enable forwarding to the Registrar by 12.00pm (noon) on 1 August 2014. Alternatively, Applications can be lodged with the Vista Group, any NZX Firm, the Lead Manager or any other channel approved by NZX so as to be received in time to enable forwarding to the Registrar by 12.00pm (noon) on 1 August 2014.

THE APPLICATION FORM

A - Investor Details

Insert your full name(s), address and telephone numbers. Applications must be in the name(s) of natural persons, companies or other legal entities, up to a maximum of three names per application. Use the table below to see how to write your name correctly.

TYPE OF INVESTOR:	CORRECT WAY TO WRITE NAME:	INCORRECT WAY TO WRITE NAME:
Individual person	JOHN SMITH	J SMITH
More than one person	JOHN SMITH MICHELLE SMITH	J & M SMITH
Company	ABC LIMITED	ABC
Trusts	JOHN SMITH (JOHN SMITH FAMILY A/C)	SMITH FAMILY TRUST
Partnerships	JOHN SMITH MICHAEL SMITH (JOHN SMITH AND SONS A/C)	JOHN SMITH & SONS
Clubs and unincorporated associations	JANE SMITH (SMITH INVESTMENT CLUB A/C)	SMITH INVESTMENT CLUB
Superannuation funds	JOHN SMITH LIMITED (SUPERANNUATION FUND A/C)	JOHN SMITH SUPERANNUATION FUND

By supplying your mobile number you consent that the Registry, Link Market Services, may advise you by TXT Alerts (post-allotment) of any changes on your holding balance, or if your bank account details or address on register change, or if a new / replacement FIN has been requested. This feature provides additional security to you as an investor.

B - Application Payment

Applications must be accompanied by payment in full for the dollar amount of Shares applied for. Your payment must be made in accordance with the directions of the NZX Firm from whom you received an allocation.

Complete the application amount applied for. Note the application minimum and multiple amounts stated in the Application Form. Please advise

payment method and bank account details for future dividend payments.

Payment must be made in New Zealand dollars for immediate value, by bank draft in New Zealand dollars, or a cheque drawn on a New Zealand bank account (or, if the application is for Shares of an aggregate subscription amount of \$500,000 or more, by bank cheque), or direct debit, or through the NZClear system (institutional investors only) by prior arrangement.

If the NZX Firm from whom you received your allocation has given directions as to another method of payment, other than payment by cheque or direct debit, select this option. You should follow these instructions.

Option 1: One-time Direct Debit

If you choose the direct debit option you must tick the box authorising the Registrar to direct debit the bank account nominated on the Application Form, **on the day the Application Form is received** by the Registrar, for the amount applied for on the Application Form. The bank account must be with a New Zealand registered bank. You cannot specify a direct debit date and you must ensure that:

- the bank account details supplied are correct;
- the application funds in the bank account for direct debit are available on the day the Registrar receives the Application Form;
- the person(s) giving the direct debit instruction has/have the authority to operate the account solely/jointly; and
- the bank account you nominated is a transactional account eligible for direct debit transactions. If you are uncertain you should contact your bank.

Should your direct debit fail, your Application will be rejected. If requested, a direct debit authority form will be provided to you by the Registrar. Refer to the contact details on the Application Form.

Option 2: Cheque or Bank draft

If you choose to pay by cheque or Bank draft your cheque should be made payable to "Vista Group Share Offer", be crossed "Not Transferable" and **not** be post dated.

Your cheque will be banked on the Business Day it is received. If your cheque is post dated or dishonoured, your Application may be rejected.

Option 3: Other

Investors who are members of NZClear may, by prior arrangement with the Registrar, settle their applications for the Shares on the Issue Date through the NZClear system.

C - Holder Number Details

If you have other investments registered under a Common Shareholder Number ("CSN") you must supply your CSN in the space provided. The name and address details on your Application Form must correspond with the registration details under that CSN. If you do not provide a CSN it will be deemed that you do not have a current CSN and a new CSN and Identification number (FIN) will be allocated to you at allotment of the shares.

F - Signing And Dating

Read the Investment Statement and Application Form carefully and sign and date the Application Form.

The Application Form must be signed by you personally, or if a company by two directors of a company (or one director if there is only one director), or in either case by a duly authorised attorney or agent. Joint applicants must each sign the Application Form.



G - Closing Date and Delivery

This Offer will close at 12.00pm on 1 August 2014 (being the Closing Date). You should remember that the Closing Date may be changed at the sole discretion of the Issuers. Changes will be advised by NZX announcement. The Issuers reserve the right to refuse to accept Applications received by the Registrar after the Closing Date. Your Application Form should be delivered in accordance with the instructions contained in the Application Form.

H - Power Of Attorney

If the Application Form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate of non-revocation of power of attorney on the reverse of the Application Form.

I - Agent

If the Application Form is signed by an agent, the agent must complete the certificate of non-revocation of agent on the reverse of the Application Form.

Submitting Your Application

You will not be able to reverse or change your Application after it has been submitted. By submitting an Application you agree to purchase and subscribe for the number of Shares you specify in your Application Form on the terms and conditions set out in this Investment Statement (including the Application Form) and the Prospectus.

Treatment of Application

The return of an Application Form with your cheque for the application moneys will constitute your offer to purchase or subscribe for Shares and once lodged your application is irrevocable and cannot be withdrawn. If your Application Form is not completed correctly, or if the accompanying payment is the wrong amount, it may still be treated as valid.

The decision of the Issuers as to whether to treat your Application Form as valid, and how to construe, amend or complete it, shall be final. The decision on the number of Shares to be allocated or transferred to you shall also be final. You will not, however, be treated as having agreed to purchase a greater value of Shares than that for which payment has been made.

Investors applying whose Applications are not accepted, or are accepted in respect of a lesser value of Shares than the amount for which they

applied, will receive a refund of all or part of their Application Moneys without interest, as applicable. Allocations, if rounded, will be rounded down to the nearest whole number of Shares. Refunds will not be paid for any difference arising solely due to rounding and will be paid within 5 Business days after the Allotment Date of the shares. Refunds will be paid in the manner you elect any future dividend payments to be paid.

Privacy Policy

If you apply for Shares, you will be asked to provide personal information to the Issuers, the Registrar and their respective agents who will collect and hold the personal information provided by you in connection with your Application. Your personal information will be used for considering, processing and corresponding with you about your Application and in connection with your holding of Shares, including sending you information concerning the Vista Group, your Shares and other matters the Vista Group considers may be of interest to you by virtue of your holding of Shares. To do these things, the Issuers or the Registrar may disclose your personal information to each other, their respective related companies and agents, contractors or third party service providers to whom they outsource services such as mailing and registry functions. However, all of these parties will be bound by the same privacy policies as the Issuers and the Registrar.

In addition, if you elect to pay by one-time direct debit, the Registrar will communicate with your nominated bank (including providing your personal information) for the purposes of processing your payment.

Failure to provide the required personal information may mean that your Application Form is not able to be processed efficiently, if at all.

Where the Issuers and the Registrar hold personal information about you in such a way that it can be readily retrieved, you have a right to obtain from the Issuers and the Registrar confirmation of whether or not they hold such personal information, and to access and seek correction of that personal information under the Privacy Act 1993 by contacting the privacy officers of the Issuers and the Registrar at their respective addresses shown in the Directory. You can also access your information on the Registrar's website: www.linkmarketservices.co.nz (you will be required to enter your CSN and Authorisation Code ("FIN") for secure access.).

Attach
cheque
here

Broker Stamp

BROKER FIRM OFFER APPLICATION FORM VISTA GROUP SHARE OFFER

This Application Form is issued with the Investment Statement dated and prepared as at 3 July 2014 for the Offer of fully paid ordinary shares in Vista Group International Limited. This Application Form represents an offer to purchase the Shares described in the Investment Statement and Prospectus. Any capitalised terms used in this Application Form but not defined have the same meaning as given to those terms in the Investment Statement.

FOR INSTRUCTIONS ON HOW TO COMPLETE AND DELIVER THIS FORM SEE THE ACCOMPANYING APPLICATION INSTRUCTIONS.

A. APPLICANT DETAILS AND INFORMATION – PLEASE PRINT IN BLOCK LETTERS

First Name(s): _____ Family Name: _____

First Name(s): _____ Family Name: _____

First Name(s): _____ Family Name: _____

Company Name or On Account: _____

Postal Address: _____

Mobile Telephone: _____ Daytime Telephone: _____

I/we have received the Vista Group Investment Statement dated 3 July 2014. I/we apply for Shares as set out below subject to the terms and conditions of the Investment Statement. By lodging this Application Form, I consent to the use of my personal information in accordance with the Privacy Policy set out in above under the heading "How do I apply?" of the Investment Statement.

B. APPLICATION PAYMENT

Applications must be accompanied by payment in full. Payment must be either by cheque or bank draft payable to "Vista Group Share Offer" and crossed "Not Transferable", OR by direct debit by completing the bank account section below (New Zealand investors only) OR as per the instruction from your financial advisor who provided you with this Investment Statement. Payment must be in New Zealand dollars. Your application and payment must be received by Link Market Services by 12.00pm noon NZT, 1 August 2014 (or such other date as the Vista Group may determine in its sole discretion).

Applications must be for a minimum of 2000 Shares. The Issuer may accept or reject all or part of this application without giving reason.

Number of Shares: _____ Price _____ Amount payable _____
_____ X \$NZ = \$ _____

You may choose only ONE of the payment options below. Please tick the box next to your selected option.

OPTION 1: (Investors with a New Zealand bank account only)
Please direct debit my bank account stated below for the amount of Shares applied for above (or any lesser amount as determined by the Issuers). By ticking this box and signing this Application Form I agree that the Share Registrar is authorised to direct debit my bank account for the full amount of Shares applied for

OPTION 2: Please find attached my payment by cheque or bank draft. I have supplied my bank account details below for the purpose of direct crediting of any future dividends paid by the Issuer.

OPTION 3: Authorised institutional investors only. Payment will be made by NZClear as arranged with the Share Registrar.

Please provide New Zealand dollar bank account details for direct debit (if you selected Option 1) and/or direct credit of future dividend payments. If you wish to have your dividends paid into a different bank account that the one provided below for direct debit purposes, you need to advise Link Market Services of the account details in writing.

Name of Bank: _____

Name of Account: _____

BANK BRANCH ACCOUNT SUFFIX

FOR for the purpose of dividend payments only: Direct credit to my Cash Management Account:

Name of NZX Firm where Cash Management Account is held: _____

Cash Management Account number: _____

C. COMMON SHAREHOLDER NUMBER (CSN)

A CSN is required to trade the Shares on the NZX Main Board once the Offer has closed and the Shares have been allotted. Your CSN must be in the same name(s) as those of the applicants on this form otherwise a new CSN will be allocated. If you do not have a CSN, you will be allocated a CSN and Authorisation Code (FIN) at Allotment of your Shares.

If you have a CSN, please enter it here: _____

D. TAX DETAILS

Only one IRD number is required in respect of a joint application

Please tick this box if you hold an **RWT exemption certificate** from the IRD and attach a copy of your RWT exemption certificate.

Please tick this Box if you are a non-resident for NZ tax purposes; under the Income Tax Act 2007. You will be treated as a NZ tax resident unless this box is ticked.

Country of Residence for Tax Purposes:

E. ELECTRONIC CORRESPONDENCE AND REPORTING

I agree to receive Shareholder Communications via email

Please enter your email address below if you wish to receive, all shareholder communications where possible by email. If you do not provide an email address, investor correspondence will be mailed to you at the address provided on this Application Form.

F. SIGNATURE(S) OF APPLICANTS

I/we hereby acknowledge that I/we have received and read the Investment Statement, including the application instructions, and apply for the number of fully paid ordinary shares as set out above and agree to accept such Shares (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the Investment Statement and application instructions. All applicants on the Application Form must sign.

DATE

G. SEND APPLICATION FORM AND PAYMENT TO YOUR FINANCIAL ADVISOR FROM WHO YOU RECEIVED THIS APPLICATION AS PER THE INSTRUCTIONS RECEIVED FROM YOUR ADVISOR. YOUR APPLICATION MUST BE RECEIVED BY THE REGISTRAR, LINK MARKET SERVICES BY NO LATER THAN: 12.00pm on 1 August 2014

Please contact Link Market Services if you have any questions on how to complete this Application Form

Link Market Services contact details:

PO Box 91976, Auckland 1142

Level 7, Zurich House, 21 Queen Street, Auckland 1010

Investor contact number: +64 9 375 5998

Fax: +64 9 375 5990

Website: www.linkmarketservices.co.nz

H. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

Complete this section if you are acting on behalf of the Applicant on this Application Form for whom you have power of attorney

I, _____

Of _____

Hereby Certify:

1. That by a Power of Attorney dated the _____ day of _____

The Donor, _____

Of, _____

appointed me his/her/its Attorney on the terms and conditions set out in the Power of Attorney.

2. THAT I have executed the application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me.

3. THAT at the date of this certificate I have not received notice of any event revoking that Power of Attorney.

Signed at: _____ This _____ day of _____ 2014

Signature Of Attorney _____

I. CERTIFICATE OF NON-REVOCATION OF AGENT

Complete this section if you are acting as Agent on behalf of the Applicant on this Application Form.

I, _____

Of _____

Hereby Certify:

1. That by the Agency Agreement dated the _____ day of _____

The Donor, _____

Of, _____

appointed me his/her/its Agent on the terms and conditions set out in the Agreement.

2. THAT I have executed the application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me.

3. THAT at the date of this certificate I have not received any notice or information of the revocation of my Appointment as Agent.

Signed at: _____ This _____ day of _____ 2014

Signature Of Agent _____

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Attach
cheque
here

Broker Stamp

BROKER FIRM OFFER APPLICATION FORM VISTA GROUP SHARE OFFER

This Application Form is issued with the Investment Statement dated and prepared as at 3 July 2014 for the Offer of fully paid ordinary shares in Vista Group International Limited. This Application Form represents an offer to purchase the Shares described in the Investment Statement and Prospectus. Any capitalised terms used in this Application Form but not defined have the same meaning as given to those terms in the Investment Statement.

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First Name(s): _____ Family Name: _____

First Name(s): _____ Family Name: _____

First Name(s): _____ Family Name: _____

Company Name or On Account: _____

Postal Address: _____

Mobile Telephone: _____ Daytime Telephone: _____

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Applications must be accompanied by payment in full. Payment must be either by cheque or bank draft payable to "Vista Group Share Offer" and crossed "Not Transferable", OR by direct debit by completing the bank account section below (New Zealand investors only) OR as per the instruction from your financial advisor who provided you with this Investment Statement. Payment must be in New Zealand dollars. Your application and payment must be received by Link Market Services by 12.00pm noon NZT, 1 August 2014 (or such other date as the Vista Group may determine in its sole discretion).

Applications must be for a minimum of 2000 Shares. The Issuer may accept or reject all or part of this application without giving reason.

Number of Shares: _____ Price _____ Amount payable _____
_____ X \$NZ = \$ _____

You may choose only ONE of the payment options below. Please tick the box next to your selected option.

OPTION 1: (Investors with a New Zealand bank account only)
Please direct debit my bank account stated below for the amount of Shares applied for above (or any lesser amount as determined by the Issuers). By ticking this box and signing this Application Form I agree that the Share Registrar is authorised to direct debit my bank account for the full amount of Shares applied for

OPTION 2: Please find attached my payment by cheque or bank draft. I have supplied my bank account details below for the purpose of direct crediting of any future dividends paid by the Issuer.

OPTION 3: Authorised institutional investors only. Payment will be made by NZClear as arranged with the Share Registrar.

Please provide New Zealand dollar bank account details for direct debit (if you selected Option 1) and/or direct credit of future dividend payments. If you wish to have your dividends paid into a different bank account that the one provided below for direct debit purposes, you need to advise Link Market Services of the account details in writing.

Name of Bank: _____

Name of Account: _____

BANK BRANCH ACCOUNT SUFFIX

FOR for the purpose of dividend payments only: Direct credit to my Cash Management Account:

Name of NZX Firm where Cash Management Account is held: _____

Cash Management Account number: _____

C. COMMON SHAREHOLDER NUMBER (CSN)

A CSN is required to trade the Shares on the NZX Main Board once the Offer has closed and the Shares have been allotted. Your CSN must be in the same name(s) as those of the applicants on this form otherwise a new CSN will be allocated. If you do not have a CSN, you will be allocated a CSN and Authorisation Code (FIN) at Allotment of your Shares.

If you have a CSN, please enter it here: _____

D. TAX DETAILS

Only one IRD number is required in respect of a joint application

Please tick this box if you hold an **RWT exemption certificate** from the IRD and attach a copy of your RWT exemption certificate.

Please tick this Box if you are a non-resident for NZ tax purposes; under the Income Tax Act 2007. You will be treated as a NZ tax resident unless this box is ticked.

Country of Residence for Tax Purposes:

E. ELECTRONIC CORRESPONDENCE AND REPORTING

I agree to receive Shareholder Communications via email

Please enter your email address below if you wish to receive, all shareholder communications where possible by email. If you do not provide an email address, investor correspondence will be mailed to you at the address provided on this Application Form.

F. SIGNATURE(S) OF APPLICANTS

I/we hereby acknowledge that I/we have received and read the Investment Statement, including the application instructions, and apply for the number of fully paid ordinary shares as set out above and agree to accept such Shares (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the Investment Statement and application instructions. All applicants on the Application Form must sign.

DATE

G. SEND APPLICATION FORM AND PAYMENT TO YOUR FINANCIAL ADVISOR FROM WHO YOU RECEIVED THIS APPLICATION AS PER THE INSTRUCTIONS RECEIVED FROM YOUR ADVISOR. YOUR APPLICATION MUST BE RECEIVED BY THE REGISTRAR, LINK MARKET SERVICES BY NO LATER THAN: 12.00pm on 1 August 2014

Please contact Link Market Services if you have any questions on how to complete this Application Form

Link Market Services contact details:

PO Box 91976, Auckland 1142

Level 7, Zurich House, 21 Queen Street, Auckland 1010

Investor contact number: +64 9 375 5998

Fax: +64 9 375 5990

Website: www.linkmarketservices.co.nz

H. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

Complete this section if you are acting on behalf of the Applicant on this Application Form for whom you have power of attorney

I, _____

Of _____

Hereby Certify:

1. That by a Power of Attorney dated the _____ day of _____

The Donor, _____

Of, _____

appointed me his/her/its Attorney on the terms and conditions set out in the Power of Attorney.

2. THAT I have executed the application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me.

3. THAT at the date of this certificate I have not received notice of any event revoking that Power of Attorney.

Signed at: _____ This _____ day of _____ 2014

Signature Of Attorney _____

I. CERTIFICATE OF NON-REVOCATION OF AGENT

Complete this section if you are acting as Agent on behalf of the Applicant on this Application Form.

I, _____

Of _____

Hereby Certify:

1. That by the Agency Agreement dated the _____ day of _____

The Donor, _____

Of, _____

appointed me his/her/its Agent on the terms and conditions set out in the Agreement.

2. THAT I have executed the application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me.

3. THAT at the date of this certificate I have not received any notice or information of the revocation of my Appointment as Agent.

Signed at: _____ This _____ day of _____ 2014

Signature Of Agent _____

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DIRECTORY

THE COMPANY

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OFFEROR

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LEAD MANAGER AND ORGANISING PARTICIPANT

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INVESTIGATING ACCOUNTANT

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Britomart
Auckland 1010

AUDITOR

Grant Thornton

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REGISTRAR

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PROSPECTUS

INITIAL PUBLIC OFFERING OF ORDINARY SHARES IN VISTA GROUP INTERNATIONAL LIMITED

3 JULY 2014

Lead Manager and Organising Participant



IMPORTANT INFORMATION

Important Notice

This document relates to the Offer by Vista Group Holdings Limited of ordinary shares in Vista Group International Limited (together, the *Issuers*). A description of the Offer and the Shares is set out in *Section 8: Offer Details*.

This document is a prospectus for the purposes of the Securities Act and the Securities Regulations and is prepared as at, and dated, 3 July 2014.

This Prospectus is an important document and should be read carefully before deciding whether or not to invest in the Vista Group.

No person is authorised by the Directors or the Issuers to give any information or make any representation in connection with this Offer which is not contained in this Prospectus, the Investment Statement or in other communications from the Directors and the Issuers. Any information or representation not so contained may not be relied upon as having been authorised by an Issuer, the Directors or the Offeror.

If you are in any doubt as to any aspect of the Offer you should consult your financial or legal adviser or an NZX Firm.

You should seek your own taxation advice on the implications of an investment in the Shares.

No Guarantee

No person guarantees the Shares offered under this Prospectus. No person warrants or guarantees the performance of the Shares or any return on any investments made pursuant to this Prospectus.

Selling Restrictions

No person may offer, sell (including resell) or deliver or invite any other person to offer, sell (including resell) or deliver any Shares or distribute any documents (including this Prospectus) in relation to the Shares to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

Unless otherwise agreed with the Issuers, any person or entity subscribing for Shares in the Offer shall, by virtue of such subscription, be deemed to represent that he, she or it is not in a jurisdiction which does not permit the making to him, her or it of an offer or invitation of the kind, and in the manner, described in this Prospectus, and is not acting for the account or benefit of a person within such jurisdiction. None of the Issuers, the Lead Manager, the Registrar or any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

Registration

A copy of this Prospectus signed by or on behalf of the directors of the Issuers, and having endorsed thereon or attached thereto copies of the documents required by section 41 of the Securities Act, has been delivered to the Registrar of Financial Service Providers for registration in accordance with section 42 of the Securities Act 1978.

The documents required by section 41 of the Securities Act to be attached to the copy of this Prospectus delivered to the Registrar of Financial Service Providers for registration are:

- 1 the Auditor's report in respect of certain financial information included in this Prospectus, as set out in this Prospectus;

- 2 the signed consent of the Auditor to the Auditor's Report appearing in this Prospectus;
- 3 the signed consent of the Investigating Accountant to the investigating accountant's report appearing in this Prospectus; and
- 4 copies of the material contracts referred to under the heading "Material Contracts" in *Section 10: Statutory Information*.

Consideration Period

Pursuant to section 43C of the Securities Act, the Financial Markets Authority will be notified once this Prospectus is registered with the Registrar of Financial Service Providers. The Financial Markets Authority will have the opportunity to consider whether the Prospectus: (a) complies with the Securities Act and the Securities Regulations; (b) contains any material misdescription or error or any material matter that is not clearly legible; or (c) is false or misleading as to a material particular or omits any material particular. Nothing in this section or in any other provision of the Securities Act limits the Financial Markets Authority's power to consider or reconsider these matters at any time. The nature and extent of the consideration (if any) that the Financial Markets Authority gives to this Prospectus is at the Financial Markets Authority's discretion.

Pursuant to section 43D of the Securities Act no allotment of Shares may be made and no Applications or subscriptions for the Shares may be accepted during the Financial Markets Authority's consideration period. The consideration period commences on the date this Prospectus is registered and ends at the close of five working dates after the date of registration. The Financial Markets Authority may shorten the consideration period, or extend it by no more than five additional working days.

Forward Looking Statements

This Prospectus contains certain statements which relate to the future including, in particular, the information set out in *Section 7.3: Prospective Financial Information*. Forward looking statements should be read together with the other information in this Prospectus, including the risk factors set out in *Section 6: What are my Risks?* and the assumptions and sensitivity analysis set out in *Section 7.3: Prospective Financial Information*.

Such forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Vista Group and which may cause actual results, performance or achievements of the Vista Group to differ materially from those expressed or implied by such statements.

The Directors and the Issuers disclaim any responsibility to update any such risk factors or publicly announce the results of any revisions to any of the forward looking statements contained in this Prospectus to reflect developments or events, except to the extent required by the Securities Act, the Securities Regulations, the NZX Listing Rules, the ASX Listing Rules or the Financial Reporting Act.

Given these uncertainties, you are cautioned not to place undue reliance on any forward looking statements contained in this Prospectus. Under no circumstances should you regard the inclusion of forward looking statements to be a representation or warranty by the Issuers or their respective directors or officers or any other person referred to in this Prospectus with respect to the achievement of the results set out in any such statement, or that the underlying assumptions used will in fact be realised.

Questions about the Offer

If you have any queries about the risk or suitability of an investment in the Shares you should consult your financial adviser or an NZX Firm. If you wish to apply for Shares you must receive the Investment Statement and make your Application on the Application Form attached to, or accompanying, the Investment Statement.

Definitions

Capitalised terms used in this Prospectus have the specific meaning given to them in the *Glossary*.

Unless otherwise indicated, any references to dates and times are to dates and times in New Zealand and any references to \$ or NZD are to New Zealand Dollars.

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SECTION 1: INVESTMENT OVERVIEW

1.1 The Vista Group at a Glance

The Vista Group is a global leader in film industry software solutions that comprises six businesses. Building on the leading position of Vista Cinema, the core business within the Group that operates in the cinema exhibition industry, the Vista Group is now expanding to offer solutions across the wider film industry.



1. MACCS shareholding of 50.1% includes an option to acquire 25%. The Company intends to exercise this option as at 1 September 2014.
 2. The Vista Group will use proceeds from the Offer to acquire the remaining 43% in Virtual Concepts post the Offer.
 3. As at the date of this Prospectus, the Company holds all of the shares in Numero. Certain Numero senior managers have been offered (and have accepted subject to agreement of appropriate documents) a 50% stake in Numero. The allotment of these shares is intended to be completed in FY14F. Further information on this transaction is set out under the heading "Sale of shares in Numero" in Section 7.3: Prospective Financial Information.

The Vista Group has over 250 staff across six offices in New Zealand (headquarters), the USA, the UK, the Netherlands, Australia and China. In addition to these offices, Vista Entertainment Solutions provides a global distribution network with business partners operating around the world, which the other Group businesses can utilise to support their growth.

Vista Group Businesses

For more details on each Vista Group business please refer to Section 4: Business Overview.

Cinema and distributor software



Vista Cinema is comprehensive and integrated software that delivers a total solution to optimise cinema management for multiplex cinema exhibitors (the Large Circuit Market where cinema exhibitors operate 20 screens or more).

The software operates as modules covering all operational aspects of the cinema, Head Office operations, and customer facing modules to enable customers of the cinema to purchase tickets and food and beverage.

Vista Cinema is installed in more than 60 countries around the world and is the pre-eminent cinema software globally, with a market share in the Large Circuit Market of approximately 37% worldwide.

Management estimates that over 1 billion cinema tickets are processed every year through Vista Cinema.



Veezi offers cinema software similar to Vista Cinema through a cloud based SaaS product that has been created for the Small Circuit Market (cinema exhibitors who operate less than 20 screens).

Veezi only recently launched with an initial 50 cinemas in 9 countries. Management estimates that the total market for Veezi is in excess of 20,000 sites.

Cinema and distributor software



BookMyShow is a cinema ticketing website operated in New Zealand. It primarily acts as a service to Small Circuit Market cinemas that prefer to outsource this process.



MACCS provides film distribution software to the film distribution market (which primarily handles the placement of films by film distributors into various sales channels (e.g. cinema exhibition, home entertainment etc) and the collection of royalties from those channels). MACCS is the largest provider of this type of software outside of the USA, including Paramount Pictures International and Warner Bros International.

Data analytics



Movio provides a SaaS marketing data analysis and campaign management platform for cinema exhibitors and distributors. Movio's software offerings are built around the latest technology in the Big Data space. Movio operates in six regions worldwide and holds unique insights for over 26 million cinema-goers, more than 1,000 cinemas, and over 1,000 films.



Numero is scheduled to launch in the second half of 2014. It will provide an aggregated box office reporting platform, designed to give the film industry and media vital information in a clean, fast and effective manner. Numero differs from Movio in that it provides more high level data on box office revenue and admissions. This new business opportunity will build off Movio's Big Data technology and the Vista Group's global scale and relationships.

Outlook and growth

As part of the Vista Group's growth strategy, it intends to use the capital raised from the Offer to increase its shareholding of MACCS and Movio, as well as investing in its newer businesses, Veezi and Numero.

Vista Entertainment Solutions

Since beginning in 1996, Vista Entertainment Solutions (VES), which provides Vista Cinema software, has steadily added new countries and customers, progressively growing year on year. VES sees opportunity to continue its expansion through capturing further customers in developed and developing cinema markets as well as expansion into large cinema markets where Vista Cinema does not currently operate (Brazil, for example). Growth may also be achieved through the expansion of VES's existing customers by acquisition and organically.

VES, and its cinema software, provides the largest portion of revenue for the Vista Group.

In addition to these growth prospects in its traditional markets, VES has positioned Veezi to address the smaller independent cinema exhibitors within the Small Circuit Market.

MACCS

MACCS has built a strong product line that is well respected in many international markets. However, MACCS has yet to penetrate the USA, the largest distribution market. Using the base that VES has established in the USA, and VES's reputation and wide network of industry contacts, MACCS is now better positioned in the USA, as well as other markets that VES has customers in but MACCS does not.

Movio

Movio has undergone rapid growth in its first three years of operation. Movio's marketing analytics and campaign management SaaS platform is licenced by leading cinema circuits in North America, Central America, Australasia, and Asia. Movio plans to build on its recent expansion by strengthening its position in existing territories and using the Vista Group industry connections and network to grow its market share globally. Movio also plans to build an analytics and marketing platform to provide market research and analytics for film studios and distributors and media.

Numero

Numero is a new venture into a market that is dominated by a single company, Rentrak Corporation. There is an opportunity in the market for an alternative provider that provides a faster and more modern service.

1.2 Chairman's Letter

3 July 2014

Dear Investor

On behalf of the Board of Directors, I am delighted to invite you to become a shareholder in Vista Group International Limited.

I have worked in the cinema industry for more than 20 years and first became aware of the Vista Group as a customer. What impressed me about the business then was its focus on creating a customer driven solution for the cinema operator.

Since our founding in 1996, we have grown consistently to become the leading supplier of software to the cinema industry with 37% of the Large Circuit Market globally (cinema exhibitors operating more than 20 screens). Our customers operate across more than 60 countries with more than 27,000 cinema screens utilising our software.

Our success and profitability to date has provided the Vista Group with an exciting opportunity to not only substantially grow its traditional business in cinema, but also to begin the transition from a cinema software company to a much broader film industry software company.

We have commenced down this path with our recent investments in data analytics (Movio and Numero), cloud based SaaS software for the Small Circuit Market (Veezi) and film distribution software (MACCS). These businesses have high quality software and great people, and are well positioned to leverage off the Vista Group's scale and industry relationships.

This Offer will raise \$40 million in new capital which will be applied to repay debt associated with, and fund the acquisition of, controlling positions in Movio and MACCS, assist in the expansion of Veezi in markets around the world, provide start-up capital for Numero and provide capital for future acquisitions and developments. The Group has a history of paying dividends, however at this stage we do not intend to pay a dividend until at least 2016 as we focus our capital on accelerating our software and data analytics growth within the film industry.

The Existing Shareholders are committed to the long term success of the Vista Group. They will sell down approximately 37% of their holdings, retaining between 45% and 49% of the post Offer shareholding, after dilution. Their remaining shares will be voluntarily locked up until 2016, after the release of our 2015 results.

We will be facilitating a share offer to current employees as follows:

- Eligible Vista Group Employees will be gifted Shares with a gross value of approximately \$1,000 (at the Final Price) per employee prior to allocation under the Offer.
- An allocation of Shares is also offered to Eligible Employee Offerees at a 20% discount to the Final Price.

If fully subscribed, the two employee share offers will represent approximately 0.5% of the total share capital and recognises a high regard for our increasing number of employees and their general desire to hold shares in the company that they are fundamental in building. Also, we are amending remunerations terms for employees in other territories to financially replicate an element of Share ownership. In addition, a Long Term Incentive share scheme will be put in place post listing to incentivise senior management.

I should also mention that the independent Directors have indicated they intend to purchase shares in the Offer.

The Investment Statement and Prospectus contain important information about the Vista Group and the Offer. We encourage you to read the offer documentation and carefully consider the opportunities and risks before making your investment decision.

On behalf of the Board, we commend this Offer to you. We look forward to welcoming you as a Shareholder.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Kirk Senior", is written over a horizontal blue line.

Kirk Senior

CHAIRMAN

1.3 CEO's Letter

3 July 2014

Dear Investor

The founding members of the Vista Group have been working on the Vista Cinema software since 1996. Through this time we have built the most comprehensive software solution for cinema exhibitors available anywhere in the world. The software covers all aspects of cinema operations – from front of house ticketing and food & beverage sales, internet and mobile sales, back of house management and programming, loyalty systems and corporate circuit management and information systems.

From a single cinema in 1996 the software is now installed in over 3000 sites in 60+ countries, and over one billion cinema tickets per year are produced with the Vista Cinema software.

One of our strengths is our people and their passion for our products. The Vista Group has very high staff retention rates, with many staff having been with us for 10 years and more. Many of those long serving staff members are shareholders, and immediately prior to this share offering the Company has been 100% owned by management and staff.

Our company has built a reputation on innovation. Over recent years the cinema industry has been going through considerable change. The move to digital media from film has been significant. This change has led Cinema exhibitors to evaluate all parts of their technology and information systems. Also significant has been the move toward more sophisticated food and beverage offerings that include bars, restaurants and in-seat service. This has led cinemas to look for more sophisticated food and beverage systems that integrate well with their core cinema offering. Like all forms of entertainment, cinema faces increasing competition from a wide variety of entertainment offerings, so the demand for advanced loyalty management systems, mobile apps and marketing systems has risen.

The Vista Group is at the forefront of the industry and is well placed to take advantage of these changes and the increase in demand for sophisticated software to meet these changes. Vista Cinema remains the core of our business, with the Veezi, MACCS, Movio and Numero products providing further opportunities for Vista Group to leverage the success of this platform into other parts of the film industry; from the movie-goer and cinema exhibition through distribution to production.

To achieve this, 2014 has been, and continues to be an investment year. While revenue growth will continue, profit will be roughly in line with 2013. Looking through to 2015 and beyond we believe we will see a return to bottom line growth from our existing businesses with additional growth expected from opportunities that our equity raising will enable us to pursue.

At the Vista Group, we have often talked about building an enduring New Zealand company. This move to public ownership will help to achieve that. It will also enable a wider number of staff to participate in the success of the company and retain the participation of the Existing Shareholders.

I am excited about this opportunity for staff and investors to participate in the success of the Vista Group and look forward to having you join us.

Yours sincerely,



Murray Holdaway
CEO and Founder

1.4 Offer at a Glance

This is an initial public offering of ordinary shares in Vista Group International Limited.

The Vista Group provides Cinema Management Software, Film Distribution Software and customer analytics software to companies across the global film industry. You can find more information about the Vista Group in *Section 4: Business Overview*.

The Offeror is offering between 37.2 million and 41.4 million Shares in the Company, with a value of between \$86.9 million and \$100.3 million based on the Indicative Price Range. Existing Shareholders will retain between a 45% and 49% shareholding in the Company post the Offer.

The existing Shares held by the Existing Shareholders and new Shares to be issued by the Company will rank equally in all respects.

The Offer comprises the Broker Firm Offer, the Vista Group Employee Offer and the Institutional Offer. There will not be a general offer to the public. You can find more information about the Offer in *Section 8: Offer Details*.

Key Dates¹

Prospectus registered	4 July 2014
Final Price announced	16 July 2014
Offer opens	17 July 2014
Vista Group Employee Offer closes (12:00pm)	25 July 2014
Broker Firm Offer closes (12.00pm)	1 August 2014
Allotment Date	8 August 2014
Expected commencement of trading on the NZX Main Board and ASX	11 August 2014
Expected dispatch of holding statements and any refund payments (if required)	11 August 2014

Key Offer Statistics

Indicative Price Range ²	\$2.10 to \$2.70
Total Number of Shares offered	41.4 million to 37.2 million
New Shares being offered to raise up to \$40 million ³	19 million to 14.8 million
Expected number of existing Shares being offered	22.4 million
Indicative Offer Size	\$86.9 million to \$100.3 million
Total number of Shares on issue upon completion of the Offer ⁴	82.2 million to 77.2 million

¹ This timetable is indicative only and may be amended. The Issuers reserve the right to vary the Offer, withdraw the Offer at any time before the Allotment Date and accept late Applications (either generally or in individual cases).

² The Final Price will be announced following a bookbuild and prior to the Offer opening and may be above, within or below the Indicative Price Range.

³ New shares issued of up to \$40 million includes \$0.8 million of Shares offered under the Vista Group Employee Offer. The Vista Group Employee Offer is offered at a 20% discount to the Final Price.

⁴ Indicative only. This figure includes the Shares issued as part of the Vista Group Employee Gift and the new Share component of the Offer. You can find out more information on the Vista Group Employee Gift under the heading "Vista Group Employee Gift" in *Section 5.2: Corporate Governance*. This figure also includes \$6.8 million of new Shares issued as part of the total consideration for Virtual Concepts (Movio), which do not form part of the Offer. You can find out more information on the Movio transaction under the heading "12: Acquisition of a Business or Subsidiary" in *Section 10: Statutory Information*.

Implied market capitalisation following the Offer	\$172.6 million to \$208.4 million
Prospective Net Cash ⁵	\$26.6 million
Indicative enterprise value (EV) ⁶	\$145.9 million to \$181.8 million

Key Investment Metrics

	FY14F Pro Forma	FY15F Statutory
EV/EBITDA multiple	15.7x – 19.6x	11.1x – 13.8x
EV/EBITA multiple	17.4x – 21.7x	11.7x – 14.6x
Price/NPATA	31.8x – 38.4x ⁷	20.2x – 24.4x

At present, the Vista Group does not intend to pay a further dividend in relation to FY14F or FY15F, but instead to use the available capital to execute on growth opportunities.

These metrics are provided to help you assess the value of the Vista Group. Indicative market capitalisation, indicative EV, prospective EV/EBITA multiple, prospective EV/EBITDA multiple and Price/NPATA ratios are shown based on the lower and upper values of the Indicative Price Range. The calculations are explained in the table set out at the end of the Glossary.

Use of Offer Proceeds

Acquisition of controlling share in MACCS ⁸	\$9.3 million
Acquisition of Movio to move to 100% shareholding ⁹	\$4.0 million
Provision for final settlement to Movio investors based on performance ¹⁰	\$4.6 million
Numero funding requirements	\$2.6 million
Offer expenses	\$3.9 million
Funding for future acquisitions and developments. ¹¹	\$15.4 million

Selected Pro Forma Financial Information

The Vista Group has presented the financial information below on a Pro Forma basis. The Vista Group believes this Pro Forma Information more closely reflects the Group's post-Offer business because it shows the Vista Group as including the acquisitions of MACCS and Movio and provides a better basis for investors to assess both historical and prospective financial information.

⁵ Prospective Net Cash is a non GAAP measure and is defined as the forecast value of cash less current and non-current borrowings as at 31 December 2014.

⁶ Calculated as the implied market capitalisation plus the prospective Net Cash.

⁷ NPATA of \$5.4 million in FY14F excludes Offer costs of \$1.7 million.

⁸ This represents the initial 25.1% investment for \$4.8 million and the second investment (utilising the 25% option) of \$4.5 million, which will take the Company's shareholding to 50.1%. The Company intends to exercise this option as at 1 September 2014.

⁹ Total initial consideration of \$10.8 million is made up of \$4.0 million cash and \$6.8 million of new Shares to be issued.

¹⁰ Expected performance based payment of \$5.9 million which is reflected in the balance sheet on a present value basis of \$4.6 million in FY14F (assuming the performance payment is made in cash (and not in shares)). Payment is expected to be made in two tranches in FY16 and FY17. Further information is available under the heading "Deferred Consideration" in Section 5.2: Corporate Governance.

¹¹ Management intends to pursue further growth opportunities. These may include acquiring competitors, new business opportunities in the film industry, expansion of the Vista Group's Big Data activities or other opportunities that present strategic and commercial benefits to the Group.

	FY11	FY12	FY13	FY14F	FY15F
\$,000	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Statutory
Revenue	25,018	33,727	38,670	49,901	61,547
EBITDA (before Offer costs) ¹²	4,475	8,788	8,968	9,285	13,196
EBITA (before Offer costs) ¹²					12,463
NPATA					8,554
NPAT					8,106

Wherever prospective financial information appears in this Prospectus (including in the selected Pro Forma financial information and key investment metrics presented in this section) you should read that financial information together with the assumptions set out in the *Section 7.3: Prospective Financial Information* and also the risk factors set out in *Section 6: What are my Risks?*. There is no guarantee that the results set out in the prospective financial information will be achieved.

NPAT is a GAAP measure. However, the trend in net profit after tax, in the table above: *Selected Pro Forma Financial Information*, is only included for FY15F as the Pro Forma NPAT for FY11, FY12, FY13 and FY14F do not have GAAP measures that are comparable due to changes in the Group as a result of the acquisitions of MACCS and Movio.

The non-GAAP financial information used in this Prospectus has the following meaning:

EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITA	Earnings before interest, tax and amortisation
NPATA	NPATA is net profit after income tax before amortisation.
Prospective Net Cash	The forecast value of cash less current and non-current borrowings as at 31 December 2014

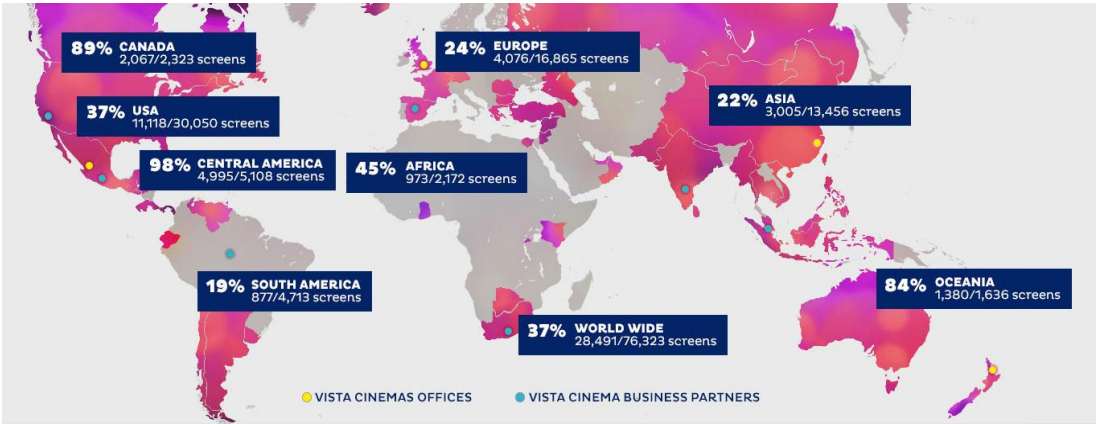
¹² Including non-controlling interest in MACCS.

SECTION 2: INVESTMENT HIGHLIGHTS

1 A global leader in the cinema industry

- Leading market position in the Large Circuit Market, with a global market share of approximately 37%.
- VES has more than 350 customers whom it services through its offices and business partners in 11 countries.
- The significant cost, time and risk associated with developing and implementing cinema software creates a significant barrier to entry for other potential competitors.

Vista Cinema global operations and market share¹³



2 Strong financial and operational performance

- Revenue CAGR since 2009 of 20% with increasing Recurring Revenue, providing a significant degree of revenue visibility.
- Profitable since 1996.

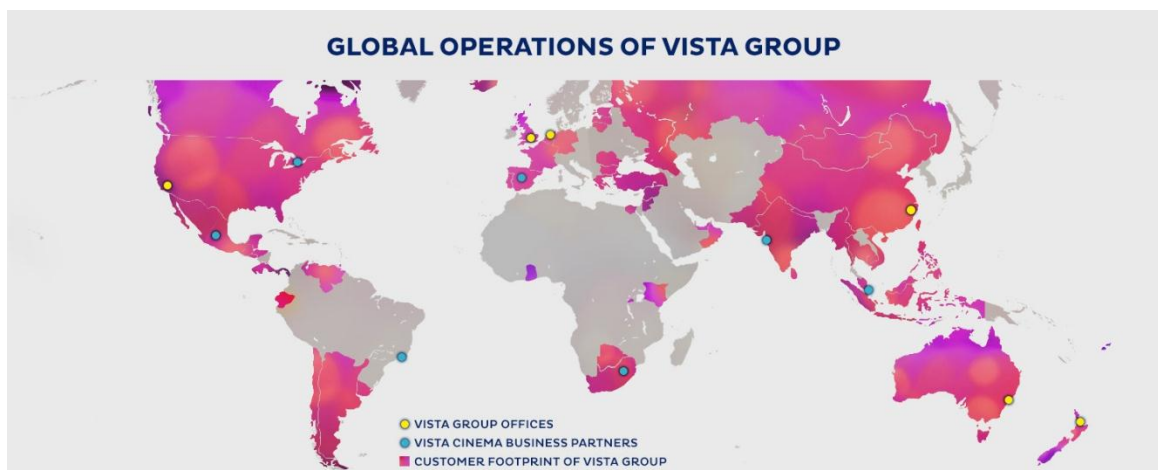
A high level of ongoing service and innovation results in customer retention rates being high. As at 31 May 2014, 43 Vista Cinema customers have marked their 10 year anniversary with VES.

3 Growth across core cinema software business and broader film industry through Movio, MACCS and Numero

- High quality cinema software that has a proven track record and is continually being developed to meet customer needs. Since the beginning of 2013, VES has secured 40 new customers including the world’s largest cinema exhibitor, Regal who operates 575 locations in the United States.
- Total screen numbers, in the cinema exhibition industry, are forecast to grow 4.4% from 2012 – 2017 globally, and 21.1% within developing cinema markets.¹⁴
- Broader film industry growth through Movio, MACCS and Numero leveraging off the worldwide VES sales and distribution network.

¹³ Vista Cinema market share is calculated based on the number of contracted sites in the Large Circuit Market.

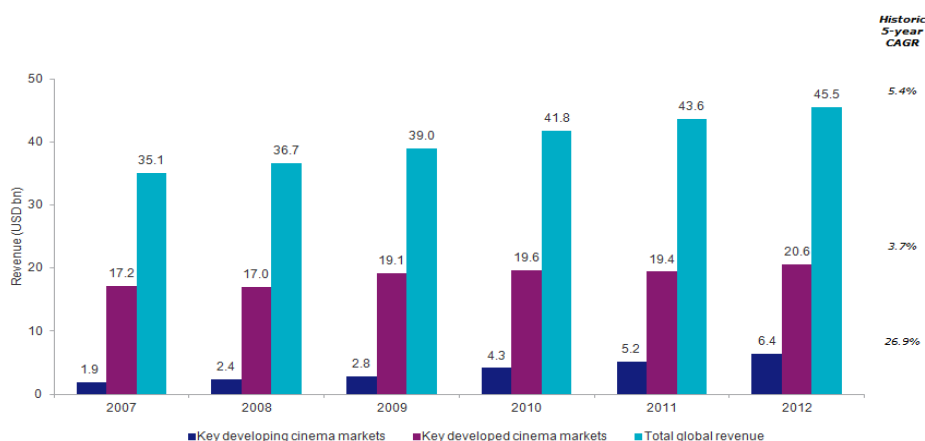
¹⁴ Dodona Research 2013.



4 Cinema industry resilient and growth outlook positive

- Developed countries¹⁵ generated approximately \$20.6 billion of revenue through 1.6 billion Admissions in 2012. Historically, developed cinema markets have experienced box office revenue annual compound growth of 3.7% from 2007 to 2012.
- Developing markets provide a significant growth opportunity due to the current low level of screen penetration. The Vista Group is well positioned to maximise the opportunity in these developing cinema markets as the number of screens increases along with box office revenue.

Box Office revenue



5 Analysis and marketing spend increasingly being driven by the ability to capture Big Data

- Through day-to-day transactions, cinema exhibitors collect large amounts of customer data. Movio's marketing analytics and campaign management solutions enable cinema exhibitors and distributors to analyse this data, create marketing campaigns and accurately measure return on investment.
- Movio has the potential to be the largest aggregator of customer film data globally, providing the film industry (cinema exhibitors, film studios and distributors and media agencies) with an in-depth understanding of cinema-goers.
- Numero is scheduled to launch in the second half of 2014. It will provide an aggregated box office reporting platform, intended to give the film and media industries vital information in a clean, fast and effective manner.

6 Experienced Board and respected management team led by founders

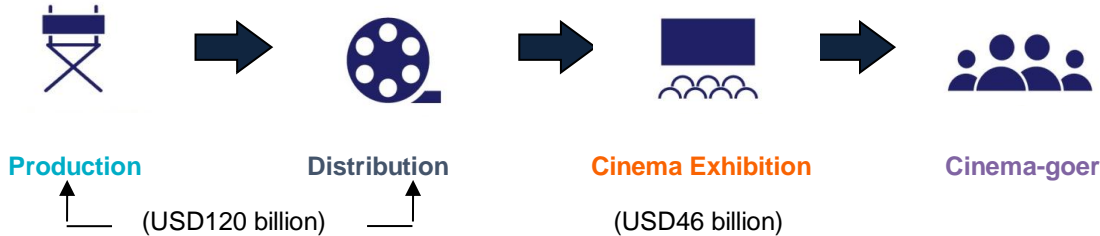
¹⁵ Being the USA, Canada, the UK, Australia and New Zealand.

- The Vista Group is led by a respected and long standing management team which includes the founders of VES from 1996. The management team is supported by a highly innovative workforce with proven development and sales expertise and a strong focus on customer service.
- The Board of Directors comprises a broad range of skills and expertise from finance, software development and broader film industry knowledge, together with strong governance, finance and leadership experience.

SECTION 3: INDUSTRY OVERVIEW

The Vista Group is a participant in the global film industry. The industry consists of organisations which are primarily engaged in the production, distribution and exhibition of films.

Figure 1: Overview of the global film industry



Film production

The film production industry consists of various players including major production studios as well as a number of smaller, independent production houses. On a global level, films produced by USA studios typically account for the majority of film production industry revenues. This is a result of larger film budgets, the vertical integration of the production and distribution functions and the robust advertising and marketing budgets of US production companies.

Film distribution

The distribution of a film involves the process through which a film is made available to an audience. Today, there are an increasing number of channels through which films can be distributed including theatrical release in cinema theatres, home entertainment release (where a film is made available on DVD-Video or Blu-ray Disc), television program release for broadcast syndication and in more recent years, digital distribution including video streaming. The global film distribution industry is represented by the six major Hollywood film studios as well as a large number of highly fragmented and regionalised distributors across the world. Theatrical release in cinema theatres remains the primary channel for new film distribution.

Cinema exhibition

Cinema exhibition involves the public screening of films at cinema theatres on cinema screens. This global film exhibition industry generated approximately USD46 billion in sales in 2012. The industry attracts over 6 billion patrons per annum globally and its revenue grew at a CAGR of 5.4% from 2007 to 2012. The competitive landscape of cinema exhibitors varies greatly from region to region with some markets being highly fragmented (for example, India) and other markets having a regional leader (for example, Canada).

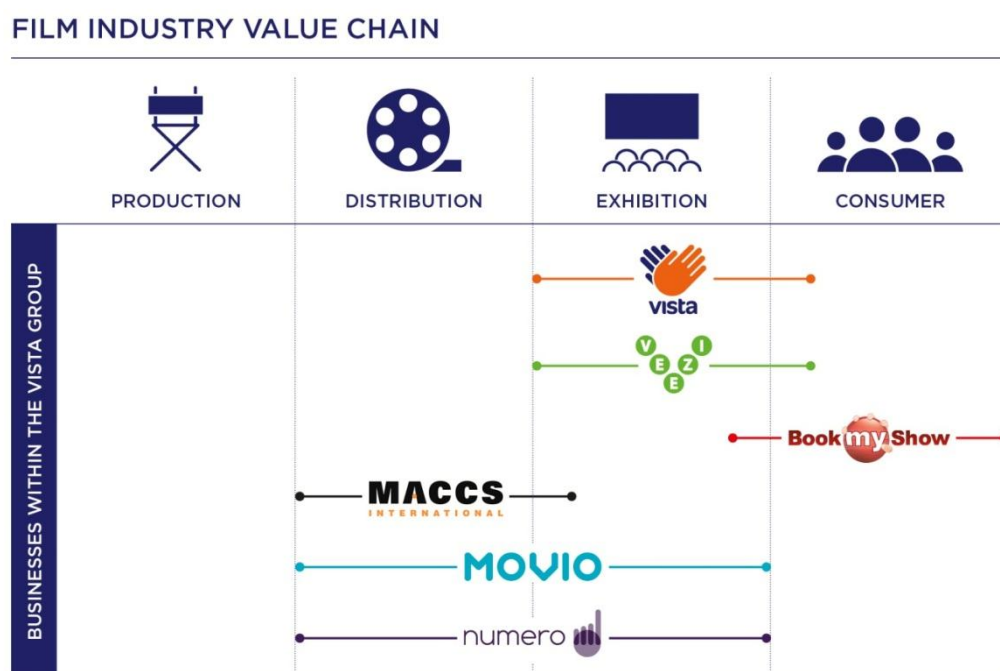
Cinema-goer

Interfaces with cinema customers such as mobile ticketing, online ticketing and social media apps, are increasingly demanded by cinema exhibitors. The Vista Group provides many of these services to cinema exhibitors through Vista Cinema, Veezi and BookMyShow. This offering is likely to be further developed over time so that the end consumer will develop into a target market for the Vista Group.

The Vista Group

The Vista Group provides Cinema Management Software, Film Distribution Software and customer analytics software to companies across the global film industry. The Vista Group has historically focussed on the cinema exhibition segment of the market. However as illustrated in Figure 2, in recent years, the Group has expanded its services to customers across the broader film industry.

Figure 2: Vista Group companies within the film industry



Cinema Exhibition

Cinema Exhibition Market Overview

The Vista Group currently derives the majority of its revenue from the cinema exhibition market.

Cinema exhibition markets around the world can be classified as either developed or developing cinema markets:

- Developed cinema markets tend to have a higher number of screens and higher Admissions per capita. Developed cinema markets focussed on in this Prospectus include the USA, the UK, Canada, Australia and New Zealand.¹⁶
- Developing cinema markets typically have a relatively lower number of screens and Admissions per capita and a lower proportion of multiplex cinemas. Developing cinema markets focussed on in this Prospectus include China, Thailand, United Arab Emirates, Romania, Russia, Chile, Colombia and Brazil.

India does not strictly fit either definition above as it has a high number of independent operators with single screen cinemas. Importantly, India is a large cinema-going market and VES currently has a greater than 50% share of the Large Circuit Market.

¹⁶ Europe has been excluded on the grounds that, due to a mixture of developed and developing markets, an aggregated figure would not be representative of all markets.

Figure 3: Snapshot of the global cinema industry (2012)

	Revenue (US\$billion)	Screens	Admissions (billion)	Average screens per million people	Average Admissions per capita
North America	16.7	42,868	1.3	106	3.6
Europe	12.6	34,338	1.1	58	1.7
Asia	10.3	34,045	3.0	22	1.8
Latin America	3.4	10,593	0.5	20	1.1
Australia & New Zealand	1.8	2,404	0.1	89	3.5
Middle East & Africa	0.7	3,113	0.1	24	1.0
Total	45.5	127,361	6.2	27	1.7

Source: Dodona Research 2013

Drivers of the cinema exhibition market

Cinema exhibition revenue is driven by Admissions and the number of screens. Specifically, the number of screens is particularly relevant to the Vista Group's business model.

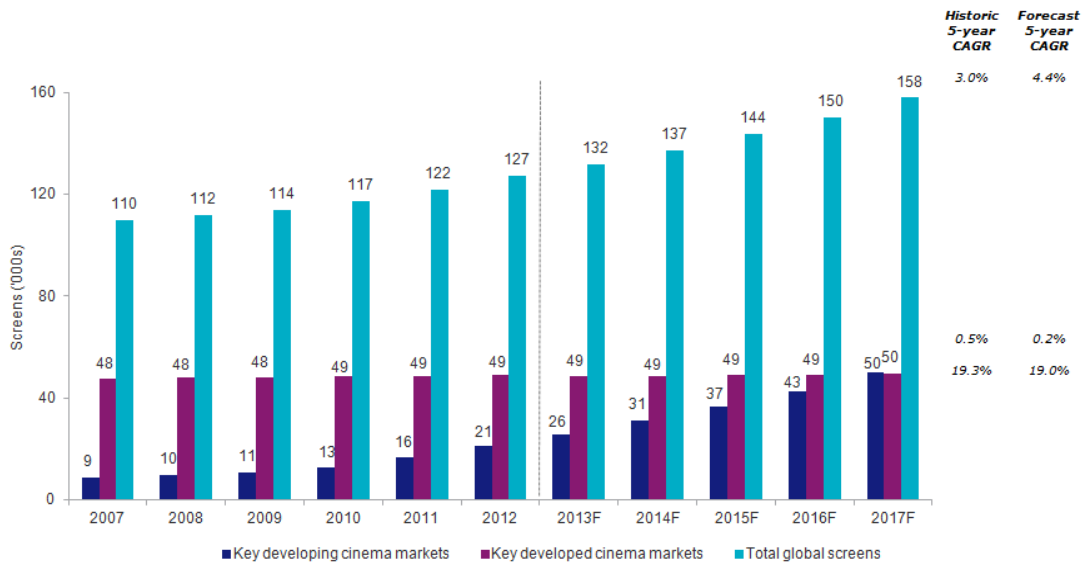
Admissions

Admissions is a driver of cinema exhibition revenue. In 2012, the global cinema industry attracted approximately six billion patrons. Global Admissions is forecast to grow at a CAGR of 4.8% between 2012 and 2017.

Screens

Cinema exhibition revenue is also impacted by the number of screens in each region. In 2012, there were approximately 127,000 screens globally. This number is expected to increase to approximately 158,000 screens by 2017. As illustrated in Figure 4, the growth in number of screens is primarily as a result of the developing cinema markets, where the current screens per capita is low relative to the other regions.

Figure 4: Number of cinema screens over time – Key developed vs. developing cinema markets ('000s)¹⁷

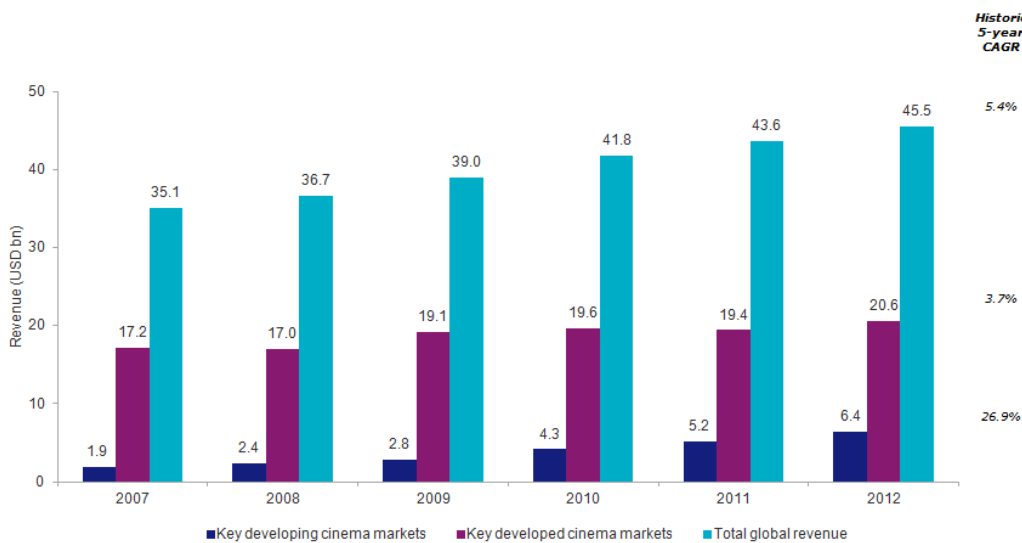


Source: Dodona Research

Cinema exhibition revenue

In 2012, the global cinema industry generated revenue of US\$46 billion, and from 2007 to 2012 its revenue grew at a CAGR of 5.4%. As shown in Figure 5, the growth in global exhibition revenue has primarily been driven by significant revenue growth in the developing cinema markets who have experienced a CAGR of 26.9% in the same period.

Figure 5: Cinema revenue over time – Key developed vs. Key developing cinema markets (USD billion)¹⁸



Source: Dodona Research

¹⁷ Key developed cinema markets represent mature markets where there is a high screen-to-population ratio and higher Admissions per capita. These regions include the USA, the UK, Canada, Australia and New Zealand. Key developing cinema markets include regions which have a five year forecast growth rate of 5% or greater (e.g. China, Thailand, the UAE, Romania, Chile and Colombia) and regions that have a lower forecast growth rate however, have a meaningful number of screens (e.g. Russia and Brazil). India has been excluded from this data set given a majority of the screens are owned by independent cinema operators. It should be noted that total global screens data shown above only includes regions where Dodona Research has been able to collect data.

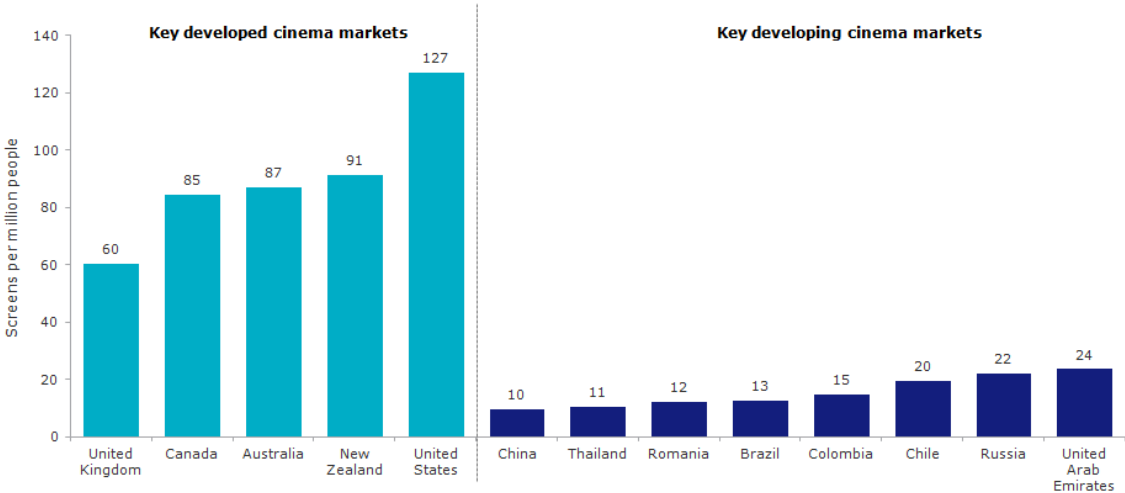
¹⁸ Total global revenue data shown above only includes regions where Dodona Research has been able to collect data.

Developed and Developing Markets

Developed cinema markets are characterised by higher screens and Admissions per capita, relative to developing cinema markets. These markets also tend to have a higher penetration of multiplex cinemas (multiple cinema screens at one site) and as a result, represent more mature cinema markets with a lower yet stable level of screen and attendance growth. In contrast, developing cinema markets typically have a lower penetration of multiplex cinemas. As the number of multiplex cinemas grows in developing cinema markets, this provides an opportunity for the Vista Group to expand its customer base.

The average number of screens per million people in key developing countries is approximately 16 compared with approximately 90 in key developed economies. This lower penetration rate provides Vista Cinema with an opportunity for growth, with a CAGR from 2007 to 2012 of 19.3% and forecast five-year CAGR of 19%.

Figure 6: Screens per million people – Key developed vs. developing cinema markets



Source: Dodona Research

Cinema exhibition in developed cinema markets

Developed cinema markets, such as the USA, the UK, Canada, Australia and New Zealand, typically experience stable but slower growth. Although the growth in screens within developed cinema markets has been low (0.5% CAGR see Figure 4) cinema operators have grown revenue at a CAGR of 3.7% (see Figure 5) due to increasing ticket price and patrons’ spend on food and beverage.

Vista Group operations within developed cinema markets

As cinema exhibitors offer a wider variety of experiences to their customers, there is an increasing need for them to implement high-function Cinema Management Software. As a result, despite developed cinema markets experiencing a lower percentage level of screen and patronage growth, these markets represent growth opportunities for Vista Cinema as more and more operators require higher-quality software to cater for, for example; enhanced food and beverage offerings, mobile sales channels to customers and sophisticated loyalty management software.

In addition, Movio provides exhibitors within these markets with the tools necessary to analyse their customer loyalty data to drive sales. Cinema exhibitors collect a large amount of data about their loyalty customers through day-to-day transactions. Movio empowers exhibitors to identify their most valuable customers and group those with similar behaviours to create relevant marketing initiatives and send them personalised communications. As a result, cinema exhibitors improve customer engagement and retention.

Cinema exhibition in developing cinema markets

Developing cinema exhibition markets tend to have lower but increasing cinema attendance, often due to growing consumer affluence. The key high growth developing cinema markets include China, Thailand, the UAE, Romania, Russia, Chile, Colombia and Brazil. These countries represent approximately 14% of global revenue today, however are expected to represent a significantly greater proportion of revenue going forward.

These key high growth developing markets generated approximately US\$6.4 billion of revenue through approximately 1 billion Admissions in 2012. The average Admission per capita in these markets is 0.8. This is significantly lower than the average Admission per capita in developed cinema markets of 3.4.

A number of operators within developing markets are focused on converting traditional cinema sites into multiplex cinema sites (multiple cinema screens at one site) as well as building additional multiplex sites. Revenue in the key developing markets outlined above has increased at a CAGR of 26.9% from 2007 to 2012, due to both of these factors.

Vista Group operations within developing cinema markets

The Vista Group is well positioned to benefit from the anticipated strong growth in screen numbers in developing economies, as well as the likely increase in market share of multiplex operators and the associated increase in the number of cinema sites and screens in these markets. For example, VES has recently gained its first customer in Russia. In China there are only six accredited cinema systems for use and Vista Cinema and Veezi are the only non-Chinese systems.

As the Vista Group grows and takes advantage of the expansion of multiplex cinemas, the Vista Group businesses can leverage off this growth to drive new customers and expand their geographic footprint.

Competitive Landscape

Cinema Management Software providers

VES is the largest provider of Cinema Management Software solutions to the cinema exhibition industry with an estimated market share of 37% of the Large Circuit Market. VES believes it has the largest geographic spread of customers among Cinema Management Software suppliers.

VES's key competitors include NCR (Radiant) and Allure Global in the USA, Compeso, Admit One and ticket international in Europe, and Showbizz in India.

Vista Cinema also competes with in-house written software. VES has added a number of customers in recent years who have abandoned their strategy of developing their own software. The main reason for this is the difficulty of staying abreast of technology and the rapidly changing nature of the industry.

Veezi's key competitors are many small companies operating in just one country.

Movio competitors

Movio is the only marketing analytics and campaign management provider to offer a focussed solution to the cinema exhibition and distribution markets that integrate into the cinema exhibitors' software, and deliver unique return on investment reporting, demonstrating exactly what type of marketing is working for different segments of customers.

There are a number of companies who provide general data analytics and campaign monitoring solutions, but Movio believes that none are direct competitors in terms of providing a marketing analytics and campaign management solution that integrates directly with cinema exhibitors' point of sale software.

MACCS competitors

Management believes that MACCS is the largest provider outside the USA of Film Distribution Software. Within the USA, Hollywood Software (a division of Cinedigm Corp (CIDM-G)) is a competitor. Like Vista Cinema, MACCS faces some competition from in-house systems, for example Spiritworld, developed by Sony Corp.

Numero competitors

Numero is entering a market serviced by a single supplier – Rentrak Corporation (RENT:NASDAQ). It is the single supplier nature of the existing market that is creating demand for an alternative supplier.

SECTION 4: BUSINESS OVERVIEW

The Vista Group is a global leader in film industry software solutions. Building on the leading position of Vista Cinema within the film exhibition (i.e. cinema) industry, the Vista Group now offers solutions across the wider film industry.

The Group has over 250 staff across offices in New Zealand (headquarters), the USA, the UK, the Netherlands, Australia and China. Its Vista Cinema software is installed in more than 60 countries around the world including the USA, Canada, Mexico, the UK, India, China, Australia and New Zealand. Management estimates that over 1 billion cinema tickets are processed every year through Vista Cinema.

4.1 Evolution of the Vista Group

Vista Cinema started out in 1996 as a custom software development for Village Force Cinemas and the Vista Group has now developed into a global business which creates highly sophisticated software across the film industry.

The Vista Group story

- 1996 VES formed – 50/50 joint venture with Village Force Cinemas (renamed SkyCity Cinemas) and Madison Systems (who the VES founders were working for). The joint venture was established to produce cinema software for Village Force Cinemas in New Zealand
- 1997 First sales of Vista Cinema outside of New Zealand to Fiji and Argentina
- 2000 Madison acquired by Infinity Solutions
- 2001 First sales into India and appointment of Indian business partner
- 2002 First customer in the USA
- 2003 Infinity Solutions sold their 50% shareholding to the VES founders
- 2003 First South American business partner (Senda) in Mexico
- 2004 First major North American circuit – Cineplex in Canada
- 2006 VES UK office was established
- 2006 Vista granted certification by Chinese Government
- 2009 VES began operations with Bigtree to establish BookMyShow in New Zealand, an online ticketing platform
Vista USA and China offices established
- 2010 The VES founders purchased remaining 50% shareholding in VES from Sky City Cinemas
The Company made an initial investment in Movio, a company specialising in marketing data analysis and campaign management for cinema exhibitors and distributors
- 2012 Veezi was created to address the Small Circuit Market and as a key innovative, expansionary, and defensive strategy
- 2013 Rollout of Vista Cinema to Regal, the largest cinema exhibitor globally
- 2014 Vista Group acquired 25.1% of MACCS, a film distribution software company, with an option to acquire an additional 25%
Vista Group to acquire the remaining shares in Movio pursuant to the Offer

Leveraging off Movio's platform, the Vista Group will launch Numero, a box office aggregator which reports to film exhibitors and distributors

Each of the Vista Group businesses provide high-quality software and have individual growth potential across the film industry (see Figure 2 in *Section 3: Industry Overview*). To build on this, each of the Group businesses has the opportunity to leverage VES's global breadth of customers, distributors and scale to create further growth.

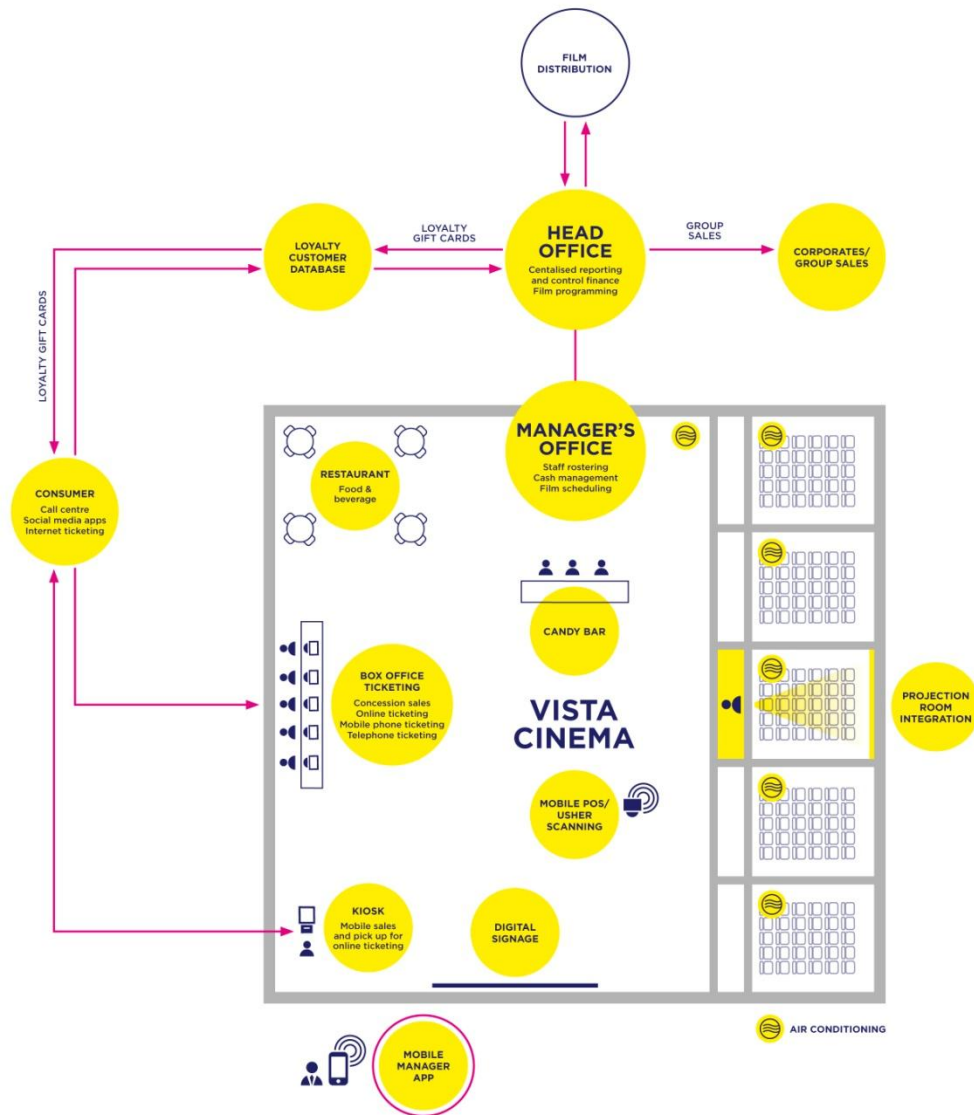
4.2 Vista Group Businesses

The Vista Group has a portfolio of six businesses that provide software solutions to the film industry. The Group derives its revenue from licencing of software, maintenance fees, monthly subscription fees and services.

Vista Group businesses	Description
	<p>VES is the leading supplier of cinema software in the world. Its main products comprise Vista Cinema and Veezi.</p> <p>Vista Cinema is the leading cinema software in the world, with software installed in over 3,000 sites in more than 60 countries. Vista Cinema is used by a range of cinema exhibitors. It is designed for the Large Circuit Market, but can cater for single screen operators up to the world's largest cinema circuits with hundreds of sites and thousands of screens.</p>
<p>Vista Cinema is a true enterprise-wide cinema management system for exhibitors. Vista Cinema offers a comprehensive and integrated suite of over 20 modules that deliver a total solution to optimise cinema management:</p>	
<ol style="list-style-type: none"> Cinema operations - such as ticket sales, food and beverage sales, staff management and cash management interfaces, to projection and air conditioning systems, and mobile platforms for cinema managers. Head office management - control of circuit pricing, access to all cinemas statistics and reports, executive information systems, finance, loyalty programmes, vouchers and gift cards, film programming and royalty. Customer sales channels – point of sale, Internet ticketing, smartphone ticketing, call centre operations, corporate sales, automated telephone ticketing and in-cinema automated ticket machines. 	
<p>VES also offers customised software development services to its customers to ensure Vista Cinema meets their needs.</p>	
<p>Vista Cinema currently has a worldwide market share of 37% in the Large Circuit Market. In Canada, Mexico and Australasia, Vista Cinema's market share exceeds 80%. This highlights the potential for the software in other markets such as the USA, where Vista Cinema only has 37% market share (grown from 2% in 2009)¹⁹ but which accounts for approximately 40% of box office spending worldwide. Developing markets also provide an opportunity as the number of cinemas and cinema-goers increase.</p>	
<p>The number of installed Vista Cinema sites worldwide has increased by around 150% over the last 4 years to almost 3,000 in 2013 and is projected to increase to 4,400 by the end of the forecast period.</p>	

¹⁹ Market share calculated based on number of contracted sites in the Large Circuit Market.

Figure 7: Vista Cinema software



Only recently launched by VES, Veezi is a new, cloud-based SaaS solution which eliminates the need to invest in expensive servers and infrastructure.

Veezi provides similar software to Vista Cinema, targeting the Small Circuit Market.

Veezi provides smaller, independent cinema operators with point of sale software for ticketing and food and beverage sales, theatre management, cinema reporting and online ticketing services. An initial 50 cinemas in 9 countries have subscribed to Veezi.

Management estimates that the total market for Veezi is in excess of 20,000 sites.



Vista Group businesses

Description



The Vista Group also have a joint venture with Bigtree Entertainment, Vista Group's business partner in India, called BookMyShow. BookMyShow currently provides movie information and online ticketing solutions for the Small Circuit Market in New Zealand. For the avoidance of doubt, the Vista Group does not have an interest in BookMyShow India.



Management understands that MACCS is the largest provider, outside the USA, of Film Distribution Software for the film distribution industry.

MACCS software manages core financial, logistical, administrative and decision making processes for film distributors within the film industry, covering all aspects of the film distribution life cycle, including:

1. content (rights and royalties) management;
2. management of the theatrical film distribution process; and
3. management of the non-theatrical (e.g. home entertainment) film distribution process.

MACCS has customers in over 30 countries and has a customer list that includes the likes of Warner Bros International, Paramount Pictures International, Roadshow Film Distributors as well as many leading film distributors in Europe.

MACCS has yet to penetrate the USA, the largest distribution market. This presents a significant opportunity for growth, which will be assisted by the existing Vista Group network.



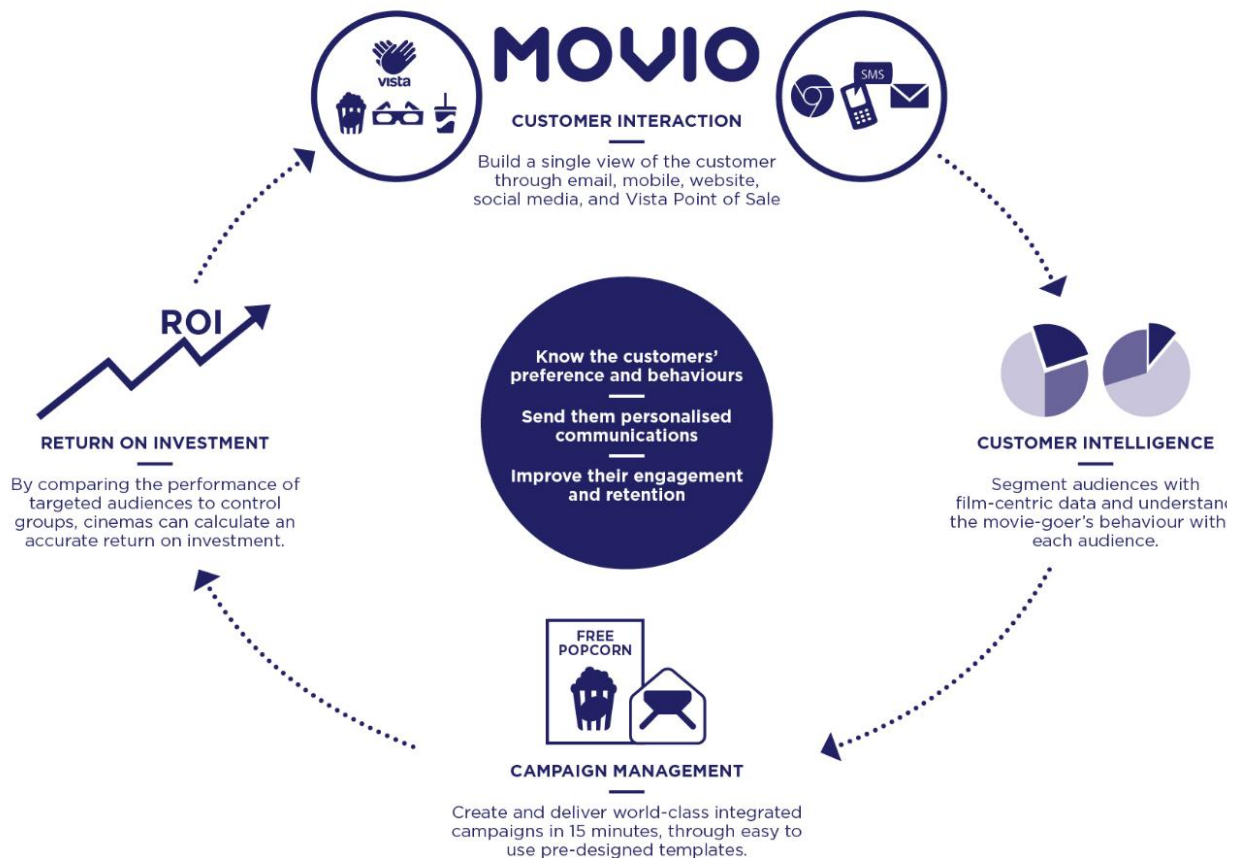
Movio empowers cinema exhibitors and distributors to identify their most valuable customers and group those with similar behaviours to create relevant marketing initiatives and send them personalised communications, with its marketing analytics and campaign management solutions. A feature of Movio's SaaS based software is that it allows users to measure the effectiveness of a campaign, including in dollar terms, through integration with the various sales channels at the cinema.

Movio is the only fully integrated film focused customer intelligence and campaign management solution that integrates with cinema exhibitors' software. Movio currently has extensive data on more than 26 million customer profiles, over 1,000 theatres, and over 1,000 films, across six countries. Movio has the ability to pull information from a number of sources: cinema exhibitors' loyalty member databases, Vista Cinema, Veezi or other point of sale software, email, website, mobile and soon social media platforms.

In the past 12 months, Movio has grown from seven to 27 staff, and increased its global revenue by 211%, with a strong pipeline of customers due to be implemented this year. Movio counts the leading cinemas (by box office revenue) as customers in most covered territories: Regal Entertainment in the USA, Cineplex Entertainment in Canada, Cinepolis in Mexico, and Event in Australia and New Zealand.

Movio's vision is to change the way the film industry interacts with viewers by providing a greater understanding of what drives consumer behaviour, and communicating through their preferred channels.

Figure 8: Movio data capture



Número is scheduled to launch in the second half of 2014. It will provide an aggregated box office reporting platform, providing the film industry and media vital information in a clean, fast and effective manner. This new business opportunity will build off Vista Group's global scale and relationships. Número will extract data from cinema exhibitor point of sale software, including Vista Cinema and Veezi. Número will sell access to this data to film studios and distributors.

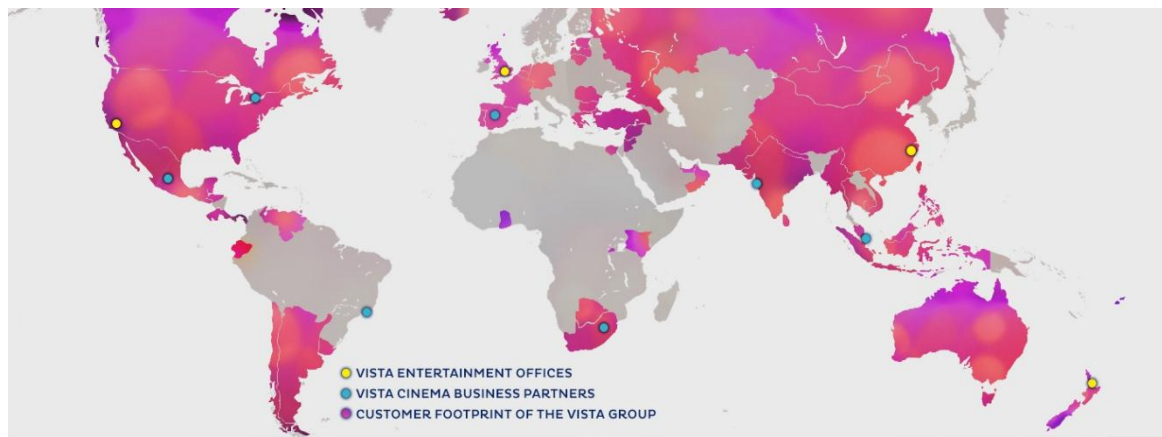
4.2.1 Support from a Global Partner Network

Vista Entertainment Solutions has a global distribution network with offices and business partners in 11 countries. This structure enables VES to provide a high level of customer service, from almost every corner of the world. VES's business partners receive a margin from the software licence and ongoing maintenance fees, which is approximately 40%.

Movio also utilises this network to support its growth and provide services to its growing base of customers.

MACCS provides support to its customers through its presence in the Netherlands (headquarters), Germany and Australia. Going forward, MACCS will leverage off the Vista Entertainment Solutions' network as it expands further into the USA and South America, and consolidate offices with VES where appropriate.

Figure 9: VES global offices and business partners



4.2.2 Marketing

The Vista Group has built its global brand equity, and its user base around the world, through the attributes of its products, and concentrating heavily on customer relationships and successful customer outcomes. The success of its products, industry trade shows and industry connections are the Vista Group's most effective marketing tools. The wider Vista Group uses the broad customer base and brand recognition of Vista Cinema to develop their own customer relationships, resulting in new business opportunities.

Currently the Vista Group spends between 3% and 5% of its turnover on marketing. This spend may increase in dollar terms over the forecast period due to the Group's growth strategy and its path toward becoming the pre-eminent software supplier to the global film industry, but should stay within the historic percentage range.

4.2.3 Technology platform

Software

- The Group's core software has been developed on a Microsoft .Net platform.
- Veezi's products are also built in the Microsoft .Net platform and are delivered using the Microsoft Azure cloud based platform.
- Movio's and Numero's products are based on leading Big Data technology, such as Scala and Cassandra, utilised by companies like Twitter, Google, Facebook and LinkedIn. The applications are delivered through the Amazon AWS cloud services platform.

Hardware

- The Vista Group has physical data centres in Auckland that provide infrastructure support to the world wide offices. Each international office has a small number of servers for local office use.
- Veezi uses the Microsoft Azure data centres to deliver its products on a worldwide basis. At present, only the data centre based in Colorado, USA is used, but other regions may be deployed as volume grows.
- Movio and Numero use Amazon AWS cloud services which have data centres around the world.
- Security is a major consideration across the spectrum of the Vista Group's operations. The Vista Group's software undergoes regular PA-DSS credit card security audits to ensure the standard continues to be met, and products do not store credit card data post-transaction, further protecting both the Vista Group and its customers.
- VES has a dedicated customer service website which is encrypted with SSL to protect the contents, information exchanged via the site and product software downloaded.

4.2.4 Intellectual property

The Vista Group seeks to protect certain intellectual property in its software and logos under a combination of copyright, trademarks and international copyright law.

The Vista Group does not hold any patents but does hold 16 domain names, and has trademark registrations for the Veezi logo.

4.2.5 People & Culture

The Vista Group believes that it is distinguished by having advanced products coupled with exceptional customer service. All Vista Group employees are dedicated to the provision of great service and are passionate about what they do. Across the Vista Group, staff turnover is particularly low, with most years only having less than 5% turnover.

Many staff have been with the Vista Group in excess of 10 years. In an intellectual property business, this provides value in the research and development processes, and in customer service.

The Vista Group has over 250 employees operating across offices in New Zealand (headquarters), the USA, the UK, the Netherlands, Australia and China. This is more than double the number of staff in 2010 and is forecast to increase to more than 350 staff by the end of 2015.

4.3 Revenue Model

The Vista Group generates revenue from:

- licencing of software products;
- maintenance fees;
- monthly subscription fees; and
- implementation and other services.

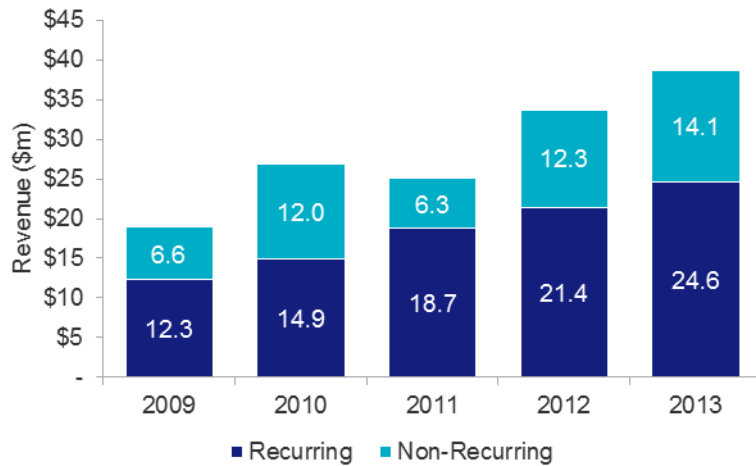
The majority of revenue is currently derived from Vista Cinema's licence fee and ongoing maintenance fees.

Vista Group business	Upfront revenue	Ongoing & Recurring Revenue
Vista Cinema	Licence fees Implementation fees	Annual maintenance fees Consulting and training services and software development
Veezi		Monthly subscription fees Web ticketing charges
MACCS	Licence fees	Annual maintenance fees Usage fees for certain products
Movio		Annual licence fees Monthly activity charges
Numero		Annual subscription fees
BookMyShow		Web ticketing booking fees

Recurring Revenue comprised approximately 64% of total Group revenue in FY13 which is forecast to grow to over 75% in FY15F, driven by:

- an increasing number of installed customers and hence annual maintenance revenue;
- an increasing number of Veezi, MACCS and Movio customers paying primarily annual Recurring Revenue; and
- increasing sales of ancillary services for Vista Cinema customers such as consultancy and training.

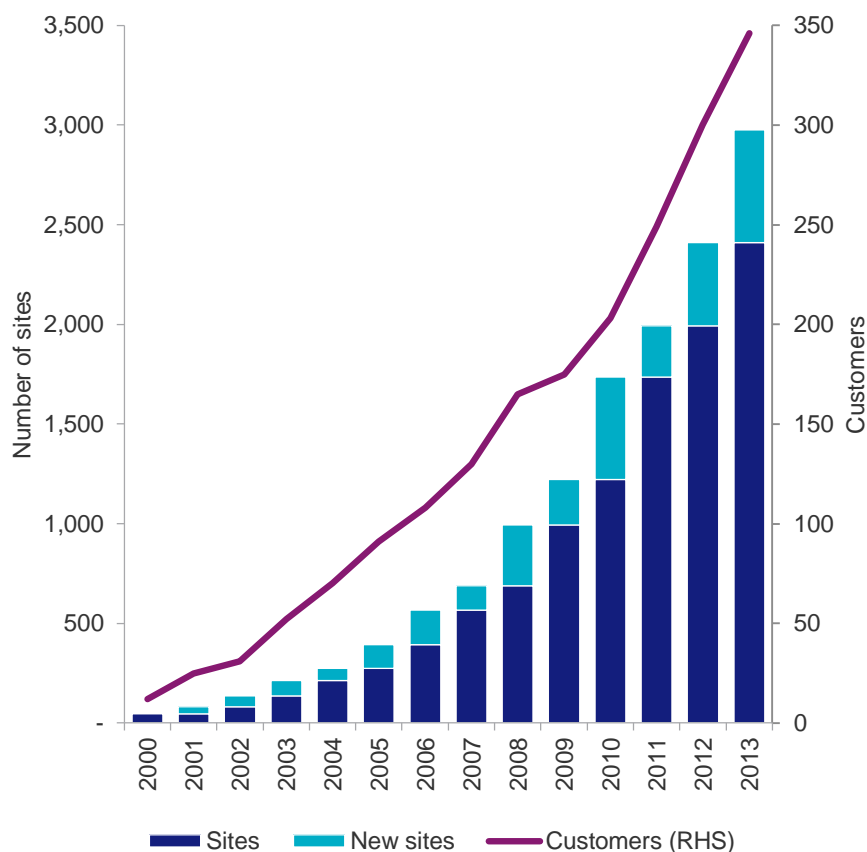
Figure 10: Vista Group Recurring Revenue versus non-Recurring Revenue FY09-FY13



A driver of licence fee revenue is the number of new sites which operate Vista Cinema.

The graph below shows there has been significant growth in the number of contracted sites for Vista Cinema, 200% since 2008. Growth in site numbers is expected to continue through the forecast period by a further 50% (as discussed in *Section 4.5: Growth Strategies*).

Figure 11: Number of Vista Cinema sites (sites installed)



Customer contracts

Vista Cinema agreements contain a perpetual licence for software use and an annual maintenance agreement. While, legally, the maintenance agreement is optional, in practice it is necessary to keep up to date with software enhancements and to receive service. Over 98% of Vista Cinema sites are covered by an annual maintenance contract. Vista Cinema’s maintenance contracts contain either CPI adjustment clauses or equivalent mechanisms to increase maintenance fees over time.

Veezi contracts are on the same basis as most SaaS, cloud-based contracts. The licence fee amount includes basic service, and is based on the number of tickets sold by a cinema in a month.

MACCS contracts contain a combination of a licence fee and annual maintenance fee. The licence fee is comparatively smaller than Vista Cinema. The maintenance fee is larger, and varies by customer, depending on the number of films distributed in a year.

Movio agreements with cinema exhibitors contain primarily an annual licence fee that is recurring while the product is in use. Exhibitors also pay a fee for outgoing communications that varies depending on the communication vehicle and the volume sent. Movio also provides professional services to exhibitors in relation to their loyalty program strategy. For distributors, the agreements are more on a per campaign basis with additional amounts charged for services in relation to a campaign.

Número contracts will contain an annual fee for access to box office data for a territory. Exhibitors will be provided with free access to the Número software in return for providing their data. Film studios and distributors, media and research companies will pay to access the data.

4.4 Global Operations and Opportunity

The Vista Group operates around the world in more than 60 countries with over 400 customers. Since beginning in 1996, VES has steadily added new countries and customers, progressively growing up-front licence fees and annually recurring software maintenance fees. Vista Cinema has a low customer churn rate.

Region	Market Share	Selected Customers
USA	11,118/30,050 screens 37%	Regal, Harkins Theatres, Arclight, Sundance , Bow Tie, B&B, Georgia Theatre Company, Goodrich, Wehrenberg, Alamo Drafthouse
Europe	4,076/16,865 screens 24%	Vue (UK), Cineworld (UK), Mars (Turkey), Kinopolis (Belgium, France, Spain), Cinestar (Germany), Yelmo (Spain), Karo Film (Russia)
Asia	3,005/13,456 screens 22%	Major Cineplex (Thailand), PVR (India), Lumiere (China), Grand Cinemas (UAE)
Central America	4,995/5,108 screens 98%	Cinepolis (Mexico), Cinemex (Mexico), Cinemark (Central America)
South America	877/4,713 screens 19%	Village SA (Argentina), Cine Hoyts (Chile), Cines Unidos (Venezuela), Cinemark (South America)
Canada	2,067/2,323 screens 89%	Cineplex Entertainment, Landmark Canada
Africa	973/2,172 screens 45%%	Nu Metro (South Africa), Silver Bird (Nigeria)
Australasia	1,380/1,636 screens 84%	Hoyts, Event, Village
Worldwide	28,491/76,323 screens 37%	

Note that the above market share data only includes the Large Circuit Market. Market size data is sourced from Dodona 2013.

The cinema industry is constantly expanding, with the number of screens worldwide increasing 12% over the last 4 years to 127,000 (total screens for Large and Small Circuit Markets). It is anticipated that developing countries will have higher growth rates than developed countries going forward given the lack of penetration currently (as discussed in *Section 3: Industry Overview*).

Vista Entertainment Solutions is well positioned to benefit from the anticipated strong growth in screen numbers in developing economies over the next 10 years. In these markets, the move to large multiplex cinemas will also create increased demand for Vista Cinema.

As VES grows and takes advantage of the expansion of multiplex cinemas, the other Vista Group businesses can also build on this growth to drive new customers and expand their geographic footprint.

Movio operates in 6 countries around the world, being New Zealand, Australia, the USA, Canada, Mexico and Vietnam. Over the past two years, Movio has signed and implemented the leading cinema

exhibitor (by box office revenue) in all six countries, including Regal Cinemas, the world's largest cinema circuit.²⁰

Movio has been able to accelerate its growth over the past two years through leveraging the global customer and distribution network of VES. In late 2013, Movio signed a partnership deal with NCR (Radiant), a USA-based provider of cinema point of sale software, to supply Movio software to NCR's customer base. This deal has already resulted in the signing of two leading USA cinema circuits.

Through Movio's strategic partnerships with Vista Cinema and NCR, the increase of their global footprint, and the extension of the Movio offering to film studios and distributors, Movio is projecting revenue growth from \$5.1 million in 2014 to \$9.1 million in 2015.

4.5 Growth Strategies

The Vista Group has identified three key areas from which it will seek to continue its track record of growth.

4.5.1 Growth in Existing Business

Vista Cinema

- Expansion of market share in current markets such as the USA, China, India and Thailand.
- Expansion into new markets where VES does not presently have customers such as Holland and Italy.
- Expansion into developing markets such as Russia, Brazil, Indonesia, and a number of Eastern European markets. VES recently gained its first customer in Russia.

Veezi

- Expansion into the USA will be an initial primary focus given its size and scale of approximately 3,000 independent cinema exhibitors (as estimated by management). There is a significant opportunity to build market share in this large, fragmented market.
- There are presently inefficiencies in the industry with small independent cinemas communicating box office numbers to distributors and industry aggregators of Box Office data. This causes the distributors to incur additional costs in collecting data from these small cinemas. Since Veezi removes much of this inefficiency, it is possible that the film distributors may pay a fee to receive this information electronically.
- The newly created partnership with Fandango should provide additional demand for Veezi. Fandango is a provider of web ticketing for cinemas in the USA and is by far the most widely used cinema web ticketing platform in the USA. Previously smaller independent cinemas could not access Fandango's services. Now with the partnership between Fandango and Veezi, by signing up to Veezi, cinemas can access the Fandango ticketing services.

MACCS

- MACCS has a global footprint but has historically focused on Europe. MACCS is in the process of establishing an office in Los Angeles and will allocate resources to focus on the USA as a significant growth opportunity.
- MACCS also plans to expand through new products such as DCinemaHub, which manages digital keys and eliminates manual processing in order to streamline the digital film distribution process, as well as developing a SaaS version of the MACCS product that will appeal to smaller operators on a global basis.

²⁰ As measured by box office revenue.

Movio

- Movio's growth and main focus is on the USA, the epicentre of the film industry, where it has an established office and secured a number of key contracts. Movio will have a dual focus, both on cinema exhibitors as well as film studios and distributors, who spend billions of dollars a year on marketing their films.
- Further significant opportunities exist for Movio to accelerate growth into the UK, Europe, South America and Asia.

Numero

- Numero is scheduled to launch in Australia and New Zealand in the second half of 2014, and intends to expand internationally from 2015 onwards.

4.5.2 Opportunities in New Markets or Sectors

Expansion of Vista software into adjacent industries

A number of Vista Cinema customers also operate food and beverage businesses. Some of these customers have chosen to use Vista Cinema as the software solution. As an enterprise management system, Vista Cinema has the potential to fulfil similar roles in a wide variety of sectors and industries. Whilst not a current focus, the Vista Group could look to expand Vista Cinema in to adjacent industries, although this would likely require an acquisition to secure industry credibility, scale and talent.

Expansion of Movio

Movio's technology may have applications in other industries with large customer databases and loyalty programmes, for example retail, lotteries, food and beverage, and airlines. Whilst not an immediate focus, Movio is aware of the potential for expanding or licensing the software into other industries.

4.5.3 Acquisitions

The Vista Group is always looking to invest in, or acquire, businesses or products that add value to the Group, and that can utilise VES's established distribution network and credibility in the film industry.

SECTION 5: BOARD, MANAGEMENT AND GOVERNANCE

5.1 Board and Management

5.1.1 Vista Group Directors

Director	Description
Kirk Senior Chairman	<p>BBus (Swinburne)</p> <p>Kirk brings a strong international film industry background acquired from 18 years with the Village Roadshow Limited Group. Kirk was formerly CEO (and prior to that, CFO) of Village Cinemas, one of the world's leading cinema companies.</p> <p>Kirk was also a director of Village Cinemas and many of its subsidiaries and joint ventures throughout the world.</p> <p>Prior to Village Cinemas, Kirk was a chartered accountant with Ernst & Young in Australia and the UK. Kirk also advises and provides consulting services to other companies in the film and entertainment industries.</p>
Murray Holdaway Executive Director	<p>BSc (Mathematics and Computer Science) and BCom (Accounting) (University of Auckland)</p> <p>Murray is the co-founder and Chief Executive of the Vista Group. Murray has been the product visionary for Vista Entertainment Solutions over the past 15 years.</p> <p>Prior to running the Vista Group, Murray was a founding shareholder and Chief Executive of Madison Systems Ltd (which was a joint venture partner in Vista Entertainment Solutions when it formed in 1996). From its beginnings in 1988 Madison became one of the largest IBM re-sellers in New Zealand. Madison was involved in two separate cinema system developments before the Vista Cinema product was created. Madison was sold to Infinity in 2001 and it was at this time that Murray transferred full time to work on Vista Cinema. Murray is also a director of Postie Plus Group Limited, which is currently in voluntary administration at the election of the board.</p>
Brian Cadzow Executive Director	<p>BCom (Accounting and Information Systems) (Otago), CA</p> <p>Brian is the Finance Director and one of the co-founders of the Vista Group. Brian has had a long career in Finance positions in the Industrial, Media, Transport and Technology sectors for both listed (up to 2000) and private companies. Brian operated his own consulting business for 10 years (with the Vista Group as a major client) until joining the Vista Group as a full time employee in his current role in 2008.</p>
Susan Peterson Independent Director	<p>BCom and LLB (Otago)</p> <p>Susan has a strong financial and governance background gained from a long history with the ANZ where she was General Counsel and Company Secretary before moving on to other business leadership roles, including General Manager of Wealth Business and Performance encompassing private banking, insurance and funds management. Susan was also a director on many of ANZ's New Zealand subsidiary company boards.</p> <p>Susan is currently an Independent Director of Wynyard Group Limited and The New Zealand Merino Company Limited. Susan also chairs the Audit and Risk Committees for these companies.</p> <p>Susan is a Tribunal Member of the NZ Markets Disciplinary Tribunal and a Ministerial Appointee to The National Advisory Council for the Employment of Women. Susan is also on the Board of IHC and on the Strategic Advisory Board of the New Zealand Heart Foundation.</p>
James Ogden Independent Director	<p>BCA (Hons) (Accounting)(Wellington), FCA, FInst D</p> <p>James brings strong financial expertise to the Board and director experience across a broad range of industries. He has had a distinguished career as an investment banker for eleven years, six years as Country Manager for Macquarie Bank and five years as a director of Credit Suisse First Boston. James has also worked in the New Zealand dairy industry in chief executive and finance roles for eight years. James is also a director of The Warehouse Group, Summerset Group Limited, Vehicle Testing Group Limited and Seaworks Limited. Former directorships include NZ Post</p>

Director	Description
	Limited, Kiwibank Limited, NZX-listed Powerco Limited and Capital Properties New Zealand Limited.

5.1.2 Vista Group Executive team

Executive team	Description
Murray Holdaway Chief Executive	See Murray's full biography under the heading "Vista Group Directors"
Brian Cadzow Finance Director	See Brian's full biography under the heading "Vista Group Directors"
Kimbal Riley Chief Operating Officer	BSc (Biochemistry) Kimbal was appointed the Vista Group's Chief Operating Officer in November 2013. Formerly, he was COO of Orion Health, New Zealand's largest software exporter and one of the world's leading Health IT companies with operations on every continent and customers in over 50 countries. Kimbal was with Orion Health for 7 years, during a period of large growth for the company. Prior to his tenure at Orion Health, Kimbal undertook senior sales and delivery roles in global software and services organisations including CSC, Compaq, EDS, and Nortel.
Derek Forbes President, VES USA (Los Angeles)	BCom (Management Science & Information Systems), BSc (Computer Science), University of Auckland Derek joined the Vista Group in 2000 and was involved in the creation of early versions of Vista Cinema. Subsequently Derek transitioned to software implementation and product management within VES. In 2005, Derek moved to London where he established Vista Entertainment Solutions' UK office. There he built the office to oversee a broad European operation which introduced Vista Cinema to new territories including Spain, Greece and Lithuania. Derek then moved to Los Angeles in 2009 to establish and lead VES's USA office. In the 4 ½ years since, VES has grown its cinema exhibition market share from <1% to 37%, and the team has grown to 38.
Mischa Kay Managing Director, VES EMEA (London)	BSc, (Computer Science, Information Systems), University of Auckland Mischa has worked in both the VES Auckland and London offices and has progressed through the ranks from a student consultant in 2006 to, becoming Managing Director for the EMEA region in 2014. He has deep international experience in both the services and project teams, the Group's different offices, as well as his broad experience with customers and partners across the EMEA region has made him an invaluable asset to the EMEA office.
Wendy Huang Regional Manager – Asia (Shanghai)	ME (Software Engineering), University of Auckland Wendy joined the Vista Group as a university graduate in 2007 and completed her Masters-level education in 2011 after part-time study. After several years in China, Wendy was recently promoted to Regional Manager of VES's Shanghai-based Asia office taking up the role in 2014. Prior, Wendy worked in VES's Services Consulting team in Auckland for seven years. During this time, she worked with customers in various regions of the world implementing Vista Cinema. Wendy's cinema industry knowledge and experience is extensive and she has a dedicated team of eight helping her develop Vista Entertainment Solutions Asia-region business.
William Palmer Movio Chief Executive	William is the Chief Executive of Movio and co-founder. Prior to Movio, William established and subsequently sold a number of successful start ups, including HRV, Connectnow and Warmo. William is highly experienced in business management, particularly during high growth phases, having nurtured businesses from conception to profitability on a number of occasions. William's primary skill is business development and is responsible for the sales function within Movio. His approach is particularly hands on and has successfully

Executive team	Description
	established Movio in six markets since inception.
Bert Huls MACCS Chief Executive	ME (Electrical Engineering), Delft University of Technology (The Netherlands) Bert is the Chief Executive and co-founder of MACCS, which provides software to over 100 film distributors in more than 36 territories. Prior to MACCS, Bert was involved in a number of start-ups within the IT industry including; a distributor of ticket printers, stock market information systems and IT distribution (resale of hardware and software).

5.1.3 Directors and Senior Managers' Interests in Shares

Director/Senior Manager	Shareholder(s)	Total interest prior to the Offer (Shares)	Shares sold pursuant to the Offer	Total interest after the Offer
Kirk Senior	Kirk Senior Pty Limited	2,975,550	1,130,709	1,844,841
Murray Holdaway	Murray Lawrence Holdaway, Helen Rachel Geary and Stephen John McDonald	15,086,875	5,733,013	9,353,862
Brian Cadzow	Brian John Cadzow, Julie Ann Cadzow and Peter Allen Lewis	10,456,250	3,973,375	6,482,875
Kimbal Riley	Kimbal Harrison Riley and Wendy Anne Thorpe	59,750	22,705	37,045
Derek Forbes	Bruce Alan Forbes and Derek Geoffrey Forbes	2,987,500	896,250	2,091,250
Mischa Kay	Mischa Alexander Kay	29,875	Nil	29,875
Wendy Huang	Jungwen Huang	23,900	7,170	16,730
William Palmer	ETCO Limited WASPP Corporation Limited	Nil	Nil	1,293,889 - 1,663,572 ²¹

The executives and senior managers listed in the table above have all agreed with the Company that any Shares they do not sell under the Offer, and any Shares purchased under the Vista Group Employee Offer, will be subject to escrow arrangements which will restrict their sale or disposal until the first day after the Vista Group's preliminary announcement has been released to the market in respect of its financial results for the year ending 31 December 2015. Further information on these escrow arrangements is available under the heading "Escrow Arrangements" in *Section 8: Offer Details*.

²¹ Based on the Indicative Price Range. William Palmer will acquire an interest in these Shares pursuant to the Company's acquisition of Virtual Concepts (Movio). Further information on the acquisition of Virtual Concepts is available under the heading "12: Acquisition of a Business or Subsidiary" in *Section 10: Statutory Information*.

The independent Directors have indicated an intention to acquire Shares under the Offer. Any Shares acquired by the independent Directors will be subject to the same escrow arrangements referred to above and in *Section 8: Offer Details*.

5.2 Corporate Governance

The Board is responsible for directing the Company and enhancing shareholder value in accordance with good corporate governance principles. The Board believes that good governance is based on a set of principles and behaviours that provide a clear basis for the Company's everyday activities to ensure transparency, fairness and recognition of the interests of our stakeholders. The Board has adopted a Corporate Governance Code that outlines the corporate governance principles and guidelines in place to assist the Board in achieving its objectives for the Company.

The Corporate Governance Code takes into consideration contemporary best practice standards in New Zealand and Australia, incorporating principles and guidelines established by the NZX Corporate Governance Best Practice Code, the Financial Markets Authority Corporate Governance in New Zealand Principles and Guidelines and the ASX Corporate Governance Principles and Recommendations.

As at the date of this Prospectus, there are 5 Directors, two of whom are independent.

5.2.1 Role of the Board

The Board has statutory responsibilities for the affairs and activities of the Company, with delegation to the Chief Executive officer and other management of the Company.

The roles and responsibilities of the Board include:

- selecting the Chief Executive and ensuring that the Chief Executive has adequate management to support the Company's objectives, and that satisfactory succession plans are in place;
- reviewing, approving, and monitoring performance of the strategic, business and financial plans;
- reviewing and approving investment and divestment decisions that the Board has determined should be referred to it;
- approving and overseeing the Company's technology development strategy;
- ensuring ethical behaviour and compliance with all laws and regulations, including implementing and reviewing the Code of Ethics and health and safety policies and processes; and
- setting the Company's Dividend Policy.

5.2.2 Board Committees

The Board will have two formally constituted committees. These committees will review and analyse policies and strategies, usually developed by management, which are within their roles as established by the relevant committee Charters. They will examine proposals and, where appropriate, make recommendations to the full Board. Committees will not take any action or make decisions on behalf of the Board unless they are specifically mandated by prior Board authority to do so. The Board will also have a Disclosure Committee as described under the heading "Policies and Procedures" in this section.

Audit and Risk Management Committee

The Audit and Risk Management Committee is chaired by Susan Peterson and, among other matters, will be responsible for:

- assisting the Board in fulfilling its responsibilities for the Company's financial statements and external financial reporting, including ensuring the quality and independence of the external audit process, internal controls and legal and regulatory compliance;
- assisting the Board in the oversight of the Company's Risk Management Framework; and
- reviewing management's letter of representation.

The Audit and Risk Management Committee also acts as a forum for communication between the Board and senior financial management staff, and internal and external auditors where appropriate. It meets with the external and internal auditors as required during the year, and for at least part of that meeting no employees will be present.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee is chaired by Kirk Senior and, among other matters, will be responsible for:

- setting and reviewing the Company's remuneration policies and practices;
- setting and reviewing all components of the Chief Executive, executive and independent directors remuneration and employment contracts including short and long term incentive plans;
- reviewing the composition and size of the Board and considering any changes; and
- reviewing Board succession and candidates for Board vacancies.

Copies of the Corporate Governance Code, Audit and Risk Management Committee Charter and Nominations and Remuneration Committee Charter will be available on the Company's website following listing.

5.2.3 Policies and Procedures

Key policies and procedures adopted by the Board, which will be effective from listing, are as follows:

Code of Ethics

This is the framework of standards by which the Directors, employees, contractors and advisers of the Vista Group are expected to conduct their professional lives and covers standards for areas such as conflicts of interest, gifts, confidentiality, and compliance with laws and policies.

Securities Trading Policy

This Policy details the Company's policy, guidelines and rules for trading in the Company's ordinary shares and any other securities issued or to be issued in the future by the Company. The Policy sets out the restrictions on trading and the process for obtaining consent to trade (if allowed).

Diversity Policy

This Policy states the Vista Group's commitment to achieving diversity across a broad range of criteria, and requires the Company to set measurable objectives toward achieving diversity.

Continuous Disclosure Policy

This policy states that the Company is committed to ensuring shareholders have timely access to material information in order to comply with the Securities Markets Act 1988, the NZX Listing Rules and the ASX Listing Rules. The policy establishes a Disclosure Committee comprising of the Chairman, Chair of the Audit and Risk Management Committee and one independent Director, who will determine whether information is material and should be disclosed, and sets out the process for disclosure.

Copies of these policies will be available on the Company's website following listing.

5.2.4 Dividend Policy

The Vista Group's dividend policy is to distribute 30% to 50% of profit subject to immediate and future growth opportunities. At present, the Vista Group does not intend to pay a further dividend in relation to FY14F or FY15F, but instead to use the available capital to execute on growth opportunities.

The Directors will monitor the Group's projected cashflow and capital requirements and will review this policy on an annual basis.

For information on how any dividends will be taxed for New Zealand tax purposes please refer to *Section 9: New Zealand Tax Summary* which describes the impact of taxation on dividends paid by the Company.

5.2.5 Directors' Interests

Directors' fees

Kirk Senior, as Chairman, receives \$150,000 per annum. The independent Directors receive \$75,000 per annum each.

Murray Holdaway in his role as Chief Executive and Brian Cadzow in his role as Finance Director receive remuneration from the Vista Group and do not receive Directors' fees.

Shareholders have approved the Directors' fees in aggregate for all Directors at \$500,000 per annum. This fee pool includes headroom for a possible additional Director, should an appropriate candidate be identified in the future and, if necessary, to enable additional payment to a Director or Directors in extraordinary circumstances. Directors are also entitled to be paid for reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or Shareholder meetings, or otherwise in connection with the Vista Group's business.

Application for Shares under the Offer by Directors

The independent Directors may apply for Shares under the Offer, and to the extent any such Shares are acquired, these acquisitions will be disclosed to the market as required by law. Shares acquired by the independent Directors will be subject to escrow arrangements which will restrict their sale or disposal until the first day after the Vista Group's preliminary announcement has been released to the market in respect of its financial results for the year ending 31 December 2015.

Directors indemnity insurance

The Vista Group has indemnified each of its Directors and also maintains insurance for its Directors and officers in each case, to the extent permitted by the Companies Act.

5.2.6 Executive Remuneration and Share Plans

The Vista Group's Nominations and Remuneration Committee will assist the Board in discharging its obligations relative to remuneration-setting and review of the Chief Executive and other senior executives.

Executive and senior management total remuneration is currently made up of two components: fixed remuneration and short term performance incentives. Executives and senior managers will transition, following completion of the long term incentive plan, to an arrangement comprising three components: fixed remuneration, short term performance incentives and a long term incentive plan. This is to ensure appropriate weighting of incentives between short and longer-term performance and to align executive packages with longer-term Shareholder value.

Fixed remuneration

Fixed remuneration consists of base salary and benefits.

Short term performance incentives

The short term performance incentive will be an annual risk cash salary performance bonus which is a specific percentage of each executive's base salary. The executives' and senior managers' right to short term performance incentives will be conditional on the performance of the individual and company and will be assessed annually by the Board.

Executive Long-Term incentive plan

The Vista Group intends to establish a long term incentive plan (the *LTI Plan*) for executives and senior managers. The LTI Plan aims to align executives and senior managers' interests with those of Shareholders, by providing a proportion of remuneration on an "at-risk" basis aligned to the achievement of defined performance targets.

The structure of the LTI Plan will be finalised following completion of the Offer.

Movio deferred consideration

In consideration for the VCL Sellers agreeing to sell their shares in Virtual Concepts to the Company, the VCL Sellers will receive a mixture of cash and shares in the Company issued to them on the date on which the Company is listed on the NZX Main Board, and an entitlement to receive additional cash and shares in the Company (*Deferred Consideration*) in the future, subject to Virtual Concepts and its subsidiaries (the *Movio Group*) meeting certain revenue, profit and profit margin criteria (*Financial Performance Criteria*) at year ends 2014, 2015 and 2016.

The Deferred Consideration will be calculated by reference to the financial performance for year end 2015 and is intended to be paid in two instalments on 31 March 2016 and 31 March 2017 (subject to the relevant Financial Performance Criteria being met). The first instalment will be payable subject to FY14 and FY15 performance meeting the Financial Performance Criteria and the second tranche will be payable subject to FY16 performance meeting the Financial Performance Criteria.

Other than in the event that substantially all of the shares or assets of Virtual Concepts are sold to an unrelated third party prior to 31 December 2016 (in which case Deferred Consideration will not be capped) the maximum Deferred Consideration that may be payable by the Company is \$9.82 million. If the Movio Group achieves its PFI results, the VCL Sellers are likely to receive 57% of the Deferred Consideration.

The Deferred Consideration will be satisfied by the Company as follows:

- to 30% (or more at the option of the Company) in cash; and
- as to the balance by the allotment to the relevant VCL Sellers of shares in the Company. The value of the consideration shares in the Company will be determined by reference to the volume-weighted average price of ordinary shares in the Company traded on the NZX Main Board for the 20 days prior to the date of allotment.

Vista Group Employee Gift

Eligible Vista Group Employees will be issued and allotted Shares to the gross value of approximately \$1,000 (calculated on the basis of the Final Price) per employee prior to the Allotment Date, the purpose of which is to better align the interests of Shareholders and employees by facilitating employees to own a piece of the Group. The remuneration terms for employees in the other territories will, in addition, be amended to replicate a financial outcome equivalent to participation in this gifting program.

Certain employees of the Vista Group will also be issued and allotted Shares to the gross value of up to \$150,000 (\$75,000 on the Allotment Date and (subject to certain performance criteria) up to an additional \$75,000 after 31 December 2015) in connection with their ongoing employment by the Group.

SECTION 6: WHAT ARE MY RISKS?

If you do not understand the information in this section, you should consult a financial or legal adviser.

Any investment in the share market has risks associated with it, and this investment is no exception. Risks specific to us, and other general market risks, are set out in this section. These risks, if they were to occur, could materially affect our financial position or performance through loss of assets, reduced revenue, increased costs, loss of customers and suppliers, damage to reputation, or a combination of these factors. These could reduce or eliminate the value of your Shares or the returns on them.

You should consider such risk factors together with the other information in this Prospectus. In particular, you should read *Section 4: Business Overview* for further information on how we manage the risks facing our business.

The risk factors set out below are not the only ones we face. There may be additional risk factors of which we are currently unaware, or that we currently deem immaterial but which may subsequently become key risk factors for us.

6.1 Principal Risks

The principal risks that may have an impact on our business of financial results, and which could reduce or eliminate the value of your Shares or the returns on them are set out below (in no particular order). A full description of other material risks specific to the Vista Group, to which you should have regard in considering whether to invest in the Vista Group, is set out in *Section 6.2: Other Specific Risks* below.

Key Personnel Retention Risk

We rely on the service and performance of our senior management team, including our executive team as outlined in *Section 5.1: Board & Management*, as well as key technical and sales personnel. If these employees were to leave, replacing them could involve significant time and cost, and may inhibit us from achieving our business objectives.

In addition, if we are not able to attract and retain qualified and talented people to execute our growth strategy, our operating results may be adversely affected.

Competition Risk

The current and prospective market for our software products and services is competitive, as outlined in *Section 3.1.3: Competitive Landscape*. Some of our current and potential competitors have significantly greater resources in certain markets that we either operate or intend to operate in. These factors may allow our competitors to respond more effectively than us to new or emerging technologies and changes in market requirements. Our competitors may develop products, features or services that are similar to ours or that achieve greater market acceptance, may undertake more far-reaching and successful product development efforts or marketing campaigns, or may adopt more aggressive pricing policies.

Key Customer Risk

We derive a significant portion of our revenue from large exhibitors or cinema circuits. Contractually, many of these customers are able to terminate their agreements at will. If one or more of these larger customers terminated or did not renew its contract, our performance may be impacted. In 2013, the top five customers contributed approximately 20% of total revenue.

Motion Picture Industry Risk

Our ability to operate successfully depends upon the availability, diversity and appeal of motion pictures, the success of motion picture exhibitors and the cinema experience of the public generally. Poor performance of, or any disruption in the production of, motion pictures (including by a reason of a strike

or lack of adequate financing) or a reduction of public attendance at cinemas, could adversely impact our business.

Technology Vulnerability Risk

Our products incorporate software that is highly technical and complex. Our software has contained, and may now or in the future contain, undetected errors, bugs or vulnerabilities. Some errors in our software code may only be discovered after the code has been released. Any errors, bugs or vulnerabilities discovered in our code after release could result in damage to our reputation, loss of users, loss of revenue, or liability for damages, any of which could adversely affect our business and financial results.

Foreign Exchange Risk

Our exposure to foreign exchange markets gives rise to risks. We derive our revenue in a number of different countries and, accordingly, in a number of different currencies. Fluctuations in exchange rates may have a direct impact on our earnings. Although there are hedging strategies in place, extreme volatility in foreign exchange markets could undermine the effectiveness of the hedging strategy, which could impact profitability. The three main currencies (USD, GBP and EUR) comprised approximately 85% of revenue in 2013.

Acquisition Risk

We review potential acquisitions of complementary businesses from time to time and may undertake such acquisitions in the future. All acquisitions face the risk that returns on investment will fall short of expectations. Estimates of fair value made in considering an acquisition are based on assumptions believed to be reasonable, but which are inherently uncertain. Where an acquired business fails to perform as expected, a number of material changes can eventuate that adversely affect operating results including, for example, impairment of goodwill. Further, acquisitions can involve a significant amount of management time and reduce the management team's ability to respond to other challenges and opportunities. Between them, these impacts may be material.

Obsolescence Risk

We are continually updating our existing products and continuing to develop new products. If we are not able to provide enhancements and new features for our existing products or new products that achieve market acceptance or that keep pace with rapid technological developments, our business could be adversely affected. This has the potential to impair our revenue growth.

6.2 Other Specific Risks

Set out below is a description of other material risks specific to the Vista Group to which you should have regard, in addition to the principal risks set out above, in considering whether to invest in the Vista Group. The risks below are not set out in any particular order of priority.

Expansion Risk

We are pursuing growth initiatives and intend to further expand our customer base, headcount and scale of operations. In the course of implementing that growth strategy, the operating complexity of the business and capital expenditure requirements will increase. We may also enter new international markets where we have limited or no experience in marketing, selling and deploying our products. If our operating systems, training processes, personnel and other resources are unable to keep pace with such growth, or expected customer uptake and revenue increases do not eventuate, our business, operating results and financial condition may be adversely affected.

E-commerce Market Risk

The e-commerce market features constant technological change, including frequent new product and service introductions and evolving industry standards. There is a risk that new solutions by our

competitors, the emergence of new industry standards or the development of entirely new technologies to replace existing offerings could render our existing or future products obsolete or less competitive.

Intellectual Property Risk

We seek to protect certain intellectual property in our products under a combination of copyright and trade secrets law. However, there is no assurance that these precautions will be adequate to prevent unauthorised use of our intellectual property or that our competitors will not independently develop similar technology without infringing our intellectual property rights. Any enforcement of our intellectual property rights could be costly, time-consuming and distracting to management, and have a material adverse effect on our business, operating results and financial condition.

Implementation Risk

We undertake large and complex projects for our customers. There can be a range of factors that might result in a project not being delivered, either in a timely fashion or at all. If the error in the project is serious enough, revenue from the project may be less than, or expenses may be higher than, what was predicted. In some situations, there is the risk of penalty clauses being breached, further impacting the profitability of the project. In extreme cases, litigation may arise from the project. These outcomes may adversely affect our business and financial results.

Cloud-Based Product Risk

Some of our products are hosted by third-party providers using cloud-based services. We largely rely on the robustness of their platforms to ensure the data that they hold is secure. A fault or disruption in their systems and services could cause disruption to our business due to loss of information critical to our performance or services. The consequences of such a disruption may include damage to our reputation, customer dissatisfaction with our services and consequentially negative impacts on our financial performance. Additionally, we may be liable for any damage caused to customers by a failure of our third-party providers' platforms.

Reputation Risk

We have a complex and technical business. This presents a number of reputational risks. We could be adversely affected should we, or the industry in which we operate, receive negative publicity. The effect on us could be a reduction in sales or an increase in costs, which may affect financial performance. Specific issues that could give rise to reputational risk include:

- errors by Directors, management, contractors or related industry operators that negatively reflect on us;
- errors by us in our products, billing or general customer communications;
- our competitors selling faulty products and/or having their reputation harmed in such a way that a negative view of all products in that market is formed, including ours; and
- any adverse impact caused, or perceived to have been caused, by our operations.

Industry Consolidation Risk

We could be adversely affected if industry consolidation was to occur across the motion picture industry. Following consolidation, our customers may choose not to deal with us or may seek to do so on unfavourable pricing terms. Our customers may choose to use a different provider if the business with which they have merged uses a competitor's services, or may have their software needs accommodated by in-house capabilities of the business with which they merged.

Litigation And Disputes Risk

We may, from time to time, be the subject of complaints, litigation, inquiries or audits initiated by customers, employees, commercial partners, suppliers, landlords, Government agencies, regulators or

other third parties alleging or investigating matters such as intellectual property ownership, asset use, product quality issues, injury, health, employment, environmental, safety or operational concerns, nuisance, negligence, failure to comply with applicable laws and regulations or failure to comply with contractual obligations.

Any such matter, even if successfully addressed without direct adverse financial effect, could have an adverse effect on our reputation and divert our financial and management resources from more beneficial uses. If we were found to be liable under any such claims this could have a material adverse effect on our future financial performance.

Data Protection and Security Risk

Our software's solutions and services are used to store, retrieve, manipulate and manage significant information and data. That information often includes personal information about individuals as well as commercially sensitive business information. If we, or one of our customers using our software, suffered a security breach, virus or similar disruption, its data, customers' data, or its IT systems may be accessed improperly, made unavailable, or improperly modified. If that happened, our software solutions and services may be perceived as vulnerable, our brand and reputation could be damaged, the services we provide to customers could be disrupted and customers may stop using our software solutions and services. Any of these outcomes could reduce our revenue and earnings, increase our expenses and expose us to legal claims and regulatory actions.

Global Distribution Network Risk

We have a number of distributors worldwide, including some wholly owned subsidiaries, that market our software, assist with the installation and setup and provide on-going support to our customers. If our relationship with our distributors broke down this could adversely affect our revenue. If the relationship between our distributors and our customers broke down, or our distributors failed to provide adequate service to our customers, this could negatively reflect on us and adversely affect our reputation in these markets. It may also delay the receipt of revenue owing to us by those customers.

Debtor Risk

Non-payment by customers is a risk we face. We could be adversely affected if a large customer, or a large group of customers, were to default on payment for services provided. Cost recovery could be made more difficult if these were overseas customers.

6.3 General Investment Risks

Economic Risk

Like any other investment, returns from an investment in the Shares are influenced by the level of economic activity. For example, a contraction in the New Zealand or global economy may impact upon our performance by reducing demand for the Company's products and services and/or affecting our costs.

Taxation Risk

Any change to tax laws generally, the current rate of company tax in New Zealand, or any changes to the tax rules regarding debt/equity funding, the carry forward of tax losses or imputation credits, may impact your returns. Any change to the current rates of income tax applying to you could impact on your after tax returns.

The application of tax law in New Zealand can be uncertain. Furthermore, the judicial interpretation and practice of tax law may change. Accordingly, there is no guarantee that our past or future tax liabilities will not be impacted by such outcomes, which could affect your after tax returns.

Forward-Looking Statements Risk

Certain statements in this Prospectus and the Investment Statement for the Offer constitute forward-looking statements. Such forward-looking statements involve assumptions about known and unknown risks, uncertainties which may cause our actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given these uncertainties, potential investors are cautioned not to place undue reliance on such forward-looking statements in the Prospectus or Investment Statement. In addition, under no circumstances does the inclusion of forward-looking statements in either the Prospectus or the Investment Statement constitute a representation or warranty from us or any other person with respect to the achievement of the results or matters set out in such statements or that the underlying assumption used will in fact be the case.

The forward-looking statements included in the Prospectus and Investment Statement are based on the Board's best judgment and experience. However, economic conditions can change, output prices fall, input prices rise and circumstances change in a matter and to an extent not foreseen, which could materially undermine our prospects.

Legal/Regulatory Risk

We may be adversely affected by legal and regulatory changes or requirements, and actions pursuant to such requirements. Potential changes to existing laws or the introduction of new laws, both in New Zealand and globally, could result in increased compliance costs and obligations. Failure to comply with applicable legislation or regulation can also result in fines, injunctions, penalties, requirements, requirements for remedial works, total or partial suspension of regulatory approvals or other sanctions that may adversely affect our business, operating results and financial condition.

General Market Risks

Prior to this Offer, there has been no public market for the Shares. There can be no assurance that an active trading market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the NZX Main Board at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which a person or entity is able to sell their Shares. Future issues of Shares may dilute your interest in the Vista Group and affect the trading price of Shares.

Factors such as changes in the New Zealand or international regulatory environment, New Zealand and international equity and debt markets, NZD and foreign currency movements, and the New Zealand and global economies could cause the market price of the Shares to fluctuate after the Offer.

The market prices of stocks have historically been variable, including in response to changes in capital markets or the economy.

6.4 Consequences of Insolvency

In the event of the insolvency of the Vista Group, you will not be liable to pay any money to any person. All creditors (secured and unsecured) of the Vista Group will rank ahead of your claim as a Shareholder in the Vista Group, if the Company is liquidated. After all such creditors have been paid, any remaining assets will be available for distribution among all Shareholders who rank equally. Any distribution made on liquidation of the Company may be less than the amount of your investment or you may not receive any amount.

SECTION 7: OPERATIONAL AND FINANCIAL INFORMATION

This section provides an overview of financial information. Certain information included in this section (including EBIT, EBITA, EBITDA, NPATA and Pro Forma Financial Information) is non-GAAP financial information. You can find an explanation of why the Vista Group uses these measures and an explanation of the Pro Forma adjustments later in the section.

All financial information in this section is presented in NZD (unless otherwise stated) and rounded to the nearest thousand dollars.

The Vista Group has prepared PFI for FY14F and FY15F in accordance with FRS-42 Prospective Financial Statements for inclusion in this Investment Statement.

The prospective financial information is forward looking and based on certain assumptions and therefore involves risk and uncertainties. Actual results could differ from those expressed or implied by such forward looking statements, with factors that could cause such differences including, but not limited to, those discussed in *Section 6: What are my Risks?* of this Investment Statement and the Prospectus. You should read the basis of preparation, assumptions and sensitivities relating to the prospective financial information as detailed in the *Section 7.3: Prospective Financial Information* so that you fully understand the prospective financial information. If you do not understand the information in this section, you should consult a financial advisor.

Presented in this section is a historical and forecast Pro Forma income statement for the Vista Group for FY11 to FY14F, forecast statutory FY14F and FY15F income statement, forecast statutory balance sheet and cash flow information for FY14F and FY15F, PFI and a summary of key operating metrics.

The Vista Group comprises the following companies:

The Vista Group	
Vista Group Companies	Shareholding post IPO
• Vista Entertainment Solutions Limited (VES)	• 100%
• Book My Show Limited	• 74%
• Virtual Concepts Limited (Movio)	• 100% ²²
• MACCS International B.V.	• 50.1% ²³
• Numero Limited	• 50% ²⁴

The MACCs International BV financial statements included in this Prospectus and the Investment Statement have been prepared in accordance with NZ IFRS but are not audited.

²² The Company has signed agreements with the other shareholders of Virtual Concepts to acquire the remaining 42.99% of the share capital of Virtual Concepts post the Offer. Further information on the acquisition of Movio is available under the heading "12: Acquisition of a Business or Subsidiary" in *Section 10: Statutory Information*.

²³ MACCS shareholding of 50.1% includes an option to acquire 25%. The Company intends to exercise this option as at 1 September 2014.

²⁴ As at the date of this Prospectus, the Company holds all of the shares in Numero. Certain Numero senior managers have been offered (and have accepted subject to agreement of appropriate documents) a 50% stake in Numero. The allotment of these shares is intended to be completed in FY14F. Further information on this transaction is set out under the heading "Sale of shares in Numero" in *Section 7.3: Prospective Financial Information*.

The following table illustrates the differing basis used in the preparation of the statutory and Pro Forma financial information presented in this section:

Operational and financial information		
Pro Forma FY11 – FY14F	Statutory FY14F	Statutory FY15F
<ul style="list-style-type: none"> – VES 100% – BookmyShow 100% – Virtual Concepts 100% – MACCS 50.1% (Consolidated) – Numero 100% FY11 – FY13 (consolidated) commenced operations in September 2013 – Numero 50% FY14F (equity accounted)²⁴ 	<ul style="list-style-type: none"> – VES 100% – BookmyShow 74% – Virtual Concepts 100% acquired on 1 September 2014 (previously held 57% and equity accounted) – MACCS 50.1% (Consolidated) 25.1% acquired on 2 April 2014 and option for 25% exercised 1 September 2014 – Numero 50% (equity accounted)²⁴ 	<ul style="list-style-type: none"> – VES 100% – BookmyShow 74% – Virtual Concepts 100% – MACCS 50.1% (Consolidated) – Numero 50%(equity accounted)²⁴

7.1 How The Vista Group Makes Money

The following provides a simplified overview of how the Vista Group makes money as an introduction to assist in reading the detail in the rest of this section.

VES derives revenue from its customers via three main sources:

- 1 Licence fees for Vista Cinema are charged to customers for the initial software implementation for each and every site installation as completed. The licence fee is a matter of negotiation with each customer. Licence fees are invoiced based on the currency applicable to that customer. Veezi licence fees are on a monthly subscription basis.
- 2 Maintenance fees are received by the Vista Group on an annual basis from customers in return for access to the Group's help desk and updated modifications to Vista Cinema.
- 3 Services revenue is charged to existing customers for ongoing consultation, programming and site support work associated with the Vista Cinema product.

BookMyShow generates revenue from commission on cinema ticket sales.

Movio derives revenue from its annual licence fees and service charges, which are based on activity.

MACCS derives its revenue using a similar model to VES – being a one-time licence fee and annual maintenance, plus services.

Numero will generate revenue from annual licence fees.

Main Drivers of the Vista Group's Financial Performance

The following factors can have a significant impact on financial performance and net cashflows, but are not an exhaustive list of all relevant factors. This should be read in conjunction with the Explanations of Trends in Financial Performance later in this section and *Section 6: What are my Risks?*

Key customer acquisition and expansion into new markets

The Vista Group's ability to win new customers is a key driver of its initial licence fee revenue and ongoing services and maintenance revenue. VES has an established business with owned offices and business partner offices across 11 countries, and has a platform for continuing growth. The Vista Group has enabled further opportunities for growth following the recent acquisitions of MACCS and its existing relationship with, and after the Allotment Date, full ownership of, Movio. Both MACCS and Movio provide the opportunity for further growth, alongside VES.

For further detail on the Vista Group's growth strategies see *Section 4.5: Growth Strategies*.

Annual revenues

VES has predictable and recurring fees with existing customers which are either spread over a number of years (usually three) or are determined in conjunction with the specific customer contract. VES has a stable customer base due to the quality of Vista Cinema and Veezi. There are relatively significant barriers faced by customers in switching to alternative products, in terms of functionality, time, cost and risk. The Vista Group takes its customer relationships very seriously to ensure that customer delivery is maintained to the high standard that the Group's customers expect.

Employee expenditure

The provision and development of the Vista Group's software requires high quality personnel for research and development, implementation and ongoing service. The majority (68% in FY13) of the Vista Group's operating expenses are employee costs. These costs are forecast in line with known requirements to support the Group's revenue growth and are forecast to increase by 42% from FY13 to FY14F. For further information relating to employee costs, please refer to Table 6: Pro Forma Expenses in *Section 7.3: Prospective Financial Information*.

7.2 Overview of Selected Operational and Financial Information

Financial statements for the period ended 31 December 2012 and earlier have been prepared to comply with NZIFRS, as appropriate for profit orientated entities that qualify for and apply differential reporting concessions. The Vista Group has prepared financial statements using all available differential reporting exemptions except for the exemption available in NZ IAS 18: Revenue. From 1 January 2013 the financial statements have been prepared under NZIFRS, although not under the differential reporting framework.

Pro Forma Consolidated Statement of Comprehensive Income

The Vista Group has presented the financial information below on a Pro Forma basis. The Vista Group believes this Pro Forma Information more closely reflects the Group's post-Offer business and provides a better basis for investors to assess both historical and prospective financial information.

The Pro Forma adjustments have largely been made to reflect the Vista Group as a whole, incorporating MACCS and Virtual Concepts, as opposed to any normalisation adjustments.

12 months ending 31 December (\$000)	FY11 Historical Pro Forma	FY12 Historical Pro Forma	FY13 Historical Pro Forma	FY14F Forecast Pro Forma	FY14F Forecast Statutory	FY15F Forecast Statutory
Operating revenue	25,018	33,727	38,670	49,901	45,244	61,547
Revenue growth	(7%)	35%	15%	29%	-	23%
<i>Less Expenses:</i>						
Sales and Marketing	(1,262)	(1,526)	(2,555)	(2,878)	(2,708)	(3,786)
Operating	(12,423)	(15,925)	(18,087)	(24,604)	(22,045)	(29,163)
Administration	(6,858)	(7,488)	(9,060)	(13,134)	(11,548)	(15,402)
Total expenses	(20,543)	(24,939)	(29,702)	(40,616)	(36,301)	(48,351)
EBITDA before offer Costs	4,475	8,788	8,968	9,285	8,943	13,196
Offer Costs	-	-	-	(1,708)	(1,708)	-
EBITDA	4,475	8,788	8,968	7,577	7,235	13,196
Depreciation					(574)	(733)
EBITA					6,661	12,463
Amortisation					(384)	(622)
EBIT					6,277	11,841
Net interest expense					22	587
Share of profit/(loss) from associates					(348)	18
Net profit before tax					5,951	12,446
Taxation expense					(2,204)	(3,309)
Net profit after tax					3,747	9,137
Non controlling interests					(307)	(1,031)
Net profit after tax (after non- controlling interests)					3,440	8,106

Summary of non GAAP items

12 months ending 31 December \$000	FY14F Forecast Statutory	FY15F Forecast Statutory
EBITDA (before offer costs)	8,943	13,196
Depreciation	(574)	(733)
EBITA (before offer costs)	8,369	12,463
Non-Controlling Interest	(307)	(1,031)
Net interest income	22	587
Share of profit/(loss) from associates	(348)	18
Taxation expense ²⁵	(2,312)	(3,483)
NPATA (excluding offer costs)²⁶	5,424	8,554

²⁵ As taxation expense no longer includes a deferred tax benefit on amortisation of intangibles of \$0.1 million and \$0.2 million in FY14F and FY15F respectively, it has increased relatively to the taxation expense reported in the previous table "Pro Forma Consolidated Income Statement".

²⁶ FY14F NPATA (excluding offer costs) of \$5.4 million can be reconciled to FY14F net profit after tax (after non-controlling interest) of \$3.4 million by subtracting offer costs \$1.7 million, and amortisation \$0.3 million (net of tax). The FY15F adjustments between NPATA (excluding offer costs) of \$8.6 million and net profit after tax (after non-controlling interest) of \$8.1 million consist of amortisation of intangibles of \$0.6 million and deferred tax benefit on amortised intangibles of \$0.2 million.

Overview of Consolidated Cash Flows²⁷

12 months ending 31 December \$000	FY14F	FY15F
	Forecast	Forecast
	Statutory	Statutory
Net cash flow from operating activities	6,158	13,393
Net cash flow from investing activities	(15,476)	(1,127)
Net cash flow from financing activities	37,980	(834)
Net (decrease) / increase in cash	28,662	11,432
Opening cash balance	3,436	32,098
Closing cash balance	32,098	43,530

Overview of Consolidated Balance Sheet

As at 31 December (\$000)	FY14F	FY15F
	Forecast	Forecast
	Statutory	Statutory
Current assets	48,646	63,064
Non-current assets	43,503	43,329
Total Assets	92,149	106,393
Current liabilities	(15,623)	(23,634)
Non-Current liabilities	(11,864)	(9,117)
Total Liabilities	(27,487)	(32,751)
Net Assets	64,662	73,642
Share Capital	45,985	45,985
Retained Earnings	10,411	18,551
Total Equity attributable to equity holder	56,396	64,536
Non-Controlling Interest	8,266	9,106
Total Equity	64,662	73,642

Table of Pro Forma adjustments

Set out below is a reconciliation between profit before tax presented as if it were prepared on a statutory basis to the EBITDA presented above on a Pro Forma basis.

12 months ending 31 December (\$000)	Pro Forma Adjustment	FY11	FY12	FY13	FY14F
		Historical	Historical	Historical	Forecast
Profit before tax (statutory)		2,596	7,943	7,815	5,951
Net interest expenses and share of loss from associates		175	60	267	326
Depreciation and amortisation		398	388	336	958
Offer costs		-	-	-	1,708
EBITDA on a statutory basis (before Offer costs)		3,169	8,391	8,418	8,943
Include MACCS results prior to the date of control (net of NCI)	1	654	199	488	184
Assume Virtual Concepts Limited was consolidated for the Pro Forma Period	2	-	-	(424)	(26)
BookMyShow revenue	3	(2,064)	(2,567)	-	-
BookMyShow costs	3	2,064	2,567	-	-
EBITDA before Offer Costs		3,823	8,590	8,482	9,101

²⁷ Prior to 31 December 2013, the Vista Group was not required to prepare or disclose a Consolidated Statement of Cash Flows. A Statement of Cash Flows is included in the FY13 financial statements with FY12 comparatives.

12 months ending 31 December (\$000)	FY11	FY12	FY13	FY14F
Offer Costs	4	-	-	(1,708)
EBITDA (after non controlling interests)	3,823	8,590	8,482	7,393
Add back: non controlling interest	652	198	486	184
EBITDA (Pro Forma)	4,475	8,788	8,968	7,577

Pro Forma adjustments

The Vista Group believes that its statutory financial information does not reflect its financial performance in a consistent manner. The PFI for FY14F (statutory) and FY15F (statutory) are also shown on an unadjusted basis, as this reflects the basis on which the Group will report its results for those financial years. Pro Forma financial information adjusts statutory financial information to reflect the structure of the Group to aid comparability of financial information. The Vista Group believes that the use of Pro Forma financial information allows investors to better compare its financial information between years.

A Pro Forma consolidated Income Statement for FY11 to FY14F (the *Pro Forma Period*) is presented alongside FY15F. There are no Pro Forma adjustments in FY15F and therefore FY15F is accordingly presented in a manner consistent with the “Basis of Preparation” outlined in the *Section 7.3: Prospective Financial Information*.

Equally the Vista Group have not presented a Pro Forma Balance Sheet and Cash Flows. As is explained below by each of the adjustments, the impact of the change in the Group structure and the Pro Forma adjustments required to adjust for the relevant acquisition accounting is a complexity which the Vista Group believes will not add to the understanding of this aspect of the Group’s financial information. The Directors note that whilst acknowledging the materiality of acquisition accounting to the Group’s Balance Sheet and Cash Flows (for a full understanding of the business combinations impacting the Group refer to Specific Assumptions in *Section 7.3: Prospective Financial Information*), the Directors do not believe that the non-presentation of Pro Forma Balance Sheet and Cash Flows is material for the purposes of this offer. Investors are advised that for a complete understanding of the Group’s Balance Sheet and Cash Flows they should refer to *Section 7.3: Prospective Financial Information* and *Section 7.5: Historical Financial Information*.

Accordingly Balance Sheet, Cash Flows and Statements of Movements in Equity are presented on a statutory basis.

Description of Pro Forma adjustments

- 1 The results from MACCS have been consolidated throughout the Pro Forma Period, including the period prior to 2 April 2014 where control was deemed to exist for financial reporting periods. The Company’s interest in MACCS is 50.1% which results in a non-controlling interest computation as disclosed in the table below. In respect of historical expenses for MACCS, they have been presented in a manner consistent with how the Group expects it would have treated expenses as if it was owned by the Company for the historical period. The attribution of costs to expense categories has been performed consistently through the historical and prospective financial years.
- 2 It has been assumed that the Vista Group has fully consolidated Virtual Concepts (Movio) for the Pro Forma period from FY11 to FY14F. In the historical financial statements for FY13 this was not the case whereby control was not deemed to exist and the entity was accounted for as an associate. For the 19 months (between 1 January 2013 and 1 September 2014) where significant influence rather than control was deemed to exist, the Pro Forma consolidated income statement assumes that control did exist. This adjustment does not impact FY11 and FY12 but does impact FY13 by increasing revenue by approximately \$2.1 million but decreasing EBITDA by \$0.4 million. For FY14F the revenue impact is an increase of \$2.9 million with a small reduction in EBITDA due to timing of costs.

- 3 For the FY11 and FY12 historical financial statements, BookMyShow revenue was recorded gross being ticket price as opposed to net, being the revenue attributable to the Vista Group. This treatment has been adjusted in FY11 and FY12 by reducing revenue and costs of sales accordingly. This adjustment effects revenue and costs only and has no impact on EBITDA.
- 4 Offer costs, being those one-off listing costs that are required to be expensed, have been shown separately. There are some Offer costs, in addition to those expensed, deducted against equity, which is in proportion to the assumed component of new Shares issued. One-off Offer costs expensed are \$1.7 million.

Explanations of the non-GAAP financial information

The Vista Group's financial statements have been prepared in accordance with NZ GAAP. As such, they comply with NZIFRS as well as IFRS.

Revenue has been highlighted in a number of places to indicate Group performance however in order to assist readers of the Vista Group's financial performance, Vista uses certain non-GAAP financial measures in addition.

This includes several profit measure other than Net Profit. Where non-GAAP financial information is reported, there is a reference to further information to help you interpret those terms which are not defined under NZ GAAP, together with reconciliations showing how the non-GAAP measure has been calculated from the historical and prospective financial statements.

Because they are not defined by NZ GAAP, IFRS, or any other body of accounting standards, the Vista Group's calculation of these measures may differ from similarly titled measures presented by other companies. These measures are intended to supplement the NZ GAAP measures presented in the Group's financial statements and not as a substitute for those measures.

EBITDA and related profit measures

EBITDA (or EBITDA after non-controlling interests) is earnings before net finance expense, income tax, depreciation, and amortisation.

EBITDA (before Offer Costs) is earnings before net finance expenses, depreciation, amortisation and offer costs.

Vista Group management uses EBITDA and related profit measures to evaluate operating performance without the impact of non-cash depreciation or amortisation of acquisition related intangibles, capital position and tax.

EBITA and related profit measures

EBITA is earnings before net finance expenses, tax and amortisation.

Vista Group management uses EBITA and related profit measures to evaluate operating performance without the impact of non-cash amortisation of acquisition related intangibles, capital position and tax.

NPATA and related profit measures

NPATA is net profit after income tax before amortisation.

NPATA excluding issue costs is net profit after income tax, amortisation, issue costs.

Vista Group management considers that NPATA and related profit measures allow a better comparison to other companies as the measure excludes the amortisation from acquisition related intangibles.

Net Cash

Net Cash is total cash less total current and non-current loans and borrowing of the Group.

You can find a full description of assumptions and sensitivities relating to the prospective financial information for FY14F and FY15F in *Section 7.3: Prospective Financial Information*, along with PFI presented in further detail.

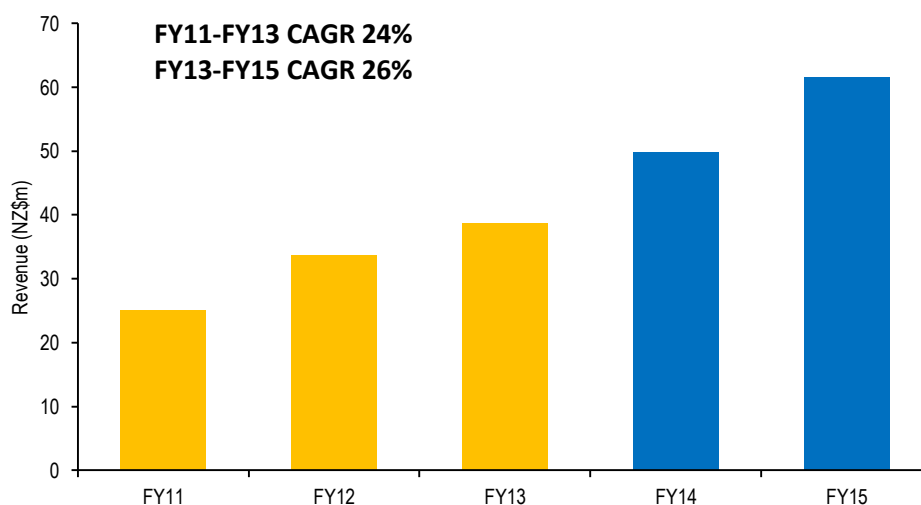
Selected Operational Metrics

As at 31 December	FY11 Historical	FY12 Historical	FY13 Historical	FY14F Forecast	FY15F Forecast
No of installed sites – cumulative Vista Cinema	1,993	2,409	2,975	3,865	4,376
No of installed sites – year - Vista Cinema	256	416	566	890	511
Group Pro Forma FTE's	138	174	219	311	358
Revenue per FTE (Pro Forma \$000)	181	194	177	160	171

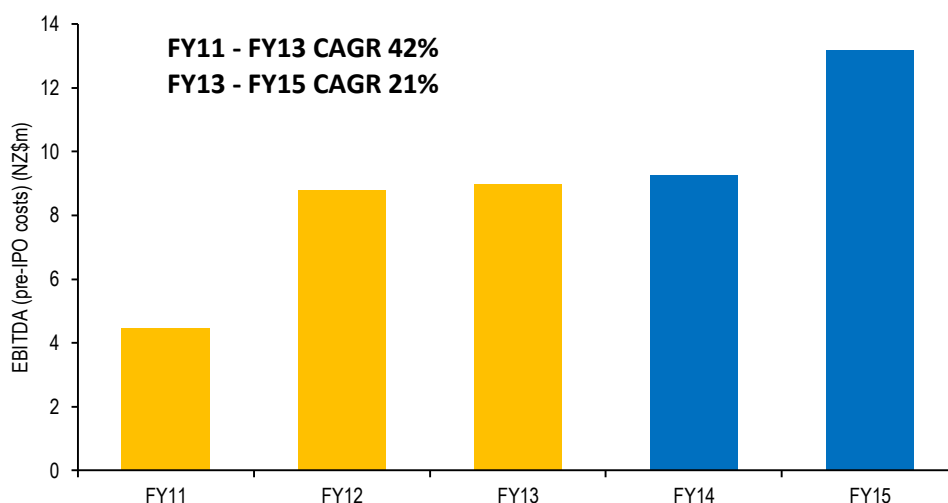
Explanations of Trends in Financial Performance

The charts below summarise the movement in Pro Forma revenue and Pro Forma EBITDA for the period FY11, FY12 and FY13 and the PFI for FY14F and FY15F. These charts allow for a comparison of historical Pro Forma revenue and Pro Forma EBITDA in the PFI Period.

Vista Group Pro Forma Revenue Trends, FY11 – FY15F



Vista Group Pro Forma EBITDA Trends, FY11 – FY15F



Below is an overview of primary drivers of the Vista Group's year on year Pro Forma revenue and Pro Forma EBITDA performance for FY11 to FY15F. A full description of assumptions and sensitivities relating to the PFI for FY14F and FY15F is in *Section 7.3: Prospective Financial Information*. Historical financial performance is further discussed in *Section 7.5: Historical Financial Information*.

Overview of Historical Pro Forma Revenue and Pro Forma EBITDA for FY12

Pro Forma revenue increased \$8.7 million in FY12 driven by an increase in the number of sites installed from 256 to 416. In particular the Vista Group commenced the delivery of two major contracts in the UK and the USA which together contributed approximately \$4.0 million of revenue. Maintenance revenue grew by \$2.7 million reflecting an increasing number of cumulative sites installed with the remaining increase primarily attributable to increasing services revenue.

Pro Forma EBITDA increased by \$4.3 million reflecting the EBITDA impact of revenue explained above offset by an increase of \$3.6 million in employee costs reflecting the full year impact of recruitment and ongoing investment by the Vista Group in its employees.

Overview of Historical Pro Forma Revenue and Pro Forma EBITDA for FY13

Pro Forma revenue increased by \$5 million to \$38.7 million in FY13 as a result of four more significant contracts deployed in the USA and Europe totaling 243 sites as further gains in market share were made in these markets.

Pro Forma EBITDA was flat reflecting significant additional investment in personnel as the Group prepares for future growth and preparing itself for being a listed company.

Overview of Prospective Pro Forma Revenue and Pro Forma EBITDA (before Offer costs) for FY14F

Pro Forma Revenue for FY14F is forecast to grow by \$11.2 million. This reflects \$5 million contracted additional revenue in respect of forecast maintenance revenue from significant customer installation programs in the USA. Other revenue growth is supported by Europe and China. Furthermore, the Group's acquisition of MACCS and Movio is expected to contribute further growth from that demonstrated in the Pro Forma Period. The combined impact of the acquisitions is expected to contribute a further \$4.2 million of revenue in FY14F. Further growth in revenues is forecast from the Vista Group's customer base consistent with growth achieved in the historical period.

Pro Forma EBITDA (before Offer costs) is expected to increase a further \$0.4 million, reflecting the impact of revenue growth described above offset by further investment in personnel and research and development.

Overview of Prospective Revenue and EBITDA (before Offer costs) for FY15F

Revenue for FY15F is forecast to grow by \$11.6 million. This growth reflects the significant contribution that the Group expects from both MACCS and Movio as both product offerings are extended into the USA, which is forecast to contribute approximately \$6.2 million of growth. Complementing this, Vista Group expects to continue to grow maintenance and services revenue across its customer basis in line with growth currently achieved as sites installed increase.

An EBITDA (before Offer costs) increase of \$3.9 million in FY15F reflects forecast revenue growth with the offsetting investment in personnel and research and development continuing, but at a declining rate relative to revenue.

7.3 Prospective Financial Information

This section contains:

- the basis of preparation for the consolidated PFI for the Vista Group, including the significant accounting policies;
- a description of the board's best estimate of general and specific assumptions that underpin the PFI contained in this Investment Statement;
- the consolidated PFI for the Vista Group, as required by clause 11(1)(c) of Schedule 1 to the Securities Regulations, which includes prospective consolidated statements of comprehensive income, balance sheets, changes in equity and cash flows; and
- an analysis of the sensitivity of PFI to changes in specific key assumptions.

Basis of Preparation

The consolidated PFI, for FY14F and FY15F has been prepared in accordance with the requirements of FRS-42 Prospective Financial Statements, subject to the Securities Regulations, specifically for the purpose of the Offer and may not be suitable for any other purpose.

The PFI, including the assumptions underlying it, has been prepared by management and approved by the Board. They are based on the Board's assessment of events and conditions existing at the date of the Prospectus and the accounting policies and best estimate assumptions set out under the heading "General and Specific Assumptions". The Board approved the consolidated PFI on 2 July 2014 for use in this Prospectus and the Investment Statement.

PFI by its nature involves risks and uncertainties, many of which are beyond the control of the Vista Group. The Board believes that the consolidated PFI has been prepared with due care and attention, and consider the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. Actual results are likely to vary from the information presented as anticipated events and results may not occur as expected, and the variations may be material. Accordingly, neither the Directors nor any other person can provide any assurance that the PFI will be achieved and investors are cautioned not to place undue reliance on the PFI.

The consolidated PFI for FY14F includes trading results for the three months to 31 March 2014.

There is no present intention to update the consolidated PFI or to publish PFI in the future, other than as required by accounting standards. The Vista Group will present a comparison of certain line items of the consolidated PFI with actual financial results when reported in accordance with NZ GAAP and regulation 44 of the Securities Regulations.

All financial information in this section is presented in NZD and rounded to the nearest thousand.

The PFI includes items considered non-GAAP financial information, including the following profit measures. EBTIDA – earnings before net finance expense, income tax, depreciation, and amortisation, EBITA – earnings before interest, tax, and amortisation, and NPATA, being Net Profit after Tax before amortisation has all been disclosed. Where non- GAAP financial information is reported there is a reference to further information to help you interpret those terms.

The significant accounting policies applied to the preparation of the consolidated PFI are set out in *Section 7.5.2: FY13 Audited Financial Statements*.

Other than those included in the specific assumptions section below no new accounting policies have been adopted in the PFI period. However, any further changes to NZ GAAP could necessitate changes

in the accounting policies currently adopted and any new or amended accounting standards, or interpretation may impact the actual financial results or financial position.

General and Specific Assumptions

A description of the Board's best estimate general and specific assumptions upon which the consolidated PFI is based are summarised below and should be read in conjunction with the information set out under *Section 6: What are my Risks?* of this Prospectus and the Investment Statement.

General Assumptions

Political, legislative and regulatory environment

There will be no material change in the Vista Group's competitive, political, legislative or regulatory environment. It is assumed that sales of our products will not be adversely affected by any adverse publicity about our products

Economic environment

There will be no material change in the general economic environment in which the Vista Group operates or sells its products.

Key customers, suppliers and distribution channels

There will be no material change in existing contractual, business and operational relationships with the Vista Group's key customers, suppliers and resellers throughout the PFI Period. Relationships with other key customers and resellers and suppliers, should they cease, will be replaced by arrangements with other parties on similar levels of activity and contractual terms.

Competitive environment

There will be no material change to the competitive dynamics of the markets in which the Vista Group operates or sells its products, including any material change in competitor environment.

Disruption to operations

There will be no material disruption to operations, including natural disasters, fires or explosions, input product supply or quality issues, product recall requirements or through normal hazards associated with Vista's activities (including disruptions to, or affecting, any of the Vista Group's suppliers or resellers).

Taxation

There will be no material change to the New Zealand corporate tax rate of 28% or any region in which the Vista Group has a material tax exposure. There will be no material changes to corporate tax laws in any jurisdiction that would affect the Vista Group.

Accounting standards

Accounting standards and interpretation will remain consistent throughout the PFI Period. The prospective financial statements assume there will be no material change in NZ GAAP during the PFI Period. It is assumed that the Vista Group will not early adopt any accounting standards that have been issued but are not currently effective.

Acquisitions and disposals

It is assumed that the Vista Group will not undertake any material acquisitions or disposals other than those disclosed in the specific assumption section below.

Key Directors, senior management, personnel and consultants

It is assumed that Directors, senior management key personnel and consultants remain in employment of the Vista Group or be available to the Group as required.

Specific Assumptions

Accounting policies

The Vista Group's accounting policies will remain constant throughout the period covered by the prospective financial statements except for the new policies discussed below. The Vista Group's existing accounting policies are set out in the historical financial statements for the year ended 31 December 2013 included in *Section 7.5: Historical Financial Information*.

In addition to the accounting policies of the Vista Group set out in the 2013 financial statements, the Group intends to adopt the following accounting policies:

Share Capital

Ordinary share capital is recognised at the fair value of the consideration received by the Vista Group. Transaction costs related to the listing of new Shares and the simultaneous sale and listing of existing Shares are allocated to those transactions on a proportional basis.

Transaction costs relating to the sale and listing of existing Shares are not considered costs of an equity instrument as no equity instrument is issued, and consequently costs are recognised as an expense in the Statement of Comprehensive Income when incurred. Transaction costs related to the issue of new share capital are recognised directly in equity as a reduction of the Share proceeds received.

Intangible Assets

Intellectual property and customer relationships acquired as part of business combinations have the following useful economic lives:

- intellectual property – 10 to 15 years;
- customer relationships – 10 years.

Business Combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition.

The cost of the acquisition is measured as the aggregate of the consideration transferred measured at the acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquirer at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred and included in administrative expenses.

On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated Statement of Financial Position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Company's and Group's accounting policies.

Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any excess of identifiable net assets over acquisition cost is recognised in profit or loss immediately after acquisition.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and the resulting gain or loss is recognised in the profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of NZ IAS 39 Financial Instruments: Recognition and Measurement, is measured at

fair value with change in fair value recognised in either profit or as a change to Other Comprehensive Income.

Basis of Consolidation

The Group financial statements consolidate those of the parent company, Vista Group International Limited, and its subsidiaries. A subsidiary is any reporting entity over which the Group has the power to control the financial and operating policies and takes into account the voting rights and terms of appropriate shareholder agreements. The subsidiary has 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.

Business combinations

The following transactions are assumed to occur in the PFI period:

Acquisition of 50.1% of MACCS

In April 2014, Vista acquired 25.1% of the share capital of MACCS with an option to acquire a further 25% of the shares for a total of EUR5.75 million (\$9.3 million). All share capital acquired is from the existing owners of MACCS. MACCS has a 90% investment in VPFHub GmbH; a German registered Company.

It is assumed the option is exercised by the Company on 1 September 2014, shortly after the Offer proceeds are received.

The following assumptions have been made in respect of the acquisition and the ongoing treatment of MACCS in the PFI:

- The option to acquire the 25% shareholding in MACCS is deemed to be substantive and the existing shareholders agreement provides sufficient power to the Company to determine that the Company controls MACCS from the date of the agreement. The shareholder's agreement permits the Company to make certain operating and strategic decisions, when there is a deadlock, for fixed consideration to the remaining shareholders. Accordingly, MACCS has been consolidated into the Vista Group results from this date. It is assumed that no such payments are made in the PFI period.
- The non-controlling interests in MACCS are assumed to be measured at fair value on acquisition. Fair value was determined using the value per share determined by the Company's acquisition less a discount to reflect the fact that it is a non-controlling interest.
- The Company has assumed that definite life intangible assets with a value of EUR3.2 million (NZ\$5.1 million) were acquired and separately recognised on the acquisition balance sheet.
- Goodwill created from the transaction has assumed to be EUR6.7 million (NZ\$10.7 million).
- Impairment testing for this balance at 31 December 2014 has determined that based on forecast cash flows the goodwill is not impaired.
- A deferred tax liability of \$1.4 million is recognised on the acquisition balance sheet in respect of the depreciable intangible assets.

Acquisition of the remaining share capital in Virtual Concepts

The Vista Group currently own 57% of the share capital of Virtual Concepts and have signed sale and purchase agreements to purchase the remaining 43% of the share capital after the Allotment Date. In the FY13 financial statements the investment in Virtual Concepts was equity accounted as it was determined that the Vista Group exerted significant influence but not control.

In the FY11 and FY12 financial statements Virtual Concepts was consolidated in the Vista Group financial statements.

The initial consideration for the 43% in Virtual Concepts is \$10.8 million. Further deferred contingent consideration, which is capped at \$9.8 million, is split evenly into two tranches and will be payable based on a number of performance target criteria. The Company has provided for a total of \$5.9 million in the PFI Period (based on the expected payout), which is included in the balance sheet at its present value.

The sale and purchase agreement allows the Vista Group to settle the deferred consideration with a minimum of 30% cash and the balance in shares (at the discretion of the Vista Group). The settlement of the deferred consideration is assumed to be outside the PFI Period.

The following assumptions have been made in respect of the acquisition and the ongoing treatment of Virtual Concepts in the PFI:

- It is assumed the initial consideration of \$10.8 million will be satisfied as to \$3.9 million in cash and the balance of \$6.8 million in Shares valued at the Final Price. On completion of this acquisition the Vista Group is assumed to control Virtual Concepts and the financial results of Virtual Concepts are consolidated into the Vista Group.
- The two founders of Movio will remain in employment of Movio until at least March 2017.
- It is assumed that the current carrying value of the investment in Virtual Concepts equates to its fair value at the time that control is attained. The fair value of the consideration has been calculated using a payout associated with the probability-weighted average of all possible outcomes. The total deferred consideration of \$5.9 million is recognised as a financial liability on the Group's balance sheet.
- The payment of the deferred consideration is to be made after the PFI Period and is expected to be \$5.9 million. To reflect the time value of money the consideration has been discounted using a rate of 8% giving rise to a total discount of approximately \$1 million. The present value of this expected payment (\$5.9 million) is \$4.6 million as at 1 January 2014. The effect of the discounting unwinds over the PFI Period and the balance sheet by FY14F is \$5.1 million and FY15F \$5.7 million.
- The Vista Group reviewed the intangible assets associated with Movio and have identified \$1.9m of definite life intangible assets have been separately recognised on the acquisition balance sheet.
- Goodwill of \$16.3 million is assumed to be recognised on the Group balance sheet at the date of acquisition. It is assumed the goodwill will not be impaired in the PFI Period.
- A deferred tax liability of \$0.6 million is recognised on the acquisition balance sheet in respect of the depreciable intangibles.

Sale of shares in BookMyShow

BookMyShow Limited has a pre-existing arrangement to allot 26% of the share capital in BookMyShow to Big Tree International PVT Limited. The allotment took place in May 2014 for US\$15,000.

Sale of shares in Numero

Numero is a start up company established by the Vista Group. As at the date of this Prospectus, the Company holds all of the shares in Numero. Certain Numero senior managers have been offered (and have accepted subject to agreement of appropriate documents) a 50% stake in Numero in consideration for A\$60,000 (in aggregate). The allotment of these shares is intended to be completed in FY14F. The shares allotted to Numero Senior Management are intended to retain those employees and incentivise performance.

Given the Vista Group had previously held 100% of the share capital (notwithstanding the pre-existing arrangement with Numero senior management referred to above), Numero has historically been consolidated in the Group's financial statements. Post the allotment of shares to Numero senior

management, it is assumed that the Vista Group will have significant influence (but not control) over the investment and therefore it will be equity accounted from FY14F (not consolidated).

Revenue

Overview

The Vista Group has four key sources of revenue:

- revenue from VES which is split into three subgroups: product, services and maintenance;
- data analytics revenue generated by the Movio products;
- revenue generated by MACCS' film distributor; and
- revenue from online ticketing solutions from BookMyShow.

The Vista Group's actual and forecast revenue split on a Pro Forma basis is presented in the following table:

Table 1: Revenue by Product Type

<i>NZ\$000</i>	FY11	FY12	FY13	FY14F	FY15F
	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Statutory
Product	7,709	11,713	12,065	13,035	15,165
Services	2,292	3,463	4,179	5,001	4,630
Maintenance	9,104	11,794	13,931	19,089	22,768
Cinema Software (VES)	19,105	26,970	30,175	37,125	42,563
BookMyShow	217	273	294	395	409
Data Analytics (Movio)	100	810	2,170	5,135	9,075
Film Distribution (MACCS)	5,596	5,674	6,031	7,246	9,500
Total revenue	25,018	33,727	38,670	49,901	61,547

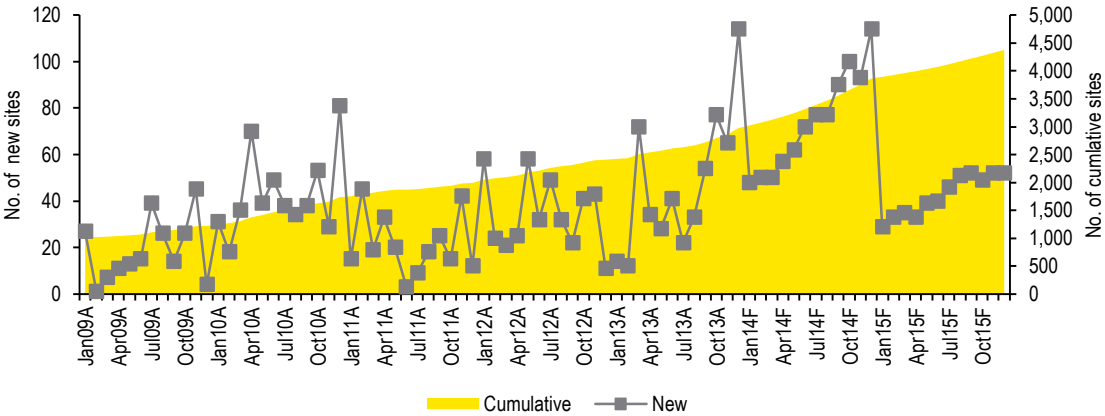
Pro Forma revenue is anticipated to grow 29% to \$49.9 million in FY14F and then 23% to \$61.5 million in FY15F. The key assumptions associated with each of the product groups as discussed below.

Vista Entertainment Solutions – product revenue

Product revenue is driven by the number of sites where VES's products are installed and the average price per installed site. The price varies based on the prevailing foreign exchange rates.

It is assumed the number of new sites installed will increase from 566 in FY13 to 890 in FY14F and then decrease to 511 in FY15F. The number of new sites and the number of cumulative sites where product has been installed in the historical financial information and PFI is depicted in the following graph.

Table 2: Number of Licence Sites (New and Cumulative)

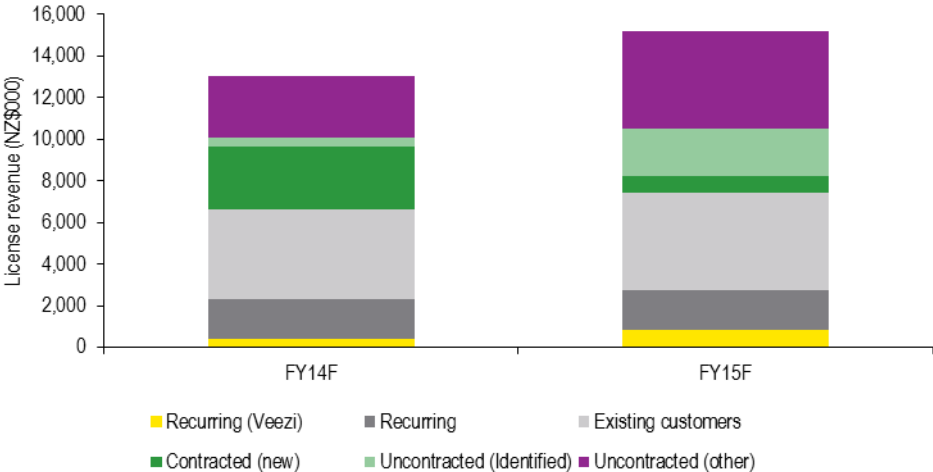


The PFI Period product revenues by product are split between:

- Recurring Revenues (from Veezi and licence rental fees);
- revenues from existing customers from anticipated new sites opened or acquired by Vista Entertainment Solutions' customers;
- revenues from new customers that are either:
 - contracted;
 - uncontracted where the customer has been identified; or
 - uncontracted where the customer has not been identified.

Unidentified revenues are analysed by geographical region and are based on the past experience of Vista Entertainment Solutions as to the quantum of previously unidentified that has historically been achieved.

Table 3: FY14F/FY15F Vista Entertainment Solutions' Product Revenue by Type



Income from Veezi is assumed to be \$0.4 million in FY14F and \$0.8 million in FY15F.

For larger contracts a deposit is received with the balance payable on installation.

Revenue in respect of non-recurring product licences is recognised when the product is installed at the customers’ site. Any revenue received before the product is installed is recognised in the balance sheet as pre-billed deferred revenue.

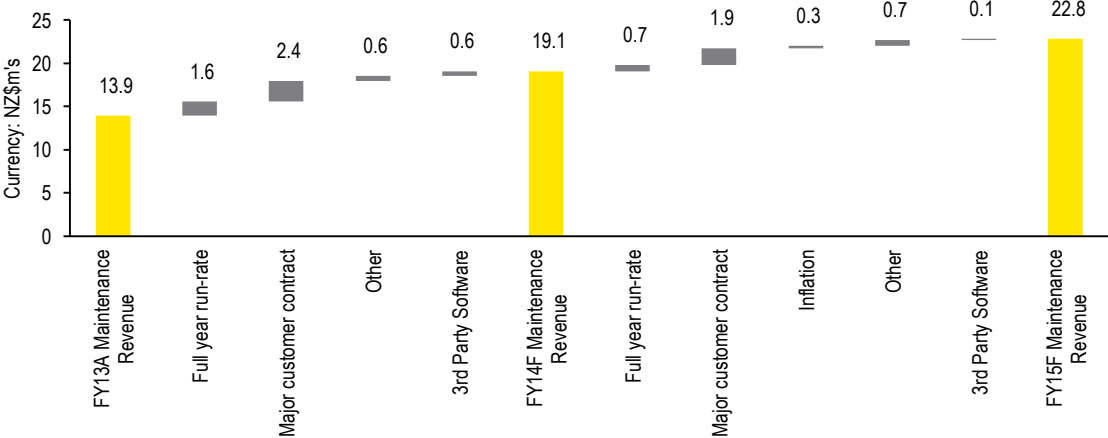
Vista Entertainment Solutions – maintenance revenue

The Vista Group contracts include a maintenance agreement which entitles the holder to receive software enhancements and access to the services helpdesk. Whilst there is no legal entitlement to receive and pay for this service, over 98% of Vista Cinema sites currently do so.

It is assumed in the PFI that a similar proportion of customers continue to receive and pay the annual maintenance fee.

Annual maintenance revenues increase from \$13.9 million in FY13 to \$19.1 million in FY14F and then to \$22.8 million in FY15F. The movements are depicted in the following bridge.

Table 4: FY14F/FY15F Vista Entertainment Solutions’ Maintenance Revenue Bridge



As noted above \$2.4 million of the increase in maintenance fees in FY14F and \$1.9 million of the maintenance fees in FY15F relate to a contract the Vista Group has signed with a major customer. Vista Cinema’s maintenance contracts contain either CPI adjustment clauses or equivalent mechanisms to increase maintenance fees over time. An average CPI index is factored into the maintenance revenue PFI.

Maintenance fees are invoiced periodically in advance and recognised as revenue on a straight line basis over the period to which they relate.

Vista Entertainment Solutions – services revenue

Services revenue is generated from installation of Vista Entertainment Solutions’ products to new customers and development and support for existing and new customers.

Vista service revenue increases from \$4.2 million in FY13 to \$5 million in FY14F, falling to \$4.6 million; representing an 11% increase over the two years.

The prospective service revenue is based on management’s expectations of revenue pipeline based on the expected growth in new and existing customers. The assumptions are supported by a corresponding growth in service facing personnel.

Film Distribution Software (MACCS) revenue

Film Distribution Software revenues are derived from the same source as Vista Entertainment Solutions' revenue being product, maintenance and services. In FY14F it is forecast that 39%, 53% and 8% of revenues will be generated from maintenance, services and product fees respectively.

MACCS' strategic growth is focused establishing an office in Los Angeles and developing opportunities in the USA. MACCS have assumed securing work with one or more major USA film studios and included in the PFI is \$0.6 million of revenue in FY14F and \$2 million of revenue in FY15F that pertain to this growth initiative.

Data analytics (Movio) revenue

Significant revenue growth is forecast for the data analytics (Movio) business. Revenue is forecast to increase from \$2.2 million in FY13 to \$5.1 million in FY14F (a 137% increase) to \$9.1 million in FY15F (a 77% increase). The Movio business has a number of income streams as shown in the following table.

Table 5: Data Analytics (Movio) Revenue Split by Type

Currency: NZ\$000			
	FY14F	FY15F	
Licence fees	2,242	3,829	
Other exhibitor revenue	1,129	2,410	
Project revenue	1,232	1,708	
Services	532	1,128	
Total revenue	5,135	9,075	

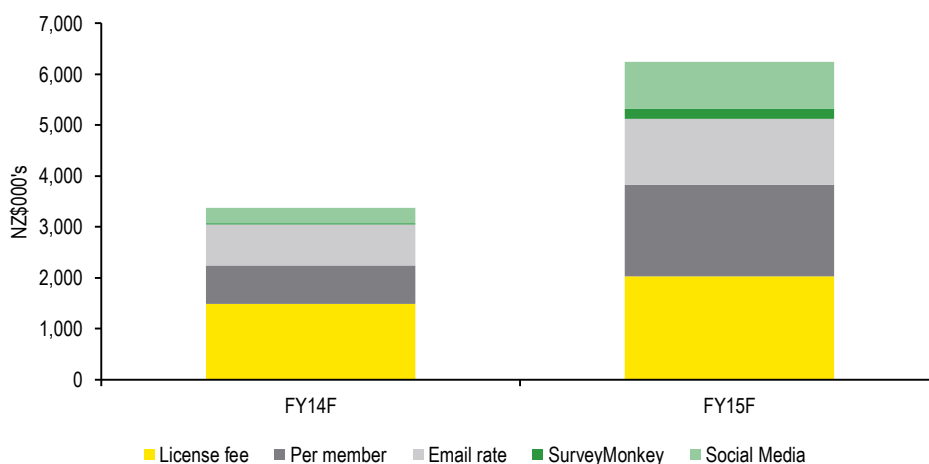
Licence fees, receivable from cinema exhibitors for the use of the Movio software are either or both of the following:

- based on variables such as the number of members or customers on a database or the number of site locations; and
- paid annually based on fixed fee with contracted terms (typically two years).

The licence fee is a recurring annual fee payable whilst the software is still in use. Movio are not anticipating losing any major customers in the PFI Period.

Other exhibitor's fees include fees for outgoing communications, through email distribution, survey monkey and social media. A chart showing the split between the type of revenue receivable from cinema exhibitors in the PFI Period is below.

Table 6: Analysis of Licence and Other Exhibitors Revenue by Type



The growth in “per member” licence fees is due to the targeted growth of Movio in the USA where this type of fee arrangement is more common.

Revenue is currently being generated from email distribution. The social media and the survey monkey distribution tools are currently being constructed by Movio and are anticipated to be available in August 2014 and November 2014 respectively. The service offerings are in response to demand from cinema exhibitors for these kinds of distribution tools.

Revenue from cinema exhibitors have been determined in the PFI as follows:

- expected revenues by service offering have been assigned to new and existing customers;
- for existing customers revenues are based on contracted licence fee agreements with estimates for the variable portions based on growth projections. Where a contract ends in the PFI period it assumes the contract will roll over on terms similar to the existing contracts; and
- for new customers a probability weighting has been assigned to the expected revenues to reflect the level of uncertainty in securing the contract. With a few minor exceptions only new customers, where there is a probability of 50% or more, have been included in the PFI revenues.

Project revenues predominantly relate to research and development projects for existing customers and the development of the Numero product. Services revenues relate to income from the recharge of software development, consultancy and training.

Expenses

Total Pro Forma expenses are forecast to increase over the PFI period from \$29.7 million in FY13 to \$40.6 million in FY14F and to \$48.3 million in FY15F. Almost 70% of Pro Forma expenses are wage costs in FY14F.

Pro Forma expenses are presented in the table below:

Table 7: Pro Forma Expenses

		FY11	FY12	FY13	FY14F	FY15F
<i>Currency: NZ\$000</i>	Notes	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Statutory
Sales and marketing expenses		1,262	1,526	2,555	2,878	3,786
Operating expenses		12,423	15,925	18,087	24,604	29,163
Administration expenses		6,858	7,488	9,060	13,134	15,402
Total expenses		20,543	24,939	29,702	40,616	48,351
Comprised:						
Services		2,129	2,798	4,115	7,065	9,355
Development		5,162	6,566	8,401	11,340	12,964
Admin and other		3,923	5,441	6,593	8,978	10,443
Labour contracted		1,399	1,422	1,028	1,253	1,361
Total Employee costs		12,613	16,227	20,137	28,636	34,123
Distribution and other costs		3,731	5,139	4,545	4,944	5,483
Sales and marketing expenses		1,262	1,526	2,555	2,878	3,786

Others	3,400	2,525	3,111	4,842	5,643
(less: Grant income)	(463)	(478)	(646)	(684)	(684)
Total expenses	20,543	24,939	29,702	40,616	48,351

Additional sales and marketing costs (which include travel costs) were incurred in FY13 as a result of Vista Group rebranding, the establishment of Veezi's marketing collateral, the bi-annual customer conference and a general push to expand and support the sales effort internationally. The ongoing increases in FY14F and FY15F are to support and enhance the sales focus of the Group as it moves from its existing cinema industry focus to a wider film industry focus.

Employee costs have risen in line with actual and forecast growth in staff numbers. Staff numbers across Development, Services and Administration have increased from FY13 to FY15F to support growth, particularly in the new Group businesses (Movio, Veezi and Numero) and to ensure the Group has the capability to execute on new contracts won.

Operating expenses comprise employee costs (services, development and labour contracted) and distribution and other costs. Operating expenses in the forecast period are based on assumed FTE by expense type as disclosed below in a manner consistent with Vista's business model and growth forecasts throughout the forecast period.

Pro Forma employee FTE's from FY11 to FY15F are presented in the following table.

Table 8: Pro Forma FTE's by Type

<i>No: (at end of year)</i>	FY11	FY12	FY13	FY14F	FY15F
VES					
Services	34	49	63	88	100
Development	37	50	59	88	95
Administration & sales	20	28	29	40	44
Contractors	10	5	6	3	5
	101	132	157	219	244
Movio	4	7	25	52	69
MACCS	33	35	37	40	45
Total employee FTEs	138	174	219	311	358

FTE's are based in New Zealand, the UK, the USA, the Netherlands and China. The strongest growth in FTE's is assumed to be in the USA (from 28 FTE's in FY13 to 48 in FY15F) but approximately 50% growth in FTE's is also assumed in New Zealand, the UK and China offices.

As at May 2014 the Vista Group had 256 FTE's.

EBITDA by division

The following table shows Pro Forma EBITDA split between business units.

Table 9: EBITDA by business unit

<i>Group</i>	FY11	FY12	FY13	FY14F	FY15F
<i>Currency: NZ\$000</i>	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Statutory

VES (including BMS)Cinema and distributor software ²⁸	4,686	8,972	9,392	8,915	11,095
Data Analytics (Movio)	(211)	(184)	(424)	370	2,101
Total Pro Forma EBITDA ²⁹	4,475	8,788	8,968	9,285	13,196

The Vista Group has invested for growth and future revenue generating opportunities over FY13 and FY14F. This has seen a growth in FTE numbers to support new customers coming on stream as well as in additional products (Veezi, Maccsbox and Movio) where development costs are expensed and revenue is yet to be generated.

Dividends

The Vista Group's dividend policy is to distribute 30% to 50% of profit subject to immediate and future growth opportunities. At present, the Vista Group does not intend to pay any further dividend in FY14F or FY15F, but instead to use the capital to execute on growth opportunities.

The Directors will monitor the Group's projected cashflow and capital requirements and will review this policy on an annual basis.

A dividend of \$3.5 million has been paid in FY14F to Existing Shareholders, prior to the listing date.

Taxation

The Vista Group expects to be profitable across the PFI Period. Tax expenses have been calculated based on current rates in the regions where the profit is anticipated to be made.

Debt, investments and interest rates

It is assumed that a Euro denominated loan is drawn to pay for the initial 25.1% of the MACCS shares. No capital repayments are assumed in respect of the loan through the PFI Period. Interest is paid at 3.13%, although proceeds from the Offer will be set aside to cover this loan, creating a partial hedge.

Surplus cash balances will be placed in a short term deposit as appropriate to earn interest. The PFI assumes an interest rate of 4.25%.

Working capital

The nature of the Vista Group's product and maintenance agreements means the business usually operates with a net working capital assets. December in particular is a month where a large quantum of pre-billing is performed and hence debtors and creditors tend to be higher in December when compared to the rest of the year.

The PFI period assumes that trade debtors and trade payables will be consistent with the historical period.

As at 31 December 2013, the Vista Group had net working capital (trade and other receivables less trade and other payables) of \$1.3 million. At 31 December 2014 this is forecast to increase to \$1.8 million. At 31 December 2015 it is assumed that trade and other payables exceed trade and other receivables by \$0.6 million.

Capital expenditure

Capital expenditure in the PFI Period largely consists of purchases of fixtures and fittings and computer equipment, and is driven by increases in headcount. Capital expenditure in FY14F is \$1.8 million and \$1.1 million in FY15F.

²⁸ Vista Entertainment Solutions and MACCS (including non-controlling interest).

²⁹ Excluding Offer costs.

Research and development costs

Research costs are expensed as incurred.

Development costs that meet the recognition criteria under NZ IAS 38: Intangibles are capitalised. Historically, a substantial portion of development costs have been incurred maintaining and making minor modifications to the existing software. On this basis these costs have not been capitalised.

It is assumed that all development costs, except \$0.8m of development costs in each of FY14 and FY15 included within Numero, are of a similar nature to those costs expensed in the historical period.

Capital raising costs

It is assumed that the Vista Group will receive gross proceeds of \$40 million from the Offer.

Of the \$3.6 million in costs paid by the Group, \$1.9 million has been allocated to the costs associated with raising new share capital and recognised as a reduction of equity. The remaining \$1.7 million has been allocated to the sale of existing share capital and expensed in the Income Statement.

Foreign exchange

Approximately 98% of the Vista Group's revenues are denominated in overseas currencies, with approximately 50% of costs also denominated in overseas currencies.

Foreign exchange been assumed at the following rates for the PFI Period: USD .85, GBP .51, EUR .62, AUD .92 and RMB 5.1.

The following table shows the revenue exposure by currency.

Table 10: Revenue Exposure to Foreign Currency in the PFI Period

<i>Currency: NZ\$000</i>	% of Revenue			
	FY14F	FY15F	FY14F	FY15F
USD	20,929	29,273	46%	48%
GBP	14,212	15,098	31%	25%
EUR	5,435	9,500	12%	15%
AUD	1,124	2,793	2%	5%
RMB	2,483	3,774	5%	6%
Total foreign currency	44,183	60,439	98%	98%
NZD	1,061	1,108	2%	2%
Total Revenue per invoices/PFI	45,244	61,547	100%	100%

Contingent Assets and Liabilities

There are no known contingent assets and liabilities year ended 31 December 2013. There has been no change in the nature or status of these contingent assets and liabilities and there are no other known material contingent assets or liabilities as at the date of this Offer.

Consolidated PFI

Prospective Statement of Comprehensive Income

12 months ending 31 December (\$000) NZ\$000	FY14F Forecast Pro Forma	FY14F Forecast Statutory	FY15F Forecast Statutory
Revenue	49,901	45,244	61,547
Sales and marketing expenses	(2,878)	(2,708)	(3,786)
Operating expenses	(24,604)	(22,045)	(29,163)
Administration expenses	(13,134)	(11,548)	(15,402)
Total expenses	(40,616)	(36,301)	(48,351)
EBITDA	9,285	8,943	13,196
Depreciation and amortisation		(958)	(1,355)
EBIT (before Offer Costs)		7,985	11,841
Offer Costs		(1,708)	-
EBIT		6,277	11,841
Finance Costs		(465)	(682)
Finance income		487	1,269
Share of profit/(loss) from associates		(348)	1718
Net Profit before taxation		5,951	12,446
Taxation expense		(2,204)	(3,309)
Net Profit after tax		3,747	9,137
Other comprehensive income		-	-
Total comprehensive income for the year attributable for:		-	-
Non-Controlling Interests		307	1,031
Owners of the Company		3,440	8,106
Total comprehensive income for the year		3,747	9,137

Summary of non GAAP items

12 months ending 31 December (\$000) NZ\$000	FY14F Forecast Statutory	FY15F Forecast Statutory
EBITDA (before offer costs)	8,943	13,196
Depreciation	(574)	(733)
EBITA (before offer costs)	8,369	12,463
Non-Controlling Interest	(307)	(1,031)
Net interest income	22	587
Share of profit/(loss) from associates	(348)	18
Taxation expense	(2,312)	(3,483)
NPATA (excluding offer costs)	5,424	8,554

Prospective Statement of Changes in Equity

12 months ending 31 December \$000 <i>NZ\$000</i>	Issued Capital	Other Reserves	Retained Earnings	Total	Non- Controlling Interests	Total Equity
Balance at 1 January 2013	1,100	(40)	11,273	12,333	-	12,333
Net profit after tax for the period	-	-	3,440	3,440	307	3,747
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	3,440	3,440	307	3,747
Equity attributable to NCI	-	-	-	-	7,959	7,959
Acquisition of subsidiary	-	-	(762)	(762)	-	(762)
Transactions with shareholders						
Contribution by new shareholders from the issue of new share capital	40,000	-	-	40,000	-	40,000
Dividends paid to shareholders	-	-	(3,500)	(3,500)	-	(3,500)
IPO and listing costs charged against equity	(1,940)	-	-	(1,940)	-	(1,940)
Increase in share based deferred consideration	6,825	-	-	6,825	-	6,825
Closing balance 31 December 2014	45,985	(40)	10,451	56,396	8,266	64,662
Net profit after tax for the period	-	-	8,106	8,106	1,031	9,137
Other comprehensive income	-	34	-	34	-	34
Total comprehensive income for the period	-	34	8,106	8,140	1,031	9,171
Equity attributable to NCI	-	-	-	-	(191)	(191)
Closing balance at 31 December 2015	45,985	(6)	18,557	64,536	9,106	73,642

Prospective Statement of Financial Position

As at 31 December <i>NZ\$000</i>	FY14F Forecast Statutory	FY15F Forecast Statutory
Current assets		
Cash and cash equivalents	32,098	43,530
Trade and other receivables	16,548	19,534
Total current assets	48,646	63,064
Non-current assets		
Property plant and equipment	2,697	3,091
Investment in associates	162	216
Intangible assets	6,672	6,050
Goodwill	33,972	33,972
Total non-current assets	43,503	43,329
Total Assets	92,149	106,393
Current liabilities		
Trade and other payables	14,730	20,106
Income tax payable	264	481
Loans and borrowings	629	-
Deferred Consideration	-	3,047
Total current liabilities	15,623	23,634
Non-current liabilities		
Deferred consideration	5,173	2,600
Deferred tax liability	1,868	1,694
Loans and borrowings	4,823	4,823
Total non-current liabilities	11,864	9,117
	27,487	32,751
Net Assets	64,662	73,642
Equity		
Equity attributable to owners of the parent:		
Share Capital	45,985	45,985
Retained earnings	10,411	18,551
Total equity	56,396	64,536
Non-controlling interest	8,266	9,106
Total equity and non-controlling interest	64,662	73,642

Prospective Statement of Cash Flow

12 months ending 31 December \$000 NZ\$000	FY1F4F		FY15F	
	Forecast	Statutory	Forecast	Statutory
Cash flows from operating activities				
Receipts from customers		44,354		59,275
Interest received		486		1,269
Payments to suppliers		(34,935)		(44,032)
Listing costs		(1,708)		-
Interest paid		(239)		(207)
Income taxes paid		(1,800)		(2,912)
Net cash flows from operating activities		6,158		13,393
Cash flows from investing activities				
Purchase of investments		(13,677)		-
Purchase of property, plant and equipment		(1,799)		(1,127)
Net cash flows from investing activities		(15,476)		(1,127)
Cash flows from financing activities				
Proceeds from issue of shares, net of transaction costs		38,060		-
Proceeds from borrowings		4,823		-
Repayment of borrowings		(1,117)		(584)
Dividends paid		(3,786)		(250)
Net cash flows from financing activities		37,980		(834)
Net (decrease) / increase in cash		28,662		11,432
Cash and cash equivalents at start of the period		3,436		32,098
Closing cash and cash equivalents at end of the period		32,098		43,530

Management intends to seek further growth opportunities utilising the Group's cash balance. These may include acquiring competitors, new business opportunities in the film industry, expansion of the Group's Big Data activities or other opportunities that present strategic and commercial benefits to the Group.

Sensitivity Analysis

Introduction to sensitivities

PFI is inherently subject to uncertainty and accordingly actual results are likely to vary from PFI and this variation could be material. You can find a full description of the assumptions relating to the PFI for FY14F and FY15F under the heading "General and Specific Assumptions" in this *Section 7.3*, along with a description of risks in *Section 6: What are my Risks?*

The sensitivity analysis below is provided to assist you with assessing the potential effects of variations in certain key assumptions (defined as those most likely to materially affect results).

The sensitivity for each assumption is not intended to be indicative or predictive of the possible range of outcomes. The sensitivity has been applied to show the effect on forecast revenue and profit before taxation.

Each movement in an assumption is calculated and presented in isolation from possible movements in other assumptions (i.e. when the assumption is sensitised, all other things remain equal).

Sensitivities have been modelled for each specific assumption and an explanation of each is below.

Foreign exchange

The Vista Group generates revenue and incurs expenses in a number of foreign currencies. The foreign currency rates used in the PFI are described under the heading "Specific Assumptions". USD makes up

approximately 50% of the Vista Group's foreign currency exposure. Accordingly, the sensitivity of revenue and operating income to a +/- 5% movement in USD and a further +/- 5% movement in all foreign currencies is shown below.

The impact on FY14F is limited by prepaid revenue and the limited period of the year remaining.

Number of sites and average licence fee per site

The number of projected new sites and average licence fee per site, have been sensitised for a +/- 5% movement. The sensitivity has been calculated on all sites including ones that are contracted. The profit impact is marginally different to revenue due to the impact of distribution payments.

Operating expenses

Operating expenses consisting of staff related costs and other overheads have been sensitised to a +/- 5% movement which reflects both movements in wage costs and timing variations in the employment of assumed personnel.

Sensitivity analysis

<i>Currency: NZ\$000</i>	Increase/decrease	Impact on FY14F	Impact on FY15F
Revenue			
Foreign exchange - USD	5%/(5%)	+/- 404	+/- 1,464
Foreign exchange - All currencies	5%/(5%)	+/- 853	+/- 3,022
Number of sites	5%/(5%)	+/- 313	+/- 622
Average licence fee per site	5%/(5%)	+/- 313	+/- 622
Operating expenses	5%/(5%)	-	-
Net Profit before tax			
Foreign exchange - USD	5%/(5%)	+/- 115	+/- 850
Foreign exchange - All currencies	5%/(5%)	+/- 286	+/- 1,783
Number of sites	5%/(5%)	+/- 293	+/- 564
Average licence fee per site	5%/(5%)	+/- 293	+/- 564
Operating expenses	5%/(5%)	+/- 869	+/- 2,018

7.4 Investigating Accountants Report



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The Directors of Vista Group International Limited
The Due Diligence Committee of Vista Group International Limited,
each of its members and their representatives
Vista Group International Limited
60 Khyber Pass Road, Newton
Po Box 8279
Auckland
New Zealand

3 July 2014

Dear All,

INVESTIGATING ACCOUNTANT'S REPORT ON PROSPECTIVE FINANCIAL INFORMATION

1. Introduction

We have prepared this Investigating Accountant's Report (the "Report") on the prospective financial information of Vista Group International Limited (the "Company") and its subsidiaries (together, the "Group") for inclusion in the prospectus ("Prospectus") to be dated on or about 3 July 2014 and to be issued by the Company in respect of the Initial Public Offering of ordinary shares in Vista Group International Limited.

Expressions defined in the Prospectus have the same meaning in this Report.

2. Scope

Ernst & Young Transaction Advisory Services Limited has been requested to prepare this Report to cover the prospective financial information:

The prospective financial information as set out on pages 59 to 76 of the Prospectus comprises:

- ▶ Prospective consolidated statements of comprehensive income of the Group for the year ending 31 December 2014 and 31 December 2015;
- ▶ Prospective consolidated statements of financial position of the Group as at 31 December 2014 and 31 December 2015;
- ▶ Prospective consolidated statements of movements in equity for the years ending 31 December 2014 and 31 December 2015;
- ▶ Prospective consolidated statements of cash flows of the Group for the years ending 31 December 2014 and 31 December 2015; and
- ▶ Notes and assumptions to these consolidated prospective statements of comprehensive income, movements in equity, financial position and cash flows.

(hereafter, the "Prospective Financial Information").

The Prospective Financial Information is based on the assumptions as outlined on pages 59 to 76 of the Prospectus.

We disclaim any assumption of responsibility for any reliance on this Report or on the Prospective Financial Information to which this Report relates for any purposes other than the purpose for which it was prepared. This Report should be read in conjunction with the Prospectus.

3. Directors' Responsibility for the Prospective Financial information

The Directors of the Group have prepared and are responsible for the preparation and presentation of the Prospective Financial Information. The Directors are also responsible for the determination of the best-estimate assumptions as set out on pages 59 to 76 of the Prospectus.

4. Our Responsibility

Our responsibility is to express a conclusion on the Prospective Financial Information based on our review.

We have conducted an independent review of the Prospective Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

- a. The Directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Prospective Financial Information;
- b. The Prospective Financial Information was not prepared on the basis of the best-estimate assumptions;
- c. The Prospective Financial Information is not presented fairly in accordance with the recognition and measurement principles prescribed in New Zealand Financial Reporting Standards and other mandatory professional reporting requirements in New Zealand, and the accounting policies adopted by the Group disclosed in the annual financial statements of Vista Group International Limited as at and for the year ended 31 December 2013 on pages 85 to 117 of the Prospectus; and
- d. The Prospective Financial Information is unreasonable.

The Prospective Financial Information has been prepared by the Directors to provide investors with a guide to the Group's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur.

There is a considerable degree of subjective judgement involved in the preparation of the Prospective Financial Information. Actual results may vary materially from this Prospective Financial Information and the variation may be materially positive or negative. Accordingly, investors should have regard to the risks set out under the heading "What are my Risks?" in section 6 of the Prospectus.

Our review of the best estimate assumptions underlying the Prospective Financial Information was conducted in accordance with International Standard on Assurance Engagements (New Zealand) 3000, issued by the Council of the New Zealand Institute of Chartered Accountants, applicable to assurance engagements other than audits or reviews of historical financial information.

Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary so as to form the conclusion set out below.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Prospective Financial Information.

5. Review conclusion on Prospective Financial Information

Based on our review of the Prospective Financial Information, which is not an audit, and based on an investigation of the reasonableness of the Directors' best-estimate assumptions giving rise to the Prospective Financial Information, nothing has come to our attention which causes us to believe that:

- ▶ The Directors' best-estimate assumptions do not provide a reasonable basis for the preparation of the Prospective Financial Information;
- ▶ The Prospective Financial Information was not prepared on the basis of the best-estimate assumptions;

- ▶ The Prospective Financial Information is not presented fairly in accordance with the recognition and measurement principles prescribed in New Zealand Financial Reporting Standards and other mandatory professional reporting requirements in New Zealand, and the accounting policies adopted by the Group disclosed in the annual financial statements of Vista Group International Limited as at and for the year ended 31 December 2013 on pages 85 to 117 of the Prospectus; and
- ▶ The Prospective Financial Information is unreasonable.

The best-estimate assumptions, set out on pages 59 to 76 of the Prospectus, are subject to significant uncertainties and contingencies often outside the control of the Group and the Directors. If events do not occur as assumed, actual results achieved and distributions provided by the Group may vary significantly from the Prospective Financial Information. Accordingly, we do not confirm or guarantee the achievement of the Prospective Financial Information, as future events, by their very nature, are not capable of independent substantiation.

6. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services Limited does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Ernst & Young Transaction Advisory Services Limited will receive a professional fee for the preparation of this Report.

Yours faithfully

Ernst & Young Transaction Advisory Services Limited



Andrew Taylor
Director

7.5 Historical Financial Information

This section contains:

- five year summary financial statements for the Group;
- audited financial statements for the Group ended 31 December 2013;
- five year summary financial statements extracted from MACCS and converted into NZ GAAP;
- financial statements for MACCS ended 31 December 2013 and converted into NZ GAAP; and
- Grant Thornton's auditor's report as required by clause 28 of Schedule 1 to the Securities Regulations.

7.5.1 Historical Consolidated Financial Information

The Company was formerly known as VSource Investments Limited (as at 31 December 2013) and InVista Holdings Limited (on balance sheet dates at 31 December 2012 and prior).

Summary consolidated financial statements for the Group, as required by clause 9 of Schedule 1 of the Securities Regulations, are set out below.

The summary financial statements of the Group are presented in NZD and are rounded to the nearest thousand dollars, which may result in some discrepancies between the sum of components and totals within tables. The summary financial statements of MACCS are presented in Euros and are rounded to the nearest thousand Euros.

The summary financial statements comply with FRS-43 Summary Financial Statements, subject to the exemption in clause 9(4) of Schedule 1 of the Securities Regulations, whereby the summary financial statements are not required to include:

- a comparison of, and explanations for major variances between, prospective and historical financial statements;
- information about events occurring after the balance date of a period; and
- comparative information for any period before the earliest period presented in the summary financial statements.

The summary financial statements have been authorised for issue by a resolution of the Directors' dated 2 July 2014. The Board authorised the issue of the full financial statements on the following dates:

- year ended 31 December 2013 on 1 April 2014;
- year ended 31 December 2012 on 27 March 2013;
- year ended 31 December 2011 on 30 March 2012;
- year ended 31 December 2010 on 31 May 2011; and
- year ended 31 December 2009 on 25 November 2010.

The summary financial statements have been extracted from the Company's audited financial statements and unqualified audit opinions were received for each of those financial statements. Summary financial statements cannot be expected to provide as complete an understanding as that provided by full financial statements.

The full financial statements for each period shown in the summary financial statements have been prepared in accordance with NZ GAAP.

The financial statements for the full year ended 31 December 2013 comply with NZIFRS and other applicable financial standards as appropriate for profit-oriented entities.

Financial statements for the period ended 31 December 2012 and earlier have been prepared to comply with NZIFRS, as appropriate for profit orientated entities that qualify for and apply differential reporting concessions. The Vista Group has prepared financial statements using all available differential reporting exemptions except for the exemption available in NZ IAS 18: Revenue.

Changes in accounting policy and transition to full NZIFRS

The Company transitioned to full IFRS for the financial period ended 31 December 2013.

The impact of the transition to full NZ IFRS is disclosed in Note 3 of the financial statements of the Company for the year ended 31 December 2013.

No restatements of the FY12 financial information were made as a result of the transition to full NZ IFRS.

Two changes in accounting policies were adopted by the Company over the period that resulted in a restatement of financial information.

Restatement of the investment in Virtual Concepts

In the FY13 financial year, the Company adopted NZ IFRS 10: Consolidated Financial Statements. The Company's investment in Virtual Concepts been reassessed under the requirement of the new standard.

As a result it was determined the Company exerted significant influence rather than control over the investment and the investment was equity accounted rather than fully consolidated.

The impact of this change is further described in Note 3 of the FY13 financial statements.

Revenue recognition from ticket sales in Book My Show NZ Limited

Revenue from ticket sales in Book My Show NZ Limited (a subsidiary of the Company) was recognised in the financial statements of the Vista Group in FY12 and prior.

In FY13 the Company changed its accounting policy so that only the commission received by the Company was recognised as revenue.

The impact of this change is further described in Note 3 of the FY13 financial statements.

Vista Group International Limited – Consolidated Statement of Comprehensive Income

12 months ending 31 December (\$'000)	FY09 Historical	FY10 Historical	FY11 Historical	FY12 Historical Restated	FY13 Historical
Total Revenue	15,115	24,136	21,486	27,483	30,493
Sales and marketing expenses	(706)	(822)	(1,146)	(1,284)	(2,108)
Operating expenses	(8,749)	(12,646)	(11,724)	(12,227)	(13,329)
Administration expenses	(3,340)	(3,985)	(5,447)	(5,382)	(6,638)
Depreciation and Amortisation	(140)	(233)	(398)	(376)	(336)
Operating Profit	2,180	6,450	2,771	8,214	8,082
Finance costs	(13)	(264)	(232)	(156)	(106)
Finance income	16	77	57	95	90
Share of loss from associates	-	-	-	(108)	(251)
Profit before taxation	2,183	6,263	2,596	8,045	7,815
Taxation expense	(676)	(1,860)	(684)	(2,393)	(2,096)
Profit for the year	1,507	4,403	1,912	5,652	5,719
Other comprehensive income	-	-	(17)	(18)	(5)
Total comprehensive income for the year attributable for:	1,507	4,403	1,895	5,634	5,714
Non-Controlling Interests	710	(17)	(139)		-
Owners of the Company	797	4,420	2,034	5,634	5,714
Total comprehensive income for the year	1,507	4,403	1,895	5,634	5,714

Vista Group International Limited – Statement of Changes in Equity

12 months ending 31 December (\$'000)	FY09 Historical	FY10 Historical	FY11 Historical	FY12 Historical Restated	FY13 Historical
Opening Balance	4,011	4,817	6,176	8,162	11,178
Restatement of prior years	-	-	-	(252)	(155)
Opening balance (restated)	4,011	4,817	6,176	7,910	11,023
Issue of share capital	-	-	1,099	-	-
Acquisition of subsidiary	-	157	-	-	-
Change in minority interest	-	(1,478)	-	-	-
Dividends	(701)	(1,723)	(1,008)	(2,521)	(4,404)
Foreign Currency Translation Reserve	-	-	(17)	(18)	(5)
Profit for the Year	1,507	4,403	1,912	5,652	5,719
Closing Balance	4,817	6,176	8,162	11,023	12,333

Vista Group International Limited – Consolidated Statement of Financial Position

	FY09	FY10	FY11	FY12	FY13
As at 31 December (\$'000)	Historical	Historical	Historical	Historical Restated	Historical
Current assets					
Cash and cash equivalents	4,397	4,114	3,796	8,328	3,436
Trade and other receivables	5,013	5,339	7,634	7,797	11,206
Other current assets	492	42	628	99	-
Deferred tax	101	144	144	74	145
Total current assets	10,003	9,639	12,002	16,298	14,787
Non-current assets					
Property plant and equipment	318	777	661	631	1,102
Investment in associate	-	-	-	174	2,528
Intangible assets	33	41	38	41	86
Goodwill	1,736	6,163	6,248	5,446	5,446
Other non-current assets	200	-	-	-	-
Total non-current assets	2,287	6,981	6,947	6,292	9,162
Total Assets	12,290	16,620	19,149	22,590	23,949
Current liabilities					
Borrowings	-	(863)	(589)	(641)	(1,203)
Trade and other payables	(7,473)	(6,358)	(8,455)	(9,039)	(9,908)
Other current liabilities	-	(253)	(114)	(704)	(6)
Total current liabilities	(7,473)	(7,474)	(9,158)	(10,384)	(11,117)
Non-current liabilities					
Borrowings	-	(2,970)	(1,829)	(1,183)	(499)
Total non-current liabilities	-	(2,970)	(1,829)	(1,183)	(499)
Total Liabilities	(7,473)	(10,444)	(10,987)	(11,567)	(11,616)
Net Assets	4,817	6,176	8,162	11,023	12,333
Equity attributable to owners of the Group:					
Share Capital	1	1	1,100	1,100	1,100
Retained Earnings	3,338	5,772	6,815	9,958	11,273
Foreign Currency Translation Reserve	-	-	(17)	(35)	(40)
Total Equity	3,339	5,773	7,898	11,023	12,333
Non-Controlling Interest	1,478	403	264	-	-
Total Equity and Non-controlling interest	4,817	6,176	8,162	11,023	12,333

Vista Group International Limited – Consolidated Cash Flows

	FY12 Historical (Restated)	FY13 Historical
12 months ending 31 December \$000		
<i>Cash was provided from:</i>		
Receipts from customers	27,416	27,057
Interest received	95	90
	27,511	27,147
<i>Cash was applied to:</i>		
Operating expenses	(18,191)	(21,407)
Taxes paid	(1,258)	(2,789)
Interest Paid	(156)	(106)
	(19,605)	(24,302)
Net cash flow from operating activities	7,907	2,845
<i>Cash was applied to:</i>		
Purchase of property, plant and equipment	(333)	(780)
Purchase of intangible assets	(25)	(72)
Purchase of investments	120	(2,354)
	(238)	(3,206)
Net cash flow from investing activities	(238)	(3,206)
<i>Cash was applied to:</i>		
Repayment of bank loans	(594)	(122)
Dividends paid	(2,521)	(4,404)
	(3,115)	(4,526)
Net cash flow from financing activities	(3,115)	(4,526)
Net (decrease) / increase in cash	4,554	(4,887)
Opening cash balance	3,792	8,328
Foreign exchange differences	(18)	(5)
Closing cash balance	8,328	3,436

Note: the FY12 cash flow was restated to reflect the changes to accounting policies made in the FY13 financial statements and discussed earlier in this section.

7.5.2 FY13 Audited Financial Statements

Statement of Comprehensive Income

	Notes	Group 2013 \$'000	Group 2012 \$'000 (restated)	Company 2013 \$'000	Company 2012 \$'000
Revenue	6	30,493	27,483	4,350	2,400
Total revenue		30,493	27,483	4,350	2,400
Less expenses:					
Sales and marketing expenses		2,108	1,284	-	-
Operating expenses	9.2	13,329	12,227	-	-
Administration expenses	7,9.1,9.2	6,654	5,443	(9)	9
Depreciation and amortisation		336	376	-	-
Total expenses		22,427	19,330	(9)	9
Operating profit		8,066	8,153	4,359	2,391
Share of loss from associate	8	251	108	-	-
Profit before tax		7,815	8,045	4,359	2,391
Less tax expense / (benefit)	10	2,096	2,393	31	92
Profit for the year		5,719	5,652	4,328	2,299
Other comprehensive income		-	-	-	-
Total Comprehensive Income		5,719	5,652	4,328	2,299
Total comprehensive income for the year is attributable to:					
Equity holders of the parent		5,719	5,652	4,328	2,299
Total		5,719	5,652	4,328	2,299
Earnings per share					
Basic (cents per share)		572	565	433	230
Diluted (cents per share)		-	-	-	-
Total		572	565	433	230

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

	Share capital	Retained earnings	Total equity
Note	\$'000	\$'000	\$'000
Group			
Balance at 1 January 2013	1,100	9,923	11,023
Dividends	-	(4,404)	(4,404)
Foreign currency translation reserve	21	(5)	(5)
Profit for the year	-	5,719	5,719
Balance at 31 December 2013	<u>1,100</u>	<u>11,233</u>	<u>12,333</u>
Group			
Balance at 1 January 2012 (restated)	1,100	6,810	7,910
Dividends	-	(2,521)	(2,521)
Foreign currency translation reserve	21	(18)	(18)
Profit for the year	-	5,652	5,652
Balance at 31 December 2012 (restated)	<u>1,100</u>	<u>9,923</u>	<u>11,023</u>
Company			
Balance at 1 January 2013	1,100	5,631	6,731
Dividends	-	(4,403)	(4,403)
Profit for the year	-	4,328	4,328
Balance at 31 December 2013	<u>1,100</u>	<u>5,556</u>	<u>6,656</u>
Company			
Balance at 1 January 2012	1,100	5,853	6,953
Dividends	-	(2,521)	(2,521)
Profit for the year	-	2,299	2,299
Balance at 31 December 2012	<u>1,100</u>	<u>5,631</u>	<u>6,731</u>

The accompanying notes form part of these financial statements.

Statement of Financial Position

Assets	Notes	Group 2013 \$'000	Group 2012 \$'000 (restated)	Group 1 Jan 2012 \$'000 (restated)	Company 2013 \$'000	Company 2012 \$'000
Current assets						
Cash and cash equivalents	13	3,436	8,328	3,792	66	47
Trade and other receivables	14	11,206	7,797	7,793	-	29
Loan to InVista Share Nominee Ltd	29.2	-	99	253	-	99
Income tax receivable		-	-	374	25	-
Deferred tax asset	11	145	74	144	43	74
Total current assets		14,787	16,298	12,356	134	249
Non-current assets						
Property, plant and equipment	16	1,102	631	652	-	-
Investment in subsidiary	15	-	-	-	6,527	6,527
Investment in associate	8	2,528	174	294	-	-
Intangible assets	17	86	41	38	-	-
Goodwill	18	5,446	5,446	5,446	-	-
Total non-current assets		9,162	6,292	6,430	6,527	6,527
Total assets		23,949	22,590	18,786	6,661	6,776
Liabilities						
Current liabilities						
Trade and other payables	19	9,908	9,039	8,458	5	45
Income tax payable		6	704	-	-	-
Loans and borrowings	20	1,203	641	589	-	-
Total current liabilities		11,117	10,384	9,047	5	45
Non-current liabilities						
Loans and borrowings	20	499	1,183	1,829	-	-
Total non-current liabilities		499	1,183	1,829	-	-
Total liabilities		11,616	11,567	10,876	5	45
Net assets		12,333	11,023	7,910	6,656	6,731
Equity						
Equity attributable to owners of the parent:						
Share capital	24	1,100	1,100	1,100	1,100	1,100
Retained earnings		11,273	9,958	6,827	5,556	5,631
Foreign currency revaluation reserve	21	(40)	(35)	(17)	-	-
Total equity		12,333	11,023	7,910	6,656	6,731

The accompanying notes form part of these financial statements.

Statement of Cash Flows

	Group 2013 \$'000	Group 2012 \$'000 (restated)	Company 2013 \$'000	Company 2012 \$'000
Cash flow from operating activities				
Cash was provided from:				
Receipts from customers	27,057	27,416	128	100
Taxes received	-	-	-	-
Dividends received	-	-	4,250	2,300
Interest received	90	95	-	-
	27,147	27,511	4,378	2,400
Cash was applied to:				
Operating expenses	(21,407)	(18,191)	46	163
Taxes paid	(2,789)	(1,258)	-	(23)
Interest paid	(106)	(156)	(1)	(1)
	(24,302)	(19,605)	45	139
Net cash from operating activities	23 2,845	7,907	4,423	2,539
Cash flows from investing activities				
Cash was provided from:				
Short term advance	-	-	-	-
Sale of investments	-	-	-	-
	-	-	-	-
Cash was applied to:				
Purchase of fixed assets	(780)	(333)	-	-
Purchase of software	(72)	(25)	-	-
Purchase of investments	(2,354)	120	-	-
	(3,206)	(238)	-	-
Net cash applied to investing activities	(3,206)	(238)	-	-
Cash flows from financing activities				
Cash was applied to:				
Repayment of bank loans	(122)	(594)	-	-
Dividends paid	(4,404)	(2,521)	(4,404)	(2,522)
	(4,526)	(3,115)	(4,404)	(2,522)
Net cash provided by financing activities	(4,526)	(3,115)	(4,404)	(2,522)
Net movement in cash held	(4,887)	4,554	19	17
Cash balance at 1 January	8,328	3,792	47	30
Foreign exchange differences	(5)	(18)	-	-
Cash balance at 31 December	21 3,436	8,328	66	47

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1 General Information

The reporting entity is VSource Investments Limited (the "Company"). It was previously called InVista Holdings Limited and changed its name to VSource Investments Limited on 24 May 2013. It is profit orientated, and it is incorporated and domiciled in New Zealand. The Group comprising the Company and its subsidiary is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The principal activity of the Company and Group and its subsidiary, Vista Entertainment Solutions Limited is the sale, support and associated custom development of the Vista Software for the cinema exhibition industry, an online cinema ticketing website and online data analysis and marketing.

These consolidated financial statements have been approved for issue by the Board of Directors on 1 April 2014.

2 Statement of compliance

The consolidated financial statements for the Company and Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial standards, as appropriate for profit-oriented entities.

3 Changes in accounting policy

3.1 New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013 and have a material impact on the group:

NZ IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. See below for the impact on the financial statements.

NZ IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. See below for the impact of adoption on the financial statements.

NZ IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

NZ IFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across NZ IFRSs.

Impact of changes in accounting policies

VSource Investments Limited previously reported under differential reporting concessions. At 31 December 2013, the Group is not taking these concessions and is applying full NZ IFRS. The key differences include:

- Deferred tax under NZ IAS 12 'Income Taxes',
- Accounting for development costs under NZ IAS 38, 'Intangible Assets',
- Cash flows under NZ IAS 7 'Statement of Cash Flows',
- Earnings per share under NZ IAS 33 'Earnings Per Share',
- Segment reporting under NZ IFRS 8 'Operating Segments'.

VSource Investments Limited adopted IFRS 10, "Consolidated financial statements", NZ IFRS 11, "Joint arrangements", NZ IFRS 12, "Disclosure of interests in other entities", and consequential amendments to NZ IAS 28, "Investments in associates and joint ventures" and NZ IAS 27, "Separate financial statements", on 1 January 2013.

The new accounting policies have had the following impacts on the financial statements.

Consolidation of entities in which the Group holds over 50%

The group is the largest shareholder of Virtual Concepts Limited with a 57% equity interest. The investment has been classified as an associate under NZ IFRS 10 due to the group not having control over Virtual Concepts Limited.

The equity method of accounting has been used to account for the Groups investment in Virtual Concepts Limited. Prior to the adoption of NZIFRS 10, the group's interest in Virtual Concepts Limited were fully consolidated.

Revenue Recognition

The gross receipts from ticket sales previously reported as revenue to Book My Show NZ Limited have been classified as being collected on behalf of third parties under NZ IAS 18 and are therefore excluded from revenue.

3.2 Restatement of comparative figures

Statement of comprehensive income

	Notes	Group 2012 (previously reported) \$'000	Equity A/C for VCL 2012 \$'000	Book My Show \$'000	Group 2012 \$'000 (restated)
Revenue	6	30,620	(810)	(2,327)	27,483
Total revenue		30,620	(810)	(2,327)	27,483
Less expenses:					
Depreciation					
Fixtures and fittings		156	(8)	-	148
Computer equipment		197	-	-	197
Total depreciation		353	(8)	-	345
Amortisation		35	(4)	-	31
Directors fees		-	-	-	-
Audit fees	9.1	63	-	-	63
Leasing and rental costs		885	(44)	-	841
Personnel costs		11,379	(710)	-	10,669
Other expenses		9,984	(223)	(2,327)	7,434
Total expenses		22,699	(989)	(2,327)	19,383
Operating profit		7,921	179	-	8,100
Net finance expense / (revenue)	7	(22)	(31)	-	(53)
Share of loss from associate		-	108	-	108
Profit before tax		7,943	102	-	8,045
Less tax expense / (benefit)	10	2,393	-	-	2,393
Profit for the year		5,550	102	-	5,652
Other comprehensive income		-	-	-	-
Total comprehensive income for the year is attributable to:					
Non-controlling interest		(117)	117	-	-
Equity holders of the parent		5,667	(15)	-	5,652
Total		5,550	102	-	5,652
Earnings per share					
Basic (cents per share)		555	10	-	565
Diluted (cents per share)		-	-	-	-
Total		555	10	-	565

Statement of changes in equity

	Share capital	Retained earnings	Non- Controlling Interest	Total equity
Note	\$'000	\$'000	\$'000	\$'000
Group (previously reported)				
Balance at 1 January 2012	1,100	6,798	264	8,162
Effect of changes in accounting policies	-	12	(264)	(252)
Balance at 1 January 2012 Restated	<u>1,100</u>	<u>6,810</u>	<u>-</u>	<u>7,910</u>
Profit for the year (as previously reported)	-	5,667	(117)	5,550
Effects of changes in accounting policies		(15)	117	102
Dividends	-	(2,521)	-	(2,521)
Foreign currency translation reserve	-	(18)	-	(18)
Balance at 31 December 2012	<u>1,100</u>	<u>9,923</u>	<u>-</u>	<u>11,023</u>

Statement of Financial Position

Assets	Notes	Group 2012 (previously reported) \$'000	Equity A/C for VCL 2012 \$'000	Book My Show \$'000	Group 2012 \$'000 (restated)
Current assets					
Cash and cash equivalents	13	8,510	(182)	-	8,328
Trade and other receivables	14	7,804	(7)	-	7,797
Loan to InVista Share Nominee Ltd	29.2	99	-	-	99
Income tax receivable		-	-	-	-
Deferred tax asset		74	-	-	74
GST receivable		-	-	-	-
Total current assets		<u>16,487</u>	<u>187</u>	<u>-</u>	<u>16,298</u>
Non-current assets					
Property, plant and equipment	16	670	(39)	-	631
Investment in subsidiary	8	-	174	-	174
Intangible assets	17	41	-	-	41
Goodwill	18	6,248	(802)	-	5,446
Total non-current assets		<u>6,959</u>	<u>(667)</u>	<u>-</u>	<u>6,292</u>
Total assets		<u>23,446</u>	<u>(856)</u>	<u>-</u>	<u>22,590</u>
Liabilities					
Current liabilities					
Trade and other payables	19	9,740	(701)	-	9,039
Income tax payable		704	-	-	704
Loans and borrowings	20	641	-	-	641
Total current liabilities		<u>11,085</u>	<u>(701)</u>	<u>-</u>	<u>10,384</u>
Non-current liabilities					
Loans and borrowings	20	1,183	-	-	1,183
Total non-current liabilities		<u>1,183</u>	<u>-</u>	<u>-</u>	<u>1,183</u>
Total liabilities		<u>12,268</u>	<u>(701)</u>	<u>-</u>	<u>11,567</u>
Net assets		<u>11,178</u>	<u>(155)</u>	<u>-</u>	<u>11,023</u>
Equity					
Equity attributable to owners of the parent:					
Share capital	24	1,100	-	-	1,100
Retained earnings		9,943	15	-	9,958
Non-controlling interest		147	(147)	-	-
Foreign currency revaluation reserve	21	(12)	(23)	-	(35)
Total equity		<u>11,178</u>	<u>(155)</u>	<u>-</u>	<u>11,023</u>

4 Summary of accounting policies

4.1 Overall consideration

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

These financial statements have been prepared using the measurement bases specified by NZ IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

4.3 Presentation of financial statements

The consolidated financial statements are presented in accordance with NZ IAS 1 Presentation of Financial Statements. The Company and Group have elected to present the Statement of comprehensive income in one statement. The Statement of comprehensive income discloses the analysis of expenses under the nature of expense method. This aggregates expenses according to their nature such as depreciation, amortisation, personnel costs, leasing and rental costs.

The Statement of financial position presentation discloses assets and liabilities as current or non-current in line with the Statement of financial position presentation used by other entities supplying goods or services.

4.4 Basis of consolidation

The Group financial statements consolidate those of the Parent Company, VSource Investments Limited, and its subsidiary undertaking. A subsidiary is any reporting entity over which the Group has the power to control the financial and operating policies and takes into account the voting rights and terms of appropriate shareholder agreements. The subsidiary has 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.

Business combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated Statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Company's and Group's accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any excess of identifiable net assets over acquisition cost is recognised in profit or loss immediately after acquisition.

Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

4.5 Foreign currency

The financial statements are presented in New Zealand Dollars (\$), which is the Company's and Group's functional currency. All financial information presented in New Zealand Dollars has been rounded to the nearest thousand dollars.

Transactions in foreign currencies that are settled in the accounting period are translated at the exchange rates prevailing at the dates of the transactions (spot exchange rate). Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Statement of financial position date are translated to New Zealand Dollars (\$) at year-end exchange rates. Foreign exchange differences arising on their translation are recognised in the Statement of comprehensive income.

Exchange rate differences arising from items recognised as comprehensive income are recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into NZD at the closing rate.

4.6 Revenue

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

Sale of goods

Revenue is not bundled and all components are realised as per the following description. Sale of goods comprises the sale of computer software licences and is recognised in the Statement of comprehensive income 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.

Rendering of services

Services comprise of maintenance, service and development fees.

The amount of the selling price associated with the maintenance agreement is deferred and recognised as revenue over the period during which the service is performed. This deferred income is included in trade and other payables. It is further disclosed in Note 19 as Prebilled licence and maintenance income.

Service and development fees are one off charges and the revenue is recognised when the service is incurred.

4.7 Warranties

A liability for warranties is recognised when products are sold if a warranty is included with the sale. The amount of the liability is estimated using the Group's historical or published New Zealand industry data. If no data exists reasonable estimates are made. If a reasonable estimate cannot be made then no

liability is recognised. Any changes to the liability are recognised in the Statement of comprehensive income. Based on historical data, Management has deemed no liability necessary to be recorded.

4.8 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Finance income

Finance income comprises interest income and foreign exchange gains that are recognised in the Statement of comprehensive income. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses

Finance expenses comprise interest expense on bank accounts and foreign exchange losses that are recognised in the profit or loss.

Government grants

Government grants received have been deducted from the marketing, premises and salaries expense codes that relate to the costs able to be claimed under the grant schemes.

4.9 Financial instruments

Financial assets and financial liabilities are recognised when the Company or Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

For financial instruments traded in active markets, the quoted market prices or dealer price quotations are used as a measure of fair value. Where quoted market prices do not exist, fair values are estimated using present value or other market accepted valuation techniques, using methods and assumptions that are based on market conditions and risks existing as at balance date.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into only one category upon initial recognition: loans and receivables.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Criteria to determine impairment are described below:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. The Company's and Group's Cash and cash equivalents and Trade and Related party receivables fall into this category of financial instruments.

Trade and other receivables are considered for impairment when there is objective evidence that the Company and Group will not be able to collect all amounts due according to their original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

If there is objective evidence that impairment exists for individual loans and receivables, the impairment loss is calculated as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows using the original effective interest rate. Receivables with a short duration are not discounted.

The Company and Group use an allowance account to reduce the carrying amount of trade and other receivables that are considered to be impaired (or in the case of a reversal of a write-down because of an event occurring after the impairment was recognised, an increase), unless there is no reasonable possibility of recovering any cash from the debtor. In this case, the Company or Group writes off the debtor directly (and transfers any impairment loss recognised in the allowance account directly to the debtor).

Financial liabilities

The Company's and Group's financial liabilities include loans and borrowings and trade and other payables.

All financial liabilities are measured subsequently at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company or Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Borrowing costs are expensed as incurred.

Trade and other payables represent liabilities for goods and services provided to the Company and Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

4.10 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.11 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. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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 part will flow to the Company or Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of comprehensive income as incurred.

Depreciation is provided on fixtures, fittings, computers and software. Depreciation is recognised in the Statement of comprehensive income 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 – 5 to 7 years straight line
- Computer equipment – 2.5 years straight line

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

4.12 Goodwill

Goodwill has arisen on the acquisition of the subsidiary. It represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. It is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the Statement of comprehensive income.

As part of its transition to NZ IFRS, the Group elected to restate only those business combinations that occurred on or after 1 January 2007. In respect of acquisitions prior to 1 January 2007, goodwill represents the amount recognised under previous NZ GAAP.

For acquisitions on or after 1 January 2007, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, creating negative goodwill, it is recognised immediately in profit or loss within the Statement of comprehensive income.

Goodwill is subsequently measured at cost less accumulated impairment losses, if any.

4.13 Intangible assets

Licences

Intangible assets comprise of purchased software licences. The software licences are accounted for using the cost model whereby capitalised costs are amortised over the term of the licence, as these assets are considered finite. These assets are subject to impairment testing when there is an indication of impairment.

- Software licences – 2.5 years straight line

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss within the Statement of comprehensive income when incurred.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets 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.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

4.14 Short-term employee benefits

Short-term employee benefits, including holiday entitlement and sick leave, are current liabilities included in Trade and other payables, measured at the undiscounted amount that the Company and Group expects to pay as a result of the unused entitlement.

4.15 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.

All transactions with owners of the parent are recorded separately within equity.

4.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company or Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company or Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible inflows of economic benefits to the Company or Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.17 Leased assets

All leases are treated as operating leases. Associated costs, such as maintenance and insurance, are expensed as incurred in profit or loss within the Statement of comprehensive income.

4.18 Impairment testing of goodwill, intangible assets and property, plant and equipment

The carrying amounts of the Group's goodwill, intangible assets and property plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

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

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

4.19 Segment reporting

The Group has three operating segments: Product, annual maintenance and services & consulting segments. In identifying these operating segments, management generally follows the Group's revenue. The product segment is the Group's development and licensing of IP and other resold items, the annual maintenance is received from customers for using the software products and provides access to support and upgrades, and the services segment provides additional consulting and training to customers.

In addition, corporate assets and other resources which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Group's administrative functions.

4.20 Income Taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, both in New Zealand and offshore jurisdictions.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.21 Earnings per share

The 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 outstanding during the year, adjusted for shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shareholders outstanding, adjusted for shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees. (under significant estimates/judgments)

4.22 Change of name

On 24 May 2013, the company was renamed from InVista Holdings Limited to VSource Investments Limited.

5 Critical estimates and judgments used in applying accounting policies

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see note 4.20).

Goodwill

Goodwill only arises in business combinations. 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 is based, to a considerable extent, on management's judgment.

NZ IFRS requires that goodwill is tested for impairment at least annually.

To determine if goodwill is impaired, the carrying value of the identified Cash Generating Unit (“CGU”) to which the goodwill is allocated, including the allocated goodwill, is compared to its recoverable amount. Recoverable amount in these circumstances is defined as the higher of the CGU’s fair value less costs to sell and its value in use. Value in use is the present value of expected future cash flows from the CGU.

Goodwill has been allocated to one CGU: Vista Entertainment Solutions Limited because 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 a discounted cash flow approach.

Determination of appropriate 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.

Other factors taken into account when testing goodwill for impairment include:

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

The key assumptions made in determining the value in use calculations are included in Note 18 as it was not possible to determine the recoverable amount using the fair value less costs to sell approach.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group’s impairment evaluation and, hence, results.

Goodwill impairment testing undertaken at 31 December 2013 and 31 December 2012 did not indicate that goodwill allocated to the Vista Entertainment Solutions Limited CGU had been impaired.

Non consolidation of Virtual Concepts Limited

The group is the largest shareholder of Virtual Concepts Limited with a 57% equity interest. The investment has been classified as an associate under NZ IFRS 10 due to the group not having control over Virtual Concepts Limited as a result of shareholding agreement and no provision to a casting vote when decisions are made by Directors.

The equity method of accounting has been used to the consolidated financial statements. Prior to the adaption of NZ IFRS 10, the group’s interest in Virtual Concepts Limited were fully consolidated.

6 Revenue

Revenue from operations may be analysed for the following reporting periods presented:

	Group 2013 \$’000	Group 2012 \$’000 (restated)	Company 2013 \$’000	Company 2012 \$’000
Services	4,179	3,463	-	-
Maintenance	13,931	11,794	-	-
Product	12,052	11,671	-	-
Dividend	1	1	4,250	2,300
Other	330	554	100	100
Total operating revenue	30,493	27,483	4,350	2,400

7 Net finance costs

	Group 2013 \$'000	Group 2012 \$'000 (restated)	Company 2013 \$'000	Company 2012 \$'000
Interest income	(90)	(95)	(1)	-
Foreign exchange gain	(77)	(114)	-	-
Finance income	(167)	(209)	(1)	-
Interest expense	106	156	-	-
Foreign exchange loss	-	-	-	-
Finance expenses	106	156	-	-
Net finance expense / (revenue)	(61)	(53)	(1)	-

8 Investments accounted for using the equity method

The Group has one material associate company, Virtual Concepts Limited (VCL).

Name of the associate	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group (%)	
			2013	2012
Virtual Concepts Limited	NZ	Provision of online loyalty data analytics and marketing	57	48

The investment in VCL is accounted for using the equity method in accordance with NZ IAS 28. During November 2013 Vista Entertainment Solutions acquired an additional 5.7% shareholding in VCL from minority interests. Also during November 2013 VCL issued 77 shares which Vista Entertainment Solutions Limited acquired, increasing its shareholding in VCL to 57%.

Summarised financial information for VCL is set out below:

	2013 \$'000	2012 \$'000
Current assets	1,669	192
Non-current assets	70	39
Total assets	1,739	231
Current liabilities	(1,161)	(711)
Non-current liabilities	-	-
Total liabilities	(1,161)	(711)
Net assets	578	(480)
(a) Includes cash and cash equivalents	973	182
(b) Includes financial liabilities (excluding trade and other payables and provisions)	-	-
Revenue	2,171	789
Profit / (loss) for the year	(441)	(224)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(441)	(224)
Depreciation and amortisation	23	11
Interest income	1	-
Interest expense	32	29
Tax expense	-	-

A reconciliation of the above summarised financial information to the carrying amount of the investment in VCL is set out below:

	2013 \$'000	2012 \$'000 (restated)
Opening carrying value	174	282

Investment in associate		2,605	-
Share of loss from associate		(251)	(108)
Carrying amount of investment		<u>2,528</u>	<u>174</u>

9 Expenses

9.1 Auditors remuneration included in administration expenses

The amounts paid to the auditor includes:

	Group 2013 \$'000	Group 2012 \$'000	Company 2013 \$'000	Company 2012 \$'000
Auditing financial statements	73	52	-	-
Agreed upon procedures assignment	2	2	-	-
Tax return preparation	16	9	-	-
Total auditor's remuneration	<u>91</u>	<u>63</u>	<u>-</u>	<u>-</u>

9.2 Employee benefits expense included in operating and administration expenses

The amounts paid to employees:

	Group 2013 \$'000	Group 2012 \$'000	Company 2013 \$'000	Company 2012 \$'000
Employee benefits	13,788	10,669	-	-
Total employee benefits	<u>13,788</u>	<u>10,669</u>	<u>-</u>	<u>-</u>

10 Income tax

The relationship between the expected tax expense based on the domestic effective tax rate of VSource Investments Limited at 28% (2012: 28%) and the reported tax expense in the Statement of comprehensive income can be reconciled as follows, also showing major components of tax expense:

	Group 2013 \$'000	Group 2012 \$'000 (Restated)	Company 2013 \$'000	Company 2012 \$'000
Profit before tax	7,815	8,045	4,359	2,391
Exempt income	-	-	4,250	2,300
Taxable income	<u>7,815</u>	<u>8,045</u>	<u>109</u>	<u>91</u>
Domestic tax rate for VSource Investments Limited	28%	28%	28%	28%
Expected tax expense	2,188	2,252	31	25
Foreign subsidiary company tax	(21)	(44)	-	-
Non-assessable income/non-deductible expenses	20	17	-	-
Prior period adjustment	86	126	-	69
Other	68	5	-	(2)
Deferred taxation not previously recognised	(102)	-	-	-
Benefit of deferred tax not recognised	(224)	18	-	-
Tax losses not recognised	81	19	-	-
Actual tax expense / (benefit)	<u>2,096</u>	<u>2,393</u>	<u>31</u>	<u>92</u>
Tax expense comprises:				
Current tax expense	2,164	2,323	-	22
Deferred tax expense	-	-	-	-
Utilisation of unused tax losses	34	70	31	70
Origin and reversal of temporary differences	(102)	-	-	-
Tax expense	<u>2,096</u>	<u>2,393</u>	<u>31</u>	<u>92</u>

Vista Entertainment Solutions Limited and VSource Investments Limited have formed an imputation credit group. At each reporting date, the imputation credit group has \$3,007,383 (2012: \$3,238,703) of imputation credits available for use in subsequent reporting periods.

11 Deferred tax assets and liabilities

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

	Opening balance	Recognised in other comprehensive income	Recognised in Statement of financial performance	Closing balance
Group 2013				
Trade debtors and other receivables	-	-	17	17
Employee provisions	-	-	87	87
Other financial assets	-	-	(2)	(2)
Unused tax losses	74	-	(31)	43
Deferred tax temporary asset/(liability)	<u>74</u>	<u>-</u>	<u>71</u>	<u>145</u>

	Opening balance	Recognised in other comprehensive income	Recognised in Statement of financial performance	Closing balance
Company 2013				
Used tax losses	74	-	(31)	43
Deferred tax temporary asset/(liability)	<u>74</u>	<u>-</u>	<u>(31)</u>	<u>43</u>

	Opening balance	Recognised in other comprehensive income	Recognised in Statement of financial performance	Closing balance
Group 2012				
Unused tax losses	144	-	(70)	74
Deferred tax temporary asset/(liability)	<u>144</u>	<u>-</u>	<u>(70)</u>	<u>74</u>

	Opening balance	Recognised in other comprehensive income	Recognised in Statement of financial performance	Closing balance
Company 2012				
Used tax losses	144	-	(70)	74
Deferred tax temporary asset/(liability)	<u>144</u>	<u>-</u>	<u>(70)</u>	<u>74</u>

12 Segment reporting

The VSource group operates in a single vertical market (film/cinema) and is structured through operating subsidiaries that report monthly to the Chief Executive. The Chief Executive is considered to be the chief operating decision maker in terms of NZ IFRS 8 operating Segments. Revenue is reported via 3 main sources – Product, Maintenance and Services and 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. Geographical information is prepared on non-financial indicators for internal management but not to the extent of full revenue and cost analysis.

On this basis the only segmental information that is prepared and available is the revenues as disclosed in the financial statements and notes. Should the operation of the Group expand to wider market segments and/or the internal reporting provide more detailed segmental reporting then this change will be reflected and the segment analysis prepared and included in the financial statements.

13 Cash and cash equivalents

Cash and cash equivalents include the following components:

	Group 2013 \$'000	Group 2012 \$'000 (restated)	Company 2013 \$'000	Company 2012 \$'000
Cash at bank and in hand	3,436	8,328	66	47

3,436	8,328	66	47
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14 Trade and other receivables

	Group 2013 \$'000	Group 2012 \$'000 (restated)	Company 2013 \$'000	Company 2012 \$'000
Trade receivables	10,496	6,917	-	-
Sundry receivables	268	196	-	-
Prepayments	205	188	-	-
Related party receivables - trading	237	496	-	29
	11,206	7,797	-	29

The Group has recognised a loss of \$25,878 (2012: \$64,267) in respect of bad and doubtful trade receivables during the year ended 31 December 2013. The loss has been included in 'Other expenses'. The impairment allowance included in Trade receivables as at 31 December 2013 was \$162,469 (2012: \$162,848).

15 Investment in subsidiary

The Company's investment in its subsidiary comprises shares at cost. Vista Entertainment Solutions Limited has a balance date of 31 December and is incorporated in New Zealand.

Subsidiary	Principal activity	Shareholding 2013 %	Shareholding 2012 %	Company 2013 \$'000	Company 2012 \$'000
Vista Entertainment Solutions Limited	Software development and licensing	100	100	6,527	6,527
				6,527	6,527

Set out below are the details of the subsidiaries held by Vista Entertainment Solutions Limited.

Subsidiary	Principal activity	Shareholding 2013 %	Shareholding 2012 %	Company 2013 \$'000	Company 2012 \$'000
Vista Entertainment Solutions (UK) Limited	Software licensing	100	100	3	3
Vista Entertainment Solutions (USA) Inc	Software licensing	100	100	1	1
Vista Entertainment Solutions Shanghai Limited	Software licensing	100	100	102	102
Book My Show (NZ) Limited	Online cinema ticketing website	100	100	-	-
Book My Show (Aust) Pty Limited	Online cinema ticketing website	100	100	-	-
Número Limited	Box office analytics	100	-	-	-
				106	106

Vista Entertainment Solutions Limited's investment in subsidiaries comprises shares at cost. All subsidiaries have a balance date of 31 December. Book My Show (NZ) Limited is incorporated in New Zealand. BookMyShow (Aust) Pty Ltd is incorporated in Australia. Vista Entertainment Solutions (UK) Limited is incorporated in Milton Keynes, England. Vista Entertainment Solutions (USA) Inc is incorporated in California, USA. Vista Entertainment Solutions (Shanghai) Limited is incorporated in China.

Número Limited was incorporated on 18 October 2013 as a 100% owned subsidiary of Vista Entertainment Solutions Limited with 1000 shares issued at \$1 each.

16 Property, plant and equipment

Group	Fixtures and fittings \$'000	Computer equipment \$'000	Total \$'000
Group 2013			
Gross carrying amount			
Balance 1 January	789	992	1,781
Additions	309	459	768
Disposals	-	-	-
Balance 31 December	1,098	1,451	2,549
Accumulated depreciation and impairment			
Balance 1 January	(373)	(777)	(1,150)
Current year depreciation	(74)	(223)	(297)
Depreciation written back on disposal	-	-	-
Balance 31 December	(447)	(1,000)	(1,447)
Carrying amount 31 December	651	451	1,102

Group 2012 (restated)**Gross carrying amount**

Balance 1 January	700	1,007	1,707
Additions	124	222	346
Disposals	(37)	(239)	(276)
Balance 31 December	<u>787</u>	<u>990</u>	<u>1,777</u>

Accumulated depreciation and impairment

Balance 1 January	(275)	(815)	(1,090)
Current year depreciation	(134)	(198)	(332)
Disposals	37	239	276
Balance 31 December	<u>(372)</u>	<u>(774)</u>	<u>(1,146)</u>

Carrying amount 31 December

	<u>415</u>	<u>216</u>	<u>631</u>
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There was no impairment losses on property, plant and equipment for the Company or Group during the year ended 31 December 2013 (2012: \$Nil).

The loan facility agreement with ASB Banking Group is secured by a general security agreement under which the Bank has a security interest in all the Group's tangible assets.

17 Intangible assets**Group****Software licences
\$'000**

Cost 31 December 2013	229
Accumulated amortisation	(143)
Balance 31 December 2013	<u>86</u>

Cost 31 December 2012	144
Accumulated amortisation	(103)
Balance 31 December 2012	<u>41</u>

Company

Cost 31 December 2013	-
Accumulated amortisation	-
Balance 31 December 2013	<u>-</u>

Cost 31 December 2012	-
Accumulated amortisation	-
Balance 31 December 2012	<u>-</u>

The Group has expensed \$2,182,677 of aggregated research and development expenditure associated with software development for 2013 (2012: \$2,267,067).

There were no impairment losses for the Company or Group during the year ended 31 December 2013 (2012: \$Nil). None of the Company or Group's intangible assets have been pledged as security for loans and borrowings.

18 Goodwill

The net amount of goodwill can be analysed as follows:

	Group	Group
	2013	2012
	\$'000	\$'000
Gross carrying amount		
Opening balance	5,446	5,446
Acquired through business combination	-	-
Disposals	-	-
	<u>-</u>	<u>-</u>

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Closing balance	5,446	5,446
Accumulated impairment		
Opening balance	-	-
Impairment loss recognised	-	-
Closing balance	-	-
Carrying amount 31 December	5,446	5,446

For the purpose of impairment testing, goodwill is allocated to cash generating units at the lowest level at which the goodwill is monitored for internal management purposes. All goodwill has been allocated to one cash generating unit, Vista Entertainment Solutions Limited.

The Directors are of the opinion that the goodwill generated as a result of the business combination of Vista Entertainment Solutions Limited has an indefinite useful life, as the operations of Vista Entertainment Solutions Limited are expected to generate revenues for the group into the foreseeable future.

The Directors have carried out an annual impairment review of goodwill allocated to the CGU, in order to ensure that recoverable amounts exceed aggregate carrying amounts. The recoverable amount of the CGU was determined based on a value in use calculation. Key assumptions made in determining the value in use calculation were as follows:

	Discount rates	
	2013	2012
Vista Entertainment Solutions Limited	12.0%	12.0%

Budgeted net profit

The cash flow projections use pre-tax cash flow amounts based on financial budgets and forecasts approved by the Board, covering the next two years. The budgeted revenue growth is based on known and targeted opportunities in each year.

Discount factor

The Directors have used a pre tax discount rate 12.0% in their calculation to reflect the perceived risk of this investment. Even with this risk weighting, the value in use model still produces a positive outcome.

The goodwill impairment testing undertaken as at 31 December 2013 did not indicate that goodwill has been impaired. Furthermore, despite applying this prudent approach to the value in use calculation a significant amount of headroom remains. It is not until the risk factor is increased to 125% that the carrying cost begins to exceed the net present value of cash flows.

In conducting a sensitivity analysis of the key variables in the financial budgets there was no reasonable approach that would have resulted in an impairment to the carrying value of goodwill.

19 Trade and other payables

	Group 2013 \$'000	Group 2012 \$'000 (restated)	Company 2013 \$'000	Company 2012 \$'000
Trade payables	430	239	-	-
Sundry accruals	1,437	728	5	14
Prebilled licence and maintenance income	7,075	7,182	-	-
Employee benefits	966	859	-	-
Related party payables - trading	-	31	-	31
	9,908	9,039	5	45

20 Loans and borrowings

In March 2010 the Company received funding from the ASB Banking Group to finance the acquisition of 50% of Vista Entertainment Solutions Limited from SkyCity Metro Limited. The amount borrowed was \$4.2 million and this was secured by shareholder personal guarantees and a General Security Agreement and guarantee by Vista Entertainment Solutions Limited. In August 2012 Vista Entertainment Solutions Limited took over the term loans of InVista Holdings Limited (the company). The amount borrowed was \$2.6 million and this was secured by shareholder personal guarantees, a General Security Agreement and guarantee by Vista Entertainment Solutions Limited. The original term of the loans is 5 years from March 2010 and the interest rates vary between 6.93% to 8.46% per annum.

In November 2013, Vista Entertainment Solutions Limited established a \$2.0m commercial credit facility with ASB Banking Group to fund working capital requirements. The interest rate is floating at 6.25% per annum.

	Group	Group	Company	Company
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Current	1,203	641	-	-
Non-current	499	1,183	-	-
Total	<u>1,702</u>	<u>1,824</u>	<u>-</u>	<u>-</u>

21 Other equity reserves

Foreign currency translation reserve

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

	Group 2013 \$'000	Group 2012 \$'000
Opening balance	(35)	(17)
Current year gains/(loss)	(5)	(18)
Carrying amount at 31 December	<u>(40)</u>	<u>(35)</u>

22 Earnings per share and dividends

Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent as the numerator, i.e. no adjustments to profit were necessary in 2013 or 2012.

The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Group 2013 \$000	2012 \$000
Weighted average number of shares in basic earnings per share	10,000	10,000
Shares deemed to be issued for no consideration in respect of share-based payments	-	-
Weighted average number of shares used in diluted earnings per share	<u>10,000</u>	<u>10,000</u>

Total dividends of \$4,350,000 were declared and paid by the Company in the year ended 31 December 2013 (2012: \$2,500,000).

Month	Company 2013
February (\$185 per share)	1,850,000
May (\$100 per share)	1,000,000
August (\$150 per share)	1,500,000
Total:	<u>4,350,000</u>

Month	Company 2012
May (\$75 per share)	750,000
July (\$75 per share)	750,000
September (\$100 per share)	1,000,000

Total:	2,500,000
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23 Reconciliation of net surplus to cash flows

	Group	Group	Company	Company
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
		(Restated)		
Net profit / (loss) after tax	5,719	5,652	4,328	2,298
Non cash items				
Amortisation of software	39	31	-	-
Depreciation	297	345	-	-
Provision for bad debts	26	64	-	-
	362	440	-	-
Movements in working capital				
(Decrease) / increase in accounts payable	869	581	(39)	31
(Increase) / decrease in short term advance	99	154	100	140
(Increase) / decrease in accounts receivable	(3,435)	(68)	(43)	-
Increase / (decrease) in taxation receivable	(769)	1,148	77	70
	(3,236)	1,815	95	241
Net cash flows from operating activities	2,845	7,907	4,423	2,539

24 Contributed equity

The share capital of VSource Investments Limited consists only of fully paid ordinary shares. All ordinary shares have an equal right to vote, to dividends and to any surplus on winding up. The Group has 10,000 fully paid shares on issue (2012: 10,000).

	Group and Company	Group and Company
	2013	2012
	\$'000	\$'000
Shares issued and fully paid:		
Beginning of the year	1,100	1,100
Share issue	-	-
Total shares authorised at 31 December	1,100	1,100

25 Categories of financial assets and liabilities

Assumptions used in determining fair value of financial assets and liabilities

Cash and cash equivalents

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

Loan and advances

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.

	Group 2013 \$'000	Group 2012 \$'000	Company 2013 \$'000	Company 2012 \$'000
Financial assets –fair value				
Loans and receivables				
Cash and cash equivalents	3,436	8,328	66	47
Trade receivables	10,496	6,917	-	-
Related party receivables – non trading	-	99	-	99
	<u>13,932</u>	<u>15,344</u>	<u>66</u>	<u>146</u>
Financial liabilities – fair value				
At amortised cost				
Related party payables – trading	-	31	-	31
Trade payables	430	239	-	-
Loans and borrowings	1,702	1,824	-	-
	<u>2,132</u>	<u>2,094</u>	<u>-</u>	<u>31</u>

26 Operating lease commitments

At 31 December 2013, the Group had operating lease commitments in respect of property and equipment. At 31 December 2013, total future minimum payments under non-cancellable operating leases were payable as follows:

	2013 Total future minimum payments \$'000	2012 Total future minimum payments \$'000
Group		
Less than one year	821	695
Between one and five years	2,374	1,277
More than five years	475	-
	<u>3,670</u>	<u>1,972</u>
Company		
Less than one year	-	-
Between one and five years	-	-
More than five years	-	-
	<u>-</u>	<u>-</u>

Operating lease expense for the Group for the year ended 31 December 2013 was \$1,250,000 (2012: \$841,000).

27 Contingent liabilities

There were no contingent liabilities for Company and Group at 31 December 2013 (2012: \$Nil).

28 Capital commitments

There were no capital commitments for Company and Group at 31 December 2013 (2012: \$Nil).

29 Related parties

The Company and Group's related parties include its subsidiary and other related parties.

All of the related party transactions during the year were made on normal commercial terms and no amounts owed by related parties have been written off or forgiven during the year (2012: \$Nil).

The types of related party transactions undertaken during the year were dividends and directors fees.

29.1 Transactions with subsidiary

Entity	2013		2012	
	Transaction \$'000	Receivable/ (payable) \$'000	Transaction \$'000	Receivable/ (payable) \$'000
Vista Entertainment Solutions Limited	4,350	-	2,477	(29)

The amounts receivable/payable are unsecured and no guarantees are in place. No interest is charged on amounts owing between Group entities. No balances receivable are impaired as at 31 December 2013 (2012: \$Nil).

29.2 Other related parties

During the year the loan to Invista Share Nominee Limited was fully repaid. The Group advanced Movio an intercompany loan which is repaid monthly. Any outstanding amounts at each reporting date are payable on normal trading terms.

Group & Company	2013		2012	
	Transaction \$'000	Receivable/ (payable) \$'000	Transaction \$'000	Receivable/ (payable) \$'000
Invista Share Nominee Limited	13	-	153	100
Numero Limited	192	192	-	-
Virtual Concepts limited	(97)	-	-	97
Movio Limited	(344)	45	455	398

30 Government grants

During the year the Group received \$366,325 (2012: \$453,413) from the government to assist with Research & Development.

31 Transactions with key management personnel

The parent and group have a related party relationship with its key management personnel. Key management personnel include the parent's board of directors.

Key management personnel remuneration includes the following expense

Company and group	2013 \$'000	2012 \$'000
Short term employee benefits:		
Salaries including bonuses	1,172	1,193

32 Subsequent events

During February 2014, the Board of Directors of BookMyShow (NZ) Limited declared a gross dividend of \$232.64 per share, a total of \$232,639. The dividend was fully imputed. The Board of Directors of BookMyShow Limited then declared a gross dividend of \$232.64 per share, a total of \$232,639.

At reporting date VSource Investments Limited had an agreement to acquire 25% of a software development company with an option to acquire a further 25%. ASB Banking Group Limited will establish a €3m Euro loan to fund the acquisition.

The Directors are not aware of any other matters or circumstances since the end of the reporting period not otherwise dealt with in the financial statements that have significantly or may significantly affect the operations of VSource Investments Limited.

33 Capital management policies and procedures

The Company and 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.

The Group monitors capital requirements to ensure that it meets its lending covenant obligations and to maintain an efficient overall financing structure.

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

	Group	
	2013 \$'000	2012 \$'000
Consolidated shareholders' funds	12,363	11,023
Consolidated assets	23,949	22,590
Capital ratio	52%	49%

33.1 Financial instruments risk

The Group is exposed to two main risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 25. The main types of risks are currency risk and credit risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively monitoring and securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Foreign currency sensitivity

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

To mitigate the Group's exposure to foreign currency risk, non-NZD cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Generally, the 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.

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

	USD \$'000	GBP \$'000	Other \$'000
31 December 2013			
Financial Assets	6,771	5,381	1,411
Financial Liabilities	(1,172)	(1,651)	(358)
Total exposure	5,599	3,730	1,053
31 December 2012			
Financial Assets	7,746	3,402	1,480
Financial Liabilities	(1,061)	(2,236)	(311)
Total exposure	6,685	1,166	1,169

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the USD/NZD exchange rate and GBP/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 2013 (2012: 10%). A +/- 10% change is considered for the NZD/GBP exchange rate (2012: 10%). Both of 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 the Group's foreign currency financial instruments held at each reporting date.

	USD \$'000	GBP \$'000
31 December 2013		
10% strengthening in NZD	(493)	(310)
10% weakening in NZD	602	376
	USD \$'000	GBP \$'000
31 December 2012		
10% strengthening in NZD	(608)	(106)
10% weakening in NZD	743	130

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 the Group's exposure to currency risk.

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December, as summarised in Note 25.

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

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 31 December reporting dates under review are of good credit quality.

At 31 December the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 31 December, analysed by the length of time past due, are:

	2013	2012
	\$'000	\$'000
Not more than 3 months	2,047	1,084
Between 3 months and 4 months	250	249
Over 4 months	1,718	1,033
	<u>4,015</u>	<u>2,366</u>

In respect of trade and other receivables, the 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 consider the credit quality of trade receivables that are not past due or impaired to be good.

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

Independent Auditor's Report

Audit

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To the Shareholders of VSource Investments Limited

Report on the financial statements

We have audited the parent and group financial statements of VSource Investments Limited on pages 85 to 117, which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities

The Directors are responsible for the preparation of parent and group financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on the parent and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the parent and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the parent and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the parent and group financial statements.

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

Our firm carries out other assignments for VSource Investments Limited in the area of taxation advice. The firm has no other interests in VSource Investments Limited or its subsidiary.

Opinion

In our opinion, the financial statements on pages 85 to 117:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the parent and group as at 31 December 2013 and their financial performance and cash flows for the year ended on that date.

Report on other legal and regulatory matters

Per the Financial Reporting Act 1993:

- we have obtained all the information and explanations that we have required;
- in our opinion, proper accounting records have been kept by VSource Investments Limited as far as appears from an examination of those records.

A handwritten signature in blue ink that reads "Grant Thornton".

Grant Thornton New Zealand Audit Partnership
Auckland, New Zealand
1 April 2014

7.5.3 FIVE YEAR SUMMARY FINANCIALS FOR MACCS

Vista Group acquired a 25.1% interest in MACCS on 2 April 2014, with an option to purchase a further 25%. The PFI assumes that this option will be exercised shortly after the listing date.

Vista Group has determined that control of MACCS was obtained as at 2 April 2014. The subsidiary meets the materiality thresholds defined in the Securities Regulations and therefore the following information is disclosed to meet the requirements of the Securities Act (Vista Group International Limited) Exemption Notice, which (subject to certain conditions) exempts the Group from clause 12(3)(e) of the Securities Regulations as they apply to MACCS.

MACCS is a company domiciled in the Netherlands. The principal activity of the business is supplier of film distribution software to exhibitors.

The historical financial information summarized in the following tables is derived from the unaudited financial statements of MACCS. The financial statements of MACCS are prepared in compliance with Part 9 of Book 2 of the Civil Code as defined by the financial reporting framework of the Netherlands.

The Prospectus does not contain the usually required latest audited financial statements for MACCS prepared in accordance with generally accepted accounting practice or contain a reference to the latest financial statements for MACCS that comply with, and have been registered under, the Financial Reporting Act. Because MACCS is a Dutch entity, the MACCS accounts are not required to be audited and the Financial Reporting Act does not apply to it, and so audited financial information complying with those requirements has not been prepared, and is not available. Not including this information will not have a material adverse effect on subscribers.

The latest set of financial statements of MACCS has been disclosed in Section 7.6. The financial statements have been prepared in accordance with NZIFRS applying the Differential Reporting framework, have not been prepared in accordance with NZIFRS and are not audited. This results in a Statement of Cashflows not being presented and in addition MACCS will not be accounting for deferred tax in accordance with the NZ IAS-12. The Directors note that the only other differences between the current basis of preparation and full NZIFRS are numerous disclosure concessions. There are no differences in measurement, recognition or presentation that would impact MACCS, except as previously noted. The financial information contained in this *Section 7.5* and *Section 7.6* is the best available information in the circumstances and can be relied upon by prospective investors when assessing MACCS and that there are no material differences between this basis for preparation and the information required under the Securities Regulations. It is the view of the Directors that these matters are not material to the prospective investors of the Vista Group nor is it material to an understanding of the financial information of MACCS.

Each of the Company and the Offeror consider that, after due enquiry, the financial position of MACCS as at the date of this Prospectus has not materially and adversely changed from the position disclosed in the financial information contained in this *Section 7.5*, and in *Section 7.6*.

The only difference identified between Dutch GAAP and NZIFRS is the consolidation of VPF Hub, a German subsidiary in which MACCS have a 90% shareholding. Under Dutch GAAP the subsidiary was not consolidated, however under NZIFRS the subsidiary has been consolidated.

The financial information contained in this *Section 7.5* and in *Section 7.6* has not been audited.

MACCS International BV - Consolidated Statement of Comprehensive Income (unaudited)

12 months ending 31 December (EUR000)	FY09 Dutch GAAP Historical	FY10 Dutch GAAP Historical	FY11 Dutch GAAP Historical	FY12 NZIFRS Historical	FY13 NZIFRS Historical
Total Revenue	2,446	3,037	3,182	3,574	3,822
Cost of Goods Sold	(79)	(311)	(326)	(897)	(257)
Gross Margin	2,367	2,727	2,856	2,677	3,565
Wages and salaries	(695)	(959)	(1,222)	(1,331)	(1,542)
Property costs	(118)	(165)	(224)	(265)	(311)
Transport costs	(253)	(93)	(243)	(371)	(502)
Sales costs	(217)	(418)	(339)	(375)	(528)
Overheads	(70)	(92)	(85)	(83)	(84)
	(1,354)	(1,727)	(2,113)	(2,425)	(2,967)
Operating Profit	1,013	999	743	252	598
Interest receivable	8	17	16	17	2
Interest payable	(6)	-			
Profit before taxation	1,015	1,017	759	269	600
Taxation expense	(243)	(225)	(161)	(41)	(54)
Profit for the year	772	792	598	228	546
Other comprehensive income					
Total comprehensive income for the year attributable for:					
Non-Controlling Interests				2	1
Owners of the Company				226	545
Total comprehensive income for the year				228	546

MACCS International BV – Statement of Changes in Equity (unaudited)

12 months ending 31 December (EUR000)	FY09 Dutch GAAP Historical	FY10 Dutch GAAP Historical	FY11 Dutch GAAP Historical	FY12 NZIFRS Historical	FY13 NZIFRS Historical
Opening Balance	386	958	850	1,148	874
Issue of share capital					
Acquisition of subsidiary					
Change in minority interest	-	-	-	-	-
Dividends	(200)	(900)	(300)	(500)	(200)
Foreign Currency Translation Reserve	-	-	-	-	-
Profit for the Year	772	792	598	226	545
Closing Balance	958	850	1,148	874	1,219
Non-Controlling Interest				4	5
Total Equity and Non-Controlling Interest				878	1,224

MACCS International BV - Consolidated Statement of financial position (unaudited)

As at 31 December (EUR000)	FY09 Dutch GAAP Historical	FY10 Dutch GAAP Historical	FY11 Dutch GAAP Historical	FY12 NZIFRS Historical	FY13 NZIFRS Historical
Non-Current assets					
Leasehold Improvements	227	208	183	158	134
Inventory	142	139	134	149	130
Vehicle Assets			13	10	7
Total non-current assets	369	347	330	317	271
Current assets					
Trade Debtors	373	228	335	596	1,130
Other receivables and prepayments	7	11	163	485	533
Tax asset	68	41	135	262	148
Cash	723	789	629	549	935
Total non-current assets	1,171	1,069	1,262	1,892	2,746
Total Assets	1,541	1,416	1,593	2,209	3,017
Current liabilities					
Trade creditors	75	36	24	479	505
Other payables and accruals	462	486	389	780	1,216
Taxes payable	45	42	31	-	-
Accruals	1	2	-	72	72
Total Current liabilities	582	566	445	1,331	1,793
Total Liabilities	582	566	445	1,331	1,793
Net Assets	958	6,176	1,148	878	1,224
Equity attributable to owners of the Group:					
Share Capital	18	18	18	18	18
Retained Earnings	940	832	1,130	856	1,201
Total Equity	958	850	1,148	874	1,219
Non-Controlling Interest	-			4	5
Total Equity and Non-controlling interest	-	850	1,148	878	1,224

7.6 MACCS International BV Financial Statements

Statement of comprehensive income (unaudited)

	Notes	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Revenue		3,822	3,574	3,795	3,038
Total revenue		<u>3,822</u>	<u>3,574</u>	<u>3,795</u>	<u>3,038</u>
Less expenses:					
Depreciation					
Fixtures and fittings	27	27	27	27	27
Computer equipment	57	56	56	57	56
Total depreciation	84	83	84	84	83
Directors fees	338	275	338	338	275
Audit Fees	-	-	-	-	-
Leasing and rental costs	51	51	51	51	51
Personnel costs	2,016	1,694	2,016	2,016	1,694
Other expenses	735	1,219	718	718	711
Total expenses		<u>3,224</u>	<u>3,322</u>	<u>3,207</u>	<u>2,814</u>
Operating profit		598	252	588	224
Net finance (expense)/ income	5	2	17	26	18
Profit before tax		<u>600</u>	<u>269</u>	<u>614</u>	<u>242</u>
Less tax expense	6	54	41	52	34
Profit for the year		<u>546</u>	<u>228</u>	<u>562</u>	<u>208</u>
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		<u>546</u>	<u>228</u>	<u>562</u>	<u>208</u>
The total income can be attributed to:					
MACCS International BV		545	226	562	208
Non-controlling interest		1	2	-	-
Total		<u>546</u>	<u>228</u>	<u>562</u>	<u>208</u>

The accompanying notes form part of these financial statements

Statement of changes in equity (unaudited)

	Share capital	Retained earnings	Non-controlling interest	Total equity
Notes	€'000	€'000	€'000	€'000
Group				
Balance at 1 January 2013	18	856	4	878
Profit for the year	-	545	1	546
Dividend	-	(200)	-	(200)
Balance at 31 December 2013	<u>18</u>	<u>1,201</u>	<u>5</u>	<u>1,224</u>
Group				
Balance at 1 January 2012	18	1,130	-	1,148
Issue of share capital	-	-	2	2
Profit for the year	-	226	2	228
Dividend	-	(500)	-	(500)
Balance at 31 December 2012	<u>18</u>	<u>856</u>	<u>4</u>	<u>878</u>
Company				
Balance at 1 January 2013	18	838	-	856
Profit for the year	-	562	-	568
Dividend	-	(200)	-	(200)
Balance at 31 December 2013	<u>18</u>	<u>1,200</u>	<u>-</u>	<u>1,218</u>
Company				
Balance at 1 January 2012	18	1,130	-	1,148
Profit for the year	-	208	-	208
Dividend	-	(500)	-	(500)
Balance at 31 December 2012	<u>18</u>	<u>838</u>	<u>-</u>	<u>856</u>

The accompanying notes form part of these financial statements

Statement of financial position (unaudited)

Assets	Notes	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Current assets					
Cash and cash equivalents	8	935	549	765	501
Trade and other receivables	9	1,663	1,081	558	717
Income tax receivable		148	232	145	198
GST receivable		-	30	33	30
Total current assets		<u>2,746</u>	<u>1,892</u>	<u>1,501</u>	<u>1,446</u>
Non-current assets					
Property, plant and equipment	11	271	317	271	317
Investments in subsidiaries	10	-	-	52	23
Intangible assets		-	-	-	-
Goodwill		-	-	-	-
Total non-current assets		<u>271</u>	<u>317</u>	<u>323</u>	<u>340</u>
Total assets		<u>3,017</u>	<u>2,209</u>	<u>1,824</u>	<u>1,786</u>
Liabilities					
Current liabilities					
Trade and other payables	12	1,753	1,331	606	930
Income tax payable		-	-	-	-
GST payable		40	-	-	-
Loans and borrowings		-	-	-	-
Total current liabilities		<u>1,793</u>	<u>1,331</u>	<u>606</u>	<u>930</u>
Non-current liabilities					
Loans and borrowings		-	-	-	-
Total non-current liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>1,793</u>	<u>1,331</u>	<u>606</u>	<u>930</u>
Net assets		<u>1,224</u>	<u>878</u>	<u>1,218</u>	<u>856</u>
Equity					
Equity attributable to owners of the parent:					
Share capital	13	18	18	18	18
Retained earnings		1,201	856	1,200	838
Total equity		<u>1,219</u>	<u>874</u>	<u>1,218</u>	<u>856</u>
Non-controlling interest		5	4	-	-
Total equity and non-controlling interest		<u>1,224</u>	<u>878</u>	<u>1,218</u>	<u>856</u>

The accompanying notes form part of these financial statements

Notes to the financial statements

1 General information

The reporting entity is MACCS International BV (solely in this context of these MACCS reports, the "Company"). It is profit orientated, and it is incorporated and domiciled in The Netherlands. The Group comprising the Company and its subsidiary (solely in the context of these MACCS reports, the "Group") is a reporting entity for the purposes of Part 9 of Book 2 of the Dutch Civil Code and its financial statements comply with that Act.

The principal activity of the Company and its subsidiary, VPF Hub is the sale, support and associated custom development of the MACCS Software for the cinema distribution industry.

These consolidated financial statements have been approved for issue by the Dutch members of the Board of Directors on June 5, 2014.

2 Statement of compliance

The consolidated financial statements for the Group have been prepared in accordance with Generally Accepted Accounting Practice in The Netherlands ("Dutch GAAP") and the requirements of Part 9 of Book 2 of the Dutch Civil Code. They comply with Dutch equivalents to International Financial Reporting Standards ("Dutch IFRS") and their recognition, measurement, presentation and disclosure requirements align with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") applying the framework of differential reporting. They have not been prepared to, and do not comply with, the reporting requirements of issuers who are required to comply with Tier 1 For-Profit standards that have been issued by New Zealand's External Reporting Board.

The Company and the Group both qualify for NZ IFRS differential reporting concessions as they have no public accountability and there is no separation between the owners and governing body of MACCS International BV. The Company and Group have taken advantage of all differential reporting concessions available to them.

3 Changes in accounting policy

3.1 Overall considerations

The accounting policies are consistent with those used in the previous financial year. Presentation of comparative figures has been revised where necessary to maintain consistency.

4 Summary of accounting policies

4.1 Overall consideration

The significant accounting policies that have been used in the preparation of these consolidated and parent company financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by NZ IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

4.3 Presentation of financial statements

The financial statements are presented in accordance with NZ IAS 1 "Presentation of Financial Statements". The Company and Group have elected to present the Statement of comprehensive income in one statement. The Statement of comprehensive income discloses the analysis of expenses under the nature of expense method. This aggregates expenses according to their nature such as depreciation, amortisation, personnel costs, leasing and rental costs.

The Statement of financial position presentation discloses assets and liabilities as current or non-current in line with the Statement of financial position presentation used by other entities supplying goods or services.

4.4 Basis of consolidation

The Group financial statements consolidate those of the Parent Company, MACCS International BV, and its subsidiary undertaking. A subsidiary is an entity over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights or terms of appropriate shareholder agreements. The subsidiary had 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.

Business combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated Statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any excess of identifiable net assets over acquisition cost is recognised in profit or loss immediately after acquisition.

4.5 Foreign currency

The financial statements are presented in Euro's (€), which is the Company's and Group's functional currency. All financial information presented in Euro's has been rounded to the nearest thousand Euro's.

Transactions in foreign currencies that are settled in the accounting period are translated at the exchange rates prevailing at the dates of the transactions (spot exchange rate). Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Statement of financial position date are translated to Euro's (€) at year-end exchange rates. Foreign exchange differences arising on their translation are recognised in profit or loss within the Statement of comprehensive income.

4.6 Revenue

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

Sale of goods

Revenue is not bundled and all components are realised as per the following description. Sale of goods comprises the sale of computer software licences and is recognised in the Statement of comprehensive income 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.

Rendering of services

Services comprise maintenance, service and development fees.

4.7 Warranties

A liability for warranties is recognised when products are sold if a warranty is included with the sale. The amount of the liability is estimated using the Group's historical or published Netherland's industry data. If no data exists reasonable estimates are made. If a reasonable estimate cannot be made then no liability is recognised. Any changes to the liability are recognised in the Statement of comprehensive income. Based on historical data, management has deemed that no liability is necessary to be recorded.

4.8 Operating expenses

Operating expenses are recognised in profit or loss within the Statement of comprehensive income upon utilisation of the service or at the date of their origin.

Development expenses

Development expenses are written off in profit or loss within the Statement of comprehensive income as they are incurred.

Finance income

Finance income comprises interest income and foreign exchange gains that are recognised in profit or loss within the Statement of comprehensive income. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses

Finance expenses comprise interest expense on bank accounts and foreign exchange losses that are recognised in profit or loss within the Statement of comprehensive income, they also include borrowing costs which are recognised as an expense when incurred except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case the borrowing costs are capitalised.

Government grants

Government grants received have been deducted from expense codes that relate to the costs able to be claimed under the grant schemes. The government grants are € 134,000 personnel costs and € 42,000 other costs (2012: €Nil).

4.9 Financial instruments

Financial assets and financial liabilities are recognised when the Company or Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

For financial instruments traded in active markets, the quoted market prices or dealer price quotations are used as a measure of fair value. Where quoted market prices do not exist, fair values are estimated using present value or other market accepted valuation techniques, using methods and assumptions that are based on market conditions and risks existing as at balance date.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into only one category upon initial recognition: loans and receivables.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Criteria to determine impairment are described below.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less an allowance for impairment. The Company's and Group's cash and cash equivalents and trade and related party receivables fall into this category of financial instruments.

Trade and other receivables are considered for impairment when there is objective evidence that the Company or Group will not be able to collect all amounts due according to the original terms of their receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

If there is objective evidence that impairment exists for individual loans and receivables, the impairment loss is calculated as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows using the original effective interest rate. Receivables with a short duration are not discounted.

The Company and Group use an impairment allowance account to reduce the carrying amount of trade and other receivables that are considered to be impaired (or in the case of a reversal of a write-down because of an event occurring after the impairment was recognised, an increase), unless there is no reasonable possibility of recovering any cash from the debtor. In this case, the Company and Group writes off the debtor directly (and transfers any impairment loss recognised in the allowance account directly to the debtor).

Financial liabilities

The Company's and Group's financial liabilities include trade and other payables. All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Trade and other payables represent liabilities for goods and services provided to the Company and Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

4.10 Derivative financial instruments

As at 31 December 2013 and 31 December 2012 and during each financial reporting period then ended the Company and Group did not undertake any form of hedge accounting.

4.11 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.12 Income tax

Income tax is accounted for using the taxes payable method. The income tax expense recorded in the Statement of comprehensive income for the period represents the income tax payable for the current period, adjusted for any differences between the estimated and actual income tax payable in prior periods. The current income tax asset or liability recognised in the Statement of financial position represents the current income tax balance due from or obligation to the Tax and Customs Administration at each reporting date.

4.13 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. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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 part will flow to the Company and Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss within the Statement of comprehensive income as incurred.

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

- Property, plant and equipment 10-20 percent of the investment straight line
- Depreciation methods, useful lives and residual values are reviewed at each reporting date.

4.14 Short-term employee benefits

Short-term employee benefits, including holiday entitlements, are current liabilities and are included in Trade and other payables, and measured at the undiscounted amount that the Company and Group expects to pay as a result of the unused entitlement.

4.15 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 in a general meeting prior to the reporting date.

4.16 Leased assets

All leases are treated as operating leases. Associated costs, such as maintenance and insurance, are expensed through profit or loss within the Statement of comprehensive income as incurred.

4.17 Impairment testing of property, plant and equipment

The carrying amounts of the Company's and Group's property plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

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

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5 Net finance income / (expense)

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Interest income	2	17	26	18
Finance income	2	17	26	18
Net finance income / (expense)	2	17	26	18

6 Income tax

The relationship between the expected tax expense based on the domestic effective tax rate of MACCS International BV at 25% in the years 2012 and 2013 and the reported tax expense in the Statement of comprehensive income can be reconciled as follows, also showing major components of tax expense:

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Profit before tax	600	267	612	242
Domestic tax rate for MACCS International BV	25%	25%	25%	25%
Expected tax expense	150	67	153	60
Utilisation of tax losses	-	-	-	-
Other	(97)	(27)	(100)	(27)
Non-deductible / non-taxable items	1	1	1	1
Actual tax expense	54	41	52	34

7 Dividends declared and paid

Total dividends of € 200.000, € 5 per share, were declared and paid by the Company in the year 2013 (2012: € 500.000).

8 Cash and cash equivalents

Cash and cash equivalents include the following components:

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Cash at bank and in hand	935	549	765	501
	<u>935</u>	<u>549</u>	<u>765</u>	<u>501</u>

9 Trade and other receivables

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Trade receivables	1,130	596	217	449
Sundry receivables	533	485	223	268
	<u>1,663</u>	<u>1,081</u>	<u>558</u>	<u>717</u>

The Group has recognised a loss of € 52,970 (2012: -€ 14,225) in respect of bad and doubtful trade receivables during the year ended 31 December 2013. The loss has been included in 'Other expenses'. The impairment allowance included in Trade receivables as at 31 December 2013 was € 52,975 (2012: € 12,135).

10 Investment in subsidiaries

The Company's investment in subsidiaries comprises shares at cost. All subsidiaries have a balance date of 31 December. VPF Hub BV is incorporated in Bad Belzig, Germany.

Subsidiary	Principal activity	Shareholding 2013 %	Shareholding 2012 %	Company 2013 €'000	Company 2012 €'000
VPF Hub, Germany	Software licensing	90	90	52	23

11 Property, plant and equipment

Group	Fixtures and fittings €'000	Computer equipment €'000	Total €'000
Cost 31 December 2013	265	303	568
Accumulated depreciation	124	173	297
Balance 31 December 2013	<u>141</u>	<u>130</u>	<u>271</u>
Cost 31 December 2012	265	323	588
Accumulated depreciation	97	174	271
Balance 31 December 2012	<u>168</u>	<u>149</u>	<u>317</u>
Company			
Cost 31 December 2013	265	303	568
Accumulated depreciation	124	173	297
Balance 31 December 2013	<u>141</u>	<u>130</u>	<u>271</u>
Cost 31 December 2012	265	323	588
Accumulated depreciation	97	174	271

Balance 31 December 2012

168

149

317

There were no impairment losses on property, plant and equipment for the Company or Group during the year ended 31 December 2013 (2012: €Nil).

12 Trade and other payables

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Trade payables	465	479	68	86
Sundry accruals	1,216	780	465	772
Employee benefits	72	72	73	72
	1,753	1,331	606	930

13 Contributed equity

The share capital of MACCS International BV consists only of fully paid ordinary shares. All ordinary shares have an equal right to vote, to dividends and to any surplus on winding up.

The Company and Group has 40,026 fully paid shares on issue (2012: 40,026).

	Group and Company 2013 €'000	Group and Company 2012 €'000
Shares issued and fully paid:		
Beginning of the year	18	18
Total shares authorised at 31 December	18	18

14 Operating lease commitments

At 31 December 2013, the Group had operating lease commitments in respect of property and equipment. At 31 December 2013, total future minimum payments under non-cancellable operating leases were payable as follows:

	2013 Total future minimum payments €'000	2012 Total future minimum payments €'000
Group and Company		
Less than one year	42	61
Between one and five years	88	78
More than five years	-	-
	130	139

15 Contingent liabilities

There were no contingent liabilities for Company and Group at 31 December 2013 confirm (2012: € Nil).

16 Capital commitments

There were no capital commitments for Company and Group at 31 December 2013 confirm (2012: € Nil).

17 Related parties

The Company and Group's related parties include its subsidiaries and other related parties.

All of the related party transactions during the year were made on normal commercial terms and no amounts owed by related parties have been written off or forgiven during the year (2012: € Nil).

The types of related party transactions undertaken during the year were revenue sales of owned IP, product maintenance fees, labour contracted, staff salaries and bonuses, legal fees, interest, administration costs and purchase of equipment.

Entity	2013		2012	
	Transaction €'000	Receivable/ (payable) €'000	Transaction €'000	Receivable/ (payable) €'000
VPF Hub	260	8	175	8

The amount receivable/payable is unsecured and no guarantees are in place. No interest is charged on the amounts owing between Company and Parent. No balances receivable are impaired as at 31 December 2013 (2012: € Nil).

18 Government grants

During the year the Company and Group received € 42,000 (2012: € Nil) from the government to assist with research and development.

19 Capital Management

Neither the Company nor the Group at 31 December 2013 and 31 December 2012, or at any time during the reporting periods, were subject to any externally imposed financial or banking covenants.

20 Subsequent events

During April 2014, the shareholders of MACCS International BV declared a gross (interim) dividend at a total of €450,000 (2013: € 200,000).

At April 4, 2014, 10.047 shares of MACCS International BV were sold to VSource Investments Limited.

The Directors are not aware of any other matters or circumstances since the end of the reporting period not otherwise dealt with in the financial statements that have significantly or may significantly affect the operations of MACCS International BV or any other members of the Group (2012: €Nil).

7.6 Grant Thornton's Auditor's Report



The Board of Directors
Vista Group International Limited
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Newton
Auckland 1023

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Dear Directors

As auditors of Vista Group International Limited ("the Company"), and each of its subsidiaries (together the "Group") we have prepared this report pursuant to clause 28 of Schedule 1 of the Securities Regulations 2009 as modified by the Securities Act (Vista Group International Limited) Exemption Notice 2014 ("the Exemption Notice") issued by the Financial Markets Authority on 3 July 2014 for inclusion in a prospectus and investment statement to be issued by the Company dated 3 July 2014 ("the Offer Document").

The Offer Document includes:

- (a) financial statements of the Company and Group, comprising the statement of financial position as at 31 December 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information as required by clause 23(1) of Schedule 1 of the Securities Regulations 2009;
- (b) summary financial statements of the Group, comprising summary consolidated statements of financial position as at 31 December 2009, 2010, 2011, 2012 and 2013 and summary consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, as required by clause 9(1)(a) of Schedule 1 of the Securities Regulations 2009;
- (c) summary financial statements of MACCS International BV, which comprise summary consolidated statements of financial position as at 31 December 2009, 2010, 2011, 2012 and 2013 and summary consolidated statements of comprehensive income and summary consolidated statements of changes in equity for the years then ended, as required by clause 12(3)(d) of Schedule 1 of the Securities Regulations 2009;
- (d) prospective financial statements of the Group, comprising a prospective statement of financial position a prospective statement of comprehensive income, a prospective statement of changes in equity and a prospective statement of cash flows for the years ending 31 December 2014 and 31 December 2015, including the

Chartered Accountants
Member of Grant Thornton International Ltd

assumptions on which they are based, as required by clause 11(1)(c) of Schedule 1 of the Securities Regulations 2009;

- (e) pro forma consolidated statements of comprehensive income (“pro forma financial information”) of the Group for the years ended 31 December 2011, 2012, 2013 and year ending 31 December 2014, including the assumptions on which they are based; and
- (f) unaudited financial statements for MACCS International BV for the year ended 31 December 2013 that are not materially different from the basis of preparation of financial statements that would be required to be contained in the Offer Document under the Securities Regulations 2009.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements therefore is not a substitute for reading the full financial statements of the Group and MACCS International BV.

This report is made solely to the directors of the Company (“the directors”) in accordance with clause 28 of Schedule 1 of the Securities Regulations 2009. Our work has been undertaken so that we might state to the directors those matters we are required to state to them in a report from the auditor and for no other purpose. To the fullest extent permitted by law and subject to section 61 of the Securities Act 1978, we do not accept or assume responsibility to anyone other than the directors for this report, or for the opinions we have formed. In addition, we take no responsibility for, nor do we report on, any part of the Offer Document not specifically mentioned in our report.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and presentation of:

- (a) financial statements of the Company and Group as at 31 December 2013 prepared in accordance with generally accepted accounting practice in New Zealand which give a true and fair view of the matters to which they relate and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and prepared in accordance with the Financial Reporting Act 1993;
- (b) summary financial statements of the Group for the years ended 31 December 2009, 2010, 2011, 2012 and 2013 as required by clause 9(1)(a) of Schedule 1 of the Securities Regulations 2009;
- (c) summary financial statements of MACCS International BV for the years ended 31 December 2009, 2010, 2011, 2012 and 2013 as required by clause 12(3)(d) of Schedule 1 of the Securities Regulations 2009;
- (d) prospective financial statements of the Group for the years ending 31 December 2014 and 31 December 2015, including the assumptions on which they are based,

as required by clauses 11(1)(c)(i) and 11(2) of Schedule 1 of the Securities Regulations 2009;

- (e) pro forma financial information of the Group for the years ended 31 December 2011, 2012, 2013 and year ending 31 December 2014, including the assumptions on which they are based; and
- (f) unaudited financial statements for MACCS International BV for the year ended 31 December 2013 that are not materially different from the basis of preparation of financial statements that would be required to be contained in the Offer Document under the Securities Regulations 2009.

Auditor's Responsibilities

Our responsibility is to express an opinion on the financial statements of the Group and Company as at and for the year ended 31 December 2013 based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Company and Group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the Company and Group financial statements.

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

We are also responsible for reporting in accordance with clause 28 of Schedule 1 of the Securities Regulations 2009 on:

- (a) amounts included in the Group summary financial statements for the years ended 31 December 2009, 2010, 2011, 2012 and 2013;
- (b) amounts included summary financial statements of MACCS International BV for the years ended 31 December 2009, 2010, 2011, 2012 and 2013;

- (c) prospective financial statements of the Group for the years ending 31 December 2014 and 31 December 2015; and
- (d) pro forma financial information of the Group for the years ended 31 December 2011, 2012, 2013 and year ending 31 December 2014.

In respect of the summary financial statements of the Group we have undertaken procedures pursuant to clause 28(1)(h) of Schedule 1 of the Securities Regulations 2009. Our engagement was conducted to obtain reasonable assurance that, in all material respects, the amounts set out in the summary financial statements included in the Offer Document have been correctly taken from the audited financial statements of the Group, and the unaudited financial statements of MACCS International BV.

In respect of the prospective financial statements for the years ending 31 December 2014 and 31 December 2015 and pro forma financial information of the Group for the years ended 31 December 2011, 2012, 2013 and year ending 31 December 2014 we have undertaken procedures pursuant to clause 28(2) of Schedule 1 of the Securities Regulations 2009. Our engagement was conducted to obtain reasonable assurance that, in all material respects, so far as the accounting policies and calculations are concerned, the prospective financial statements and pro forma financial information have been properly compiled on the footing of the assumptions made or adopted by the directors and are presented on a basis consistent with the accounting policies normally adopted or which are intended to be adopted by the Group.

In addition we have been asked to express an opinion whether there are any material differences between the basis of preparation of the unaudited financial statements for MACCS International BV for the year ended 31 December 2013 that would be required to be contained in the Offer Document and unaudited financial statements that would be required to be contained in a Prospectus under the Securities Regulation 2009.

We have no relationship with or interests in the Company or Group other than in our capacities as auditors, providers of other assurance services and tax advisors. These services have not impaired our independence as auditors of the Company or Group.

Opinion on the Financial Statements

Our audit of the financial statements of the Company and Group for the year ended 31 December 2013 on pages 85 to 117 was completed on the 1 April 2014 and our unmodified opinion on pages 118 and 119 was issued on that date. We have not undertaken any additional procedures in relation to those financial statements from the date of the completion of our audit.

Opinion on the Group's Summary Financial Statements

In our opinion, and pursuant to clause 28(1)(h) of Schedule 1 of the Securities Regulations 2009, the summary financial statements and applicable disclosures on pages 80 to 84 of the Offer Document and taken from the audited financial statements of the Group for the years ended 31 December 2009, 2010, 2011, 2012 and 2013:

- are consistent, in all material respects, with those audited financial statements; and
- have been correctly taken from the audited financial statements of the Group for those years from which they were extracted.

Opinion on MACCS International BV's Summary Financial Statements

In our opinion, and pursuant to clause 28(1)(h) of Schedule 1 of the Securities Regulations 2009, the summary financial statements and applicable disclosures as specified in the Exemption Notice on page 120 of the Offer Document and taken from the unaudited financial statements of MACCS International BV for the years ended 31 December 2009, 2010, 2011, 2012 and 2013:

- are consistent, in all material respects, with those unaudited financial statements; and
- have been correctly taken from the unaudited financial statements of MACCS International BV for those years from which they were extracted.

Opinion on MACCS International BV's Unaudited Financial Statements

The Group has been exempted from the disclosure requirements in Clause 12(3)(e) to Schedule 1 of the Securities Regulations 2009 in respect of MACCS International BV financial statements for the year ended 31 December 2013 on pages 123 to 134. In our opinion there are no material differences between the basis of preparation of the unaudited MACCS International BV financial statements for the year ended 31 December 2013 contained in the Offer Document and financial statements that would be required to be contained in a Prospectus under the Securities Regulations 2009.

Opinion on the Group's Prospective Financial Statements and Pro Forma Financial Information

In our opinion, the prospective financial statements for the years ending 31 December 2014 and 31 December 2015 on pages 72 to 75, and the pro forma financial information for the years ended 31 December 2011, 2012, 2013 and year ending 31 December 2014 on pages 51 and 52, so far as the accounting policies and calculations are concerned, have been properly compiled on the footing of the assumptions made on pages 54, 55 and 60 to 71 or adopted by the directors as set out in this Offer Document and are presented on a basis consistent with the accounting policies normally adopted or as set out on pages 94 to 101 which are intended to be adopted by the Group.

Actual results are likely to be different from the prospective financial statements for the years ending 31 December 2014 and 31 December 2015 and the pro forma prospective financial information for the year ending 31 December 2014 since anticipated events frequently do not occur as expected and the variation could be material. Accordingly, we express no opinion as to whether the results reported in the prospective financial statements for the years ending 31 December 2014 and 31 December 2015 and the pro forma prospective financial information for the year ending 31 December 2014 will be achieved.

Restrictions on Use

This report has been prepared for inclusion in the Offer Document for the purposes of clause 28 of Schedule 1 to the Securities Regulations 2009 as modified by the Securities Act (Vista Group International Limited) Exemption Notice 2014. We disclaim any responsibility for reliance on this report or the amounts included in the financial statements or financial information for any purpose other than for which they were prepared.

Yours faithfully



Grant Thornton New Zealand Audit Partnership
Auckland, New Zealand
3 July 2014

SECTION 8: OFFER DETAILS

8.1.1 The Offer

The Offer is an offer of ordinary shares in the Company, comprising both existing Shares held by the Existing Shareholders and new Shares to be issued by the Company, which will be acquired by the Offeror and sold under this Offer at (i) a 20% discount to the Final Price, in respect of the Vista Group Employee Offer, and (ii) otherwise, the Final Price to members of the public in New Zealand and to selected Institutional Investors in New Zealand, Australia and certain other jurisdictions. The existing Shares held by the Existing Shareholders and new Shares to be issued by the Company will rank equally in all respects.

Purpose of the Offer

The purpose of the Offer is to:

- fund the acquisition of Movio and MACCS, including associated transaction costs, fees for the Offer;
- to allow Existing Shareholders to realise some of their investment; and
- to list the Company on the NZX Main Board and the ASX which will enhance the Vista Group's ability to pursue growth opportunities through access to the capital markets.

Size of the Offer

The Offer comprises an offer by the Offeror of:

- up to \$40 million worth of new Shares (being between 14.8 million and 19.0 million Shares based on the Indicative Price Range), which includes up to \$0.8 million worth of new Shares as part of the Vista Group Employee Offer (being between 0.3 million and 0.4 million Shares based on the Indicative Price Range); and
- 22.4 million existing Shares.

Based on the Indicative Price Range and there being \$40 million of new Shares issued, the expected gross proceeds from the Offer will be \$86.9 million to \$100.3 million, of which the Company will receive \$40 million.

Structure of the Offer

The Offer comprises:

- the Broker Firm Offer, which is only available to New Zealand resident clients of NZX Firms who have received an allocation from that NZX Firm;
- the Vista Group Employee Offer, which is open to Eligible Employee Offeree with a reserved amount of \$800,000 worth (on the basis of the Final Price) of Shares;³⁰ and
- the Institutional Offer, which is an invitation to bid for shares made to Institutional Investors (including NZX Firms) in New Zealand, Australia and certain overseas jurisdictions.

There is no general public offer under which you may subscribe for Shares. If you are not an Eligible Employee Offeree, and you wish to subscribe for Shares, you must do so through an NZX Firm with an allocation of Shares. Further details of the Broker Firm Offer, the Vista Group Employee Offer and the

³⁰ For the purpose of NZX Listing Rule 7.1.8, this represents a maximum of 0.4 million Shares or 0.5% of the total Shares the Group will have on issue following the Offer, based on the Indicative Price Range.

Institutional Offer can be found under the headings “Broker Firm Offer”, “Vista Group Employee Offer” and “Institutional Offer”.

Proceeds of the Offer

The Company intends to apply the proceeds it receives from the Shares offered under the Offer to:

- acquire a controlling share in MACCS;³¹
- move to a 100% shareholding in Virtual Concepts (Movio);
- provide final settlement to Virtual Concepts (Movio) investors based on performance;³²
- fund Numero as required;
- Offer expenses; and
- fund future acquisitions and developments. Management intends to seek further growth opportunities. These may include acquiring competitors, new business opportunities in the film industry, expansion of the Group’s Big Data activities or other opportunities that present strategic and commercial benefits to the Group.

Pricing of the Offer

An Indicative Price Range of \$2.10 to \$2.70 has been set for the Offer. The Final Price will be determined by the Issuers in consultation with the Lead Manager following the conclusion of a “bookbuild” process. A bookbuild is the term used to refer to the process of collating demand for shares at various prices from Institutional Investors, including NZX Firms, who bid for shares. The information collated in the bookbuild is then used to assist with the determination of the pricing and allocation of shares. NZX Firms bid into the bookbuild in order to obtain a firm allocation which they can then offer to their New Zealand resident clients.

The Final Price is expected to be announced following the bookbuild on 16 July 2014 on the Vista Group website: www.vistagroup.co.nz.

In determining the Final Price, consideration may be given to the following factors:

- the level of demand for Shares in the bookbuild at various prices;
- the desire for a successful and consistent aftermarket for the Shares; and
- any other factors that the Issuers consider relevant.

The Final Price will not necessarily be the highest price at which Shares could be sold under the Offer and may be within, above or below the Indicative Price Range.

The price per Share payable under the Vista Group Employee Offer will be 80% of the Final Price. The Shares to be issued under the Vista Group Employee Offer will be new Shares issued by the Company and accordingly the Company will bear the cost of the Offer price discount in that Offer.

³¹ Initial 25.1% investment for \$4.8 million and a second investment (utilising the 25% option) of \$4.5 million, which will take the Company’s shareholding to 50.1%. The Company intends to exercise this option as at 1 September 2014. Further information on the MACCS acquisition is available under the heading “12: Acquisition of a Business or Subsidiary” in *Section 8.3: Statutory Information*.

³² Expected performance based payment of \$5.9 million which is reflected in the balance sheet on a present value basis of \$4.6 million in FY14F (assuming the performance payment is made in cash and not in Shares). Further information on the Movio acquisition is available under the heading “12: Acquisition of a Business or Subsidiary” in *Section 8.3: Statutory Information*.

Discretion Regarding the Offer and Applications

The Issuers reserve the right to withdraw the Offer, or any part of it, at any time before the allotment of Shares. If the Offer, or any part of it, does not proceed, all relevant Application amounts will be refunded (without interest) no later than five Business Days after the announcement of the decision to withdraw the Offer or any part of it.

The Issuers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

The Issuers reserve the right to refuse any Application or to accept an Application in part only, without providing a reason. If the Issuers refuse an Application or accept an Application in part, the relevant Application amount will be refunded no later than five Business Days after the Allotment Date. No interest will be paid on any Application amount that is refunded.

If you apply for a total Application amount that is not a multiple of the Final Price, your Application will be rounded down to the nearest multiple of the Final Price and any difference will be retained by the Vista Group. All refunds will be paid in the manner in which you elect any future dividend payments to be paid.

Existing Shareholders

Selling Shareholders are selling a portion of their holding to the Offeror in connection with the Offer pursuant to a Sale and Purchase Agreement (as described under the heading “Material Contracts” in *Section 10: Statutory Information*). Subject to confirmation of the Final Price, Selling Shareholders intend to sell 22.4 million Shares under the Offer. The continuing shareholding of the Existing Shareholders is expected to comprise between 45% and 49% of the total Shares on issue following the issue of new Shares under the Offer (based on the Indicative Price Range).

Shareholdings

The ownership of the Company prior to the Offer and upon completion of the Offer (following the allotment of the Shares) is illustrated in the table below based on the Indicative Price Range and the range of Shares that the Selling Shareholders may elect to sell down.

Shareholder	Prior to the Offer		Following completion of the Offer ³³	
	Shares	%	Shares (million)	%
Murray Lawrence Holdaway, Helen Rachel Geary and Stephen John McDonald	15,086,875	25.25	9,353,862	11.4-12.1
Brian John Cadzow, Julie Ann Cadzow and Peter Allen Lewis	10,456,250	17.50	6,482,875	7.9-8.4
Bruce Alexander Wighton, Marianne Bachler and Peter John Clark	8,735,450	14.62	5,415,979	6.6-7.0
Gregory James Trounson, Donald Mackenzie Gibson and Kathryn Mary Lee Trounson	7,020,625	11.75	4,352,787	5.3-5.6
Bruce Alan Forbes and Derek Geoffrey Forbes	2,987,500	5.00	2,091,250	2.5-2.7

³³ Numbers and percentages assume the maximum number of Shares sold down in the indicative range and include Shares to be issued prior to the Allotment Date to the VCL Sellers, to Eligible Vista Group Employees pursuant to the Vista Group Employee Gift. Further information on these transactions is available under the heading “12: Acquisition of a Business or Subsidiary” in *Section 10: Statutory Information* and “Vista Group Employee Gift” in *Section 5.2.6: Executive Remuneration and Share Plans*.

Other Shareholders with a holding of less than 5% prior to the Offer	15,463,300	25.88	9,652,012	11.7-12.5
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Commitments to Sell

The Selling Shareholders will each enter into binding agreements with the Offeror to sell their chosen number of Shares before commencement of the bookbuild.

Escrow Arrangements

Existing Shareholders and independent Directors

Each Existing Shareholder and each independent Director has entered into an escrow arrangement with the Company under which:

- the Existing Shareholders have agreed not to sell or otherwise dispose of:
 - their existing Shares which are not sold to the Offeror; and
 - any Shares purchased by them under the Vista Group Employee Offer (where that Existing Shareholder is an Eligible Employee Offeree);
- the independent Directors have agreed not to sell or otherwise dispose of any Shares purchased by them under the Offer,

until the first trading day after the Vista Group's preliminary announcement has been released to the market in respect of its financial results for the year ending 31 December 2015, without the approval of the Directors who are not "interested" in the decision (as that term is defined in the Companies Act), the Company and NZX.

In addition: (a) the Existing Shareholders and independent Directors may transfer their escrowed shareholding to an "affiliate" (being a person owned or controlled by, or under common ownership or control with, the Existing Shareholder and in relation to a family trust includes any beneficiary of that trust) of the relevant Existing Shareholder or independent Director provided that such "affiliate" has agreed to be bound by the escrow terms; and (b) the Existing Shareholders and independent Directors may accept any full or partial takeover offer made in respect of Shares under the Takeovers Code or similar scheme or arrangement. An "escrow" is a restriction on sale, disposal, or encumbering of, or certain other dealings in respect of, the securities concerned for the period of the escrow, subject to any exceptions in the escrow arrangement concerned.

8.1.2 Broker Firm Offer

Who can apply?	The Broker Firm Offer is open to New Zealand resident clients of NZX Firms who have received an allocation. You should contact your broker to determine whether they may allocate Shares to you under the Broker Firm Offer. There is no public pool under which you may subscribe for Shares.
How much will you pay?	You will pay the Final Price per Share allotted to you. No brokerage, commission or stamp duty is payable by you on subscribing for Shares under the Offer. See "Preliminary and Issue Expenses" in <i>Section 10: Statutory Information</i> for details of the brokerage payable to NZX Firms or brokers.
How do you apply?	Complete the Application Form accompanying the Investment Statement. Please contact your broker if you require further instructions.
How many Shares can you apply for?	NZX Firms will determine the number of Shares their New Zealand resident clients may apply for. However, the minimum Application amount is 2,000 Shares.
How do you pay for your Shares?	You should make payment in accordance with the directions of the NZX Firm from whom you received an allocation. Further information about how to pay is set out in the Investment Statement.

When do you need to apply?	The Broker Firm Offer opens on 17 July 2014. You should send your completed Application Form together with payment for your Shares to your NZX Firm in time to enable forwarding to the Registrar by 12.00pm on 1 August 2014.
How to obtain a copy of the Investment Statement	<p>Please contact your broker for instructions. You may also obtain a copy of the Investment Statement and Broker Firm Offer Application Form by:</p> <ul style="list-style-type: none"> • downloading a copy at www.vistagroup.co.nz; or • requesting a copy from the Registrar by calling (09) 375 5998. <p>While you may obtain a copy of the Investment Statement and Application Form as set out above, your Application will not be accepted under the Broker Firm Offer if it is not lodged through your NZX Firm.</p>

8.1.3 The Vista Group Employee Offer

Who can apply?	An Eligible Employee Offeree
How much will you pay?	<p>You will pay the Final Price per Share allotted to you less a discount of 20% per Share. No brokerage, commission or stamp duty is payable by you on subscribing for Shares under the Offer. See "Preliminary and Issue Expenses" in <i>Section 10: Statutory Information</i> for details of the brokerage payable to NZX Firms or brokers.</p> <p>The tax liability on the 20% discount per Share will rest with you, to be disclosed and accounted for in your personal tax returns.</p>
How do you apply?	Complete the Employee Offer Application Form provided to you on request by Brian Cadzow at the Vista Group. By making an Application you declare that you were given a copy of the Investment Statement, together with the Employee Offer Application Form. Eligible Vista Group Employees wishing to apply under the Vista Group Employee Offer must contact Brian Cadzow to request a copy of the Investment Statement and the Vista Group Employee Offer Application Form.
How many Shares can you apply for?	The minimum Application amount is 500 Shares. There is no maximum amount that can be applied for, although to the extent Applications under the Vista Group Employee Offer are greater than the value of Shares available under the Vista Group Employee Offer (\$800,000), Applications will be scaled back in such a manner as the Issuers may determine.
How do you pay for your Shares?	Application monies should be paid by cheque drawn on a New Zealand bank. Cheques should be crossed "Not Transferable" and made out to "The Vista Group Share Offer". Alternatively, you may pay by direct debit by including your direct debit details on your Employee Offer Application Form.
When do you need to apply?	The Vista Group Employee Offer opens on 17 July 2014 and is expected to close at 12.00pm on 25 July 2014.
How to obtain a copy of the Investment Statement	<p>You may obtain a copy of the Investment Statement by:</p> <ul style="list-style-type: none"> • downloading a copy at www.vistagroup.co.nz; • requesting a copy from the Registrar by calling (09) 375 5998; or • requesting a copy from the Vista Group by emailing Brian Cadzow (brian.cadzow@vista.co.nz).

8.1.4 Institutional Offer

The Institutional Offer will be conducted through the bookbuild. The Lead Manager will invite selected Institutional Investors along with NZX Firms to bid for Shares in the bookbuild process to be undertaken by the Lead Manager on 15-16 July 2014.

Full details of how to participate, including bidding instructions, will be provided by the Lead Manager to invited Institutional Investors in due course. Participants can bid into the book only through the Lead Manager. Participants may bid for Shares at specific prices and may bid within, above or below the

Indicative Price Range. All successful participants will pay the Final Price for each Share allocated to them.

Offer Management Agreement

The Issuers and the Lead Manager have entered into an Offer Management Agreement. Under the Offer Management Agreement, once the Final Price has been determined, the Lead Manager or their affiliates will be obliged to provide settlement support in respect of successful bids in the Institutional Offer. The Offer Management Agreement sets out a number of circumstances under which the Lead Manager may terminate the Offer Management Agreement and their settlement support obligations. See "Material Contracts" in *Section 10: Statutory Information* for further information about the Offer Management Agreement.

8.1.5 Allocations, Allotment and Listing

Allocations

The allocation of Shares between the Broker Firm Offer and the Institutional Offer and as between Institutional Investors will be determined by the Issuers in consultation with the Lead Manager.

The number of Shares to be offered under the Institutional Offer, and the allocation of Shares among Institutional Investors, will be determined by the Issuers in consultation with the Lead Manager. The Issuers will have absolute discretion regarding the basis of allocation of Shares among Institutional Investors. There is no assurance that any Institutional Investor will be allocated any Shares, or the number of Shares for which it has bid. The allocation policy will be outlined in the bidding instructions, which will be provided to invited Institutional Investors by the Lead Manager in due course.

Up to \$0.8 million worth (based on the Final Price) of Shares have been reserved for the Vista Group Employee Offer. Allocations of Shares under the Vista Group Employee Offer will be determined by the Issuers. If the value of Applications received under the Vista Group Employee Offer is greater than the value of Shares available under the Vista Group Employee Offer (as determined by the Issuers), Applications will be scaled back in such a manner as the Issuers may determine.

Allocations by NZX Firms to their New Zealand resident clients will be determined by those NZX Firms. It will be a matter for the NZX Firms to ensure that their New Zealand resident clients who have received an allocation from them receive their Shares. Broker Firm Offer Applicants should contact their NZX Firm from whom they received their allocation to find out if their Application was successful.

Allotments

Any New Zealand resident with a CSN will have their Shares allotted under their CSN, if the CSN was provided on the Application Form.

Applicants who do not have a CSN will be allocated a CSN at the time of Application. The CSN will be advised at the time the allotment of Shares is confirmed and the associated Authorisation Code (*FIN*) will be sent as a separate communication on 9 August 2014.

Shares allocated under the Offer are expected to be allotted on 8 August 2014.

Holding statements are expected to be sent to all successful Applicants on 11 August 2014. None of the Issuers, the Lead Manager, the Registrar nor any of their respective directors, officers, employees or advisers accepts any liability should any person attempt to sell or otherwise deal with the Shares before a statement confirming allotment is received.

What you need to do to sell your Shares

If you wish to sell your Shares on the NZX Main Board after confirming your allocation you must contact an NZX Firm and have a CSN and FIN. Opening a new broker account can take a number of days depending on the NZX Firm's new client procedures. If you do not have a CSN, you will:

- be assigned one when you set up an account with an NZX Firm; or
- receive one from the Registrar when you receive your holding statement for your Shares (which is expected to be sent on the Allotment Date).

If you do not have a FIN, it is expected that you will be sent one as a separate communication by the Registrar on 9 August 2014. If you have a broker and have not received a FIN by the date you want to trade your Shares, your broker can obtain one, but may pass the \$20 cost for doing so on to you.

Listing and Quotation

NZX

Application has been made to NZX for permission to list the Company and quote the Shares on the NZX Main Board and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus. The NZX Main Board is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act.

Initial quotation of the Shares on the NZX Main Board is expected to occur under the code 'VGL' on 11 August 2014.

ASX

An application will be made to ASX after the Investment Statement and this Prospectus have been lodged with ASIC for the Company to be admitted to the official list of the ASX and for quotation of the Shares on the ASX. It is anticipated that the ASX stock code for the Shares will be 'VGI'.

ASX takes no responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates. The fact that ASX may admit the Company to the official list and quote the Shares on the ASX is not to be taken as an indication of the merits, or as an endorsement by ASX, of the Vista Group or the Shares. The ASX is not a registered market under the Securities Markets Act.

Failure to Achieve Listing

If admission to list on the NZX Main Board is denied or the Offer does not proceed for any other reason, all Application amounts will be refunded in full without interest no later than 5 Business Days after announcement of the decision not to proceed. Failure to achieve admission to list on the ASX will not, of itself, prevent the Offer from proceeding.

8.1.6 Selling Restrictions

The Offer is being made to New Zealand resident clients of NZX Firms who receive a firm allocation of Shares, to Eligible Employee Offerees and to selected Institutional Investors in New Zealand, Australia and certain other jurisdictions. No person may offer, sell (including resell) or deliver or invite any other person to so offer, sell (including resell) or deliver any Shares or distribute any documents (including this Prospectus) to any person outside New Zealand, except in accordance with all of the legal requirements of the relevant jurisdiction.

None of the Issuers, the Lead Manager, the Registrar nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

SECTION 9: NEW ZEALAND TAX SUMMARY

In this section, “you” refers to the person who acquires the Shares.

Tax will affect your return from the Shares.

The following comments are of a general nature. They are based on the law at the date of this Prospectus and do not deal with your specific circumstances.

You should seek your own tax advice in relation to your Shares.

New Zealand tax implications for New Zealand tax resident Shareholders

The following is a summary of the New Zealand tax implications of investing in the Shares if you are a tax resident for New Zealand tax purposes.

You will be a New Zealand tax resident if you are a natural person and you have:

- a permanent place of abode in New Zealand; or
- been present in New Zealand for more than 183 days in a 12 month period, and not subsequently absent from New Zealand for more than 325 days in a 12 month period,

A company is tax resident in New Zealand if it is incorporated in New Zealand, has its head office or centre of management in New Zealand, or if its directors exercise control of the company in New Zealand.

Generally Shares held by a trustee will be treated as held by a New Zealand resident for withholding tax purposes if the trustee is New Zealand resident.

If you are also a tax resident in another country, the following summary applying to New Zealand residents may not apply to you, and you should seek further tax advice.

Distributions you receive from the Vista Group

Distributions you receive from the Vista Group will generally be taxable dividends for New Zealand tax purposes. Some distributions you receive from the Vista Group may not be taxable dividends (for example, non-taxable bonus issues and certain returns of capital).

New Zealand operates an imputation regime under which income tax paid by the Vista Group gives rise to credits, known as imputation credits, which may be attached to dividends it pays. Imputation credits attached to dividends may be used by New Zealand tax-resident shareholders to offset their tax liability in respect of the dividends. The maximum ratio at which the Vista Group can attach imputation credits to dividends is 28:72 (that is, \$28 of imputation credits to \$72 of cash dividend).

The Vista Group will generally be required to deduct resident withholding tax (“RWT”) from dividends it pays to you. Currently, the rate of RWT on dividends is 33%, less the amount of imputation credits attached to the dividend. Accordingly, where imputation credits are attached to dividends at the maximum permitted ratio (that is, the dividends are fully imputed), RWT equal to 5% of the gross dividend (that is, cash plus imputation credits) will be deducted. Where dividends are partially imputed, the amount of RWT deducted will be greater than 5% of the gross dividend. You will be entitled to a credit against your income tax liability for the amount of RWT deducted. The Vista Group will not deduct RWT from dividends you receive if you hold a current RWT exemption certificate and have provided a copy of that certificate to the Vista Group before the dividend is paid to you.

Filing an income tax return

If you are not otherwise required to file an income tax return, receiving dividends from the Vista Group will not change that generally. If you are on a tax rate of less than 33% you may be able to reduce your other tax liabilities, or receive a refund of some or all of the RWT deducted from dividends paid to you, by filing a tax return.

If you file a tax return, you must include in your taxable income not only the cash dividend you receive, but also the imputation credits attached to, and RWT deducted from, your Vista Group dividend. The total amount included in your taxable income is referred to as the gross dividend. You will be able to use attached imputation credits and a credit for RWT deducted to satisfy (or partially satisfy) your tax liability on the gross dividend. If the attached imputation credits and RWT deducted exceed the amount of tax on the gross dividend, your tax liability on other income you earn may be reduced as a result of receiving the Vista Group dividend.

Tax on sale or disposal of Shares

Although New Zealand does not have a general capital gains tax, there are instances where you will be subject to New Zealand tax on gains you make on the sale or disposal of your Shares or be allowed a deduction for any loss you make. You must consider your individual circumstances to determine whether any gain on the sale or disposal of your Shares will be taxable (or loss deductible).

Generally, you will be subject to tax on any gain (or allowed to deduct any loss) arising from the sale or disposal of your Shares if you:

- are in the business of dealing in shares;
- acquire your Shares as part of a profit-making undertaking or scheme; or
- acquire your Shares with the dominant purpose of selling them.

Your taxable gain (or tax-deductible loss) will be the difference between the cost of your Shares and the amount received for their sale or disposal. If you have a taxable gain, you will likely be required to include that gain in a tax return for the tax year in which the sale occurs. You will need to pay any tax owing in respect of that gain at your marginal tax rate.

New Zealand tax implications for non-resident Shareholders

The following is a summary of the New Zealand tax implications of investing in the Shares if you are not tax resident in New Zealand and hold less than 10% of the voting interests in the Vista Group.

Distributions you receive on your Shares

The Vista Group will deduct non-resident withholding tax (*NRWT*) from taxable dividends paid to you. Most distributions by the Vista Group will be taxable dividends, but non-taxable bonus issues and certain returns of capital will not be taxable dividends. A 15% rate of NRWT will apply:

- to the extent the dividend is fully imputed; or
- if you are resident in a country with which New Zealand has a double taxation agreement that provides for such a rate,

otherwise a 30% rate of NRWT will apply.

If the Vista Group pays a fully imputed dividend, then Vista Group may pay you an additional supplementary dividend which effectively offsets the NRWT on the dividend. If the Vista Group pays a partially imputed dividend, the amount of supplementary dividend will be reduced on a pro rata basis so that it will effectively offset the NRWT on part of the dividend only.

The NRWT withheld may entitle you to a tax credit in your country of residence.

Sale or disposal of Shares

Although New Zealand does not have a general capital gains tax, there are instances where you will be subject to New Zealand tax on gains you make on the sale or disposal of your Shares (or allowed a deduction for any loss you make). You must consider your individual circumstances to determine whether any gain on the sale or disposal of your Shares will be taxable (or loss deductible).

Generally, you will be subject to tax on any gain (or be allowed to deduct any loss) arising from the sale or disposal of your Shares where you:

- are in the business of dealing in shares;
- acquire your Shares as part of a profit-making undertaking or scheme; or
- acquire your Shares with the dominant purpose of selling them.

Your taxable gain (or tax-deductible loss) will be the difference between the cost of your Shares and the amount received for their sale or disposal.

If you are a resident of a country which has a double taxation agreement with New Zealand, subject to the particular provisions of the relevant double taxation agreement, any New Zealand tax liability on any income you derive from the sale of shares in New Zealand companies generally may be relieved under the terms of the relevant double taxation agreement unless you have a 'permanent establishment' in New Zealand through which the Shares are held.

If you derive a taxable gain on the sale or disposal of your Shares and the New Zealand tax liability is not relieved under a double taxation agreement you will be required to include that gain in a New Zealand tax return for the tax year in which the sale occurred and pay tax on the gain in New Zealand at your applicable rate.

Tax implications for Eligible Employee Offerees

If you purchase your Shares under the Vista Group Employee Offer, you will be subject to New Zealand tax on the aggregate of the 20% discount you receive on the Shares you subscribe for.

The Vista Group is not able to pay the tax arising from the discount you receive under the Vista Group Employee Offer on your behalf. You will be required to include this income in your tax return for the tax year in which you purchase your Shares. You will also need to pay the tax owing at your marginal tax rate by your terminal tax date or take this liability into account as part of your provisional tax payments (if this applies to you).

You should obtain specific tax advice regarding your tax liability under the New Zealand employee share scheme rules from investing under the Vista Group Employee Offer.

No stamp duty or GST

New Zealand does not have stamp duty. New Zealand GST should not apply to your investment in the Shares.

SECTION 10: STATUTORY INFORMATION

The information in this section is included in accordance with the requirements of Schedule 1 to the Securities Regulations.

1 Main terms of the Offer

The issuer of the Shares is Vista Group International Limited. Its registered office is set out in the *Directory*.

The securities being offered are fully paid ordinary shares in the Company, comprising both existing Shares held by the Selling Shareholders and new Shares to be issued by the Company, which will be acquired by the Offeror and sold under this Offer: (i) at the Final Price to members of the public in New Zealand (pursuant to the Broker Firm Offer) and to selected Institutional Investors in New Zealand, Australia and certain other jurisdictions and (ii) to Eligible Employee Offerees under the Vista Group Employee Offer, at the Final Price less a discount of 20%.

The maximum number of Shares being offered under the Offer is 40,332,023 Shares.³⁴

The consideration to be paid for each Share transferred on the Allotment Date is the Final Price, save in respect of the Vista Group Employee Offer to Eligible Employee Offerees, who will pay a 20% discount to the Final Price. If the Offer is fully subscribed at a Final Price which is at the top of the Indicative Price Range, the gross amount of consideration received by the Company under the Offer will be \$40 million.

An Indicative Price Range of \$2.10 to \$2.70 per Share has been set by the Issuers, however, the Issuers, in their sole discretion may set the Final Price within, above or below this range. Information about how the Final Price will be determined is set out under the heading "Pricing of the Offer" in *Section 8: Offer Details*. The Final Price is expected to be announced following the bookbuild on 16 July 2014.

Each Share gives the holder a right to:

- attend and vote at a meeting of Shareholders, including the right to cast one vote per Share on a poll on any resolution, such as a resolution to:
 - appoint or remove a director;
 - adopt, revoke or alter the Constitution;
 - approve a major transaction (as that term is defined in the Companies Act);
 - approve the amalgamation of the Vista Group under section 221 of the Companies Act; or
 - place the Company in liquidation;
- receive an equal share in any distribution, including dividends, if any, authorised by the Board and declared and paid by the Vista Group in respect of that Share;
- receive an equal share with other Shareholders in the distribution of surplus assets in any liquidation of the Vista Group;

³⁴ Based on \$40 million worth of Shares being issued at the bottom of the Indicative Price Range and on the Selling Shareholders selling the maximum number of Shares in the sell down ranges specified in *Section 8: Offer Details*.

- be sent certain information, including notices of meeting and company reports sent to Shareholders generally; and
- exercise the other rights conferred upon a Shareholder by the Companies Act and the Constitution.

A Shareholder's ability to exercise these rights is subject to restrictions contained in the constitution and the NZX Listing Rules and the ASX Listing Rules.

2 **Name and Address of Offeror**

The offeror of the Shares is Vista Group Holdings Limited. Its registered office is set out in the *Directory*.

The Company received \$1,099,968 in respect of the original allotment of the total ordinary shares of the Company existing as at the date of this Prospectus.

The aggregate amount of consideration that will be received by the Company for the Shares to be issued to the Offeror will be \$40 million.

3 **Details of Incorporation of the Issuer**

The Company was incorporated in New Zealand on 6 August 2003 under the Companies Act 1993. The Company's registration number is 1353402.

You can inspect the public file relating to the Company maintained by the Companies Office of the Ministry of Business, Innovation and Employment on its website at www.business.govt.nz/companies.

4 **Principal Subsidiaries of the Company**

As at the date of this Prospectus, the Company's principal subsidiaries, each of which are directly or indirectly wholly owned by the Company, are Vista Entertainment Solutions Limited, Vista Entertainment Solutions (USA) Incorporated and Vista Entertainment Solutions (UK) Limited. At the date of this Prospectus, Movio is a 57.01% indirect subsidiary any will become a wholly owned subsidiary following closing of the Offer (see paragraph 12 below).

5 **Names, Addresses and Other Information**

Directors

The Directors of the Company, and their principal residence as at the date of this Prospectus, are Brian John Cadzow (Auckland, New Zealand), Murray Lawrence Holdaway (Auckland, New Zealand), James Harold Ogden (Wellington, New Zealand), Susan Ruth Peterson (Auckland, New Zealand) and Kirk Senior (Melbourne, Australia).

You can contact the Directors at the registered office of the Company as set out in the *Directory*.

Murray Holdaway and Brian Cadzow are the only Directors who are also employees of the Company. Murray is the Chief Executive of the Company. Brian is the Finance Director of the Company.

Registrar

The Vista Group's share registrar is Link Market Services Limited. Its contact address is set out in the *Directory*.

Auditor

The Vista Group's auditor is Grant Thornton. Its contact address is set out in the *Directory*.

Advisers

The names and addresses of the solicitors and other professional advisers to the Vista Group who have been involved in the preparation of this Prospectus, are set out in the *Directory*.

Experts

Ernst & Young Transaction Advisory Services Limited (*EYTAS*), Chartered Accountants, have given their consent and have not withdrawn their consent before delivery of this Prospectus for registration under section 41 of the Securities Act to the distribution of this Prospectus with the inclusion of the Investigating Accountant's Report on this Prospectus in the form and context in which it is included. *EYTAS*'s contact address is set out in the *Directory*.

To the best of *EYTAS*'s knowledge, neither *EYTAS* nor any director, officer or employee of it, is or is intended to be, a director officer or employee of the Issuers. However, *EYTAS* has provided, and may in the future provide, professional advisory services to the Vista Group.

6 Restrictions on Directors' Powers

The Constitution incorporates by reference the requirements of the NZX Listing Rules and the ASX Listing Rules and requires the Company to comply with the NZX Listing Rules and the ASX Listing Rules for so long as the Shares are quoted on the NZX Main Board and the ASX respectively. The principal restrictions on the powers of the Board imposed by the Constitution (including the requirements of the NZX Listing Rules and the ASX Listing Rules incorporated into the Constitution), the NZX Listing Rules and the ASX Listing Rules (which will apply once the Shares are quoted on the NZX Main Board and the ASX respectively) are that the Board may not:

- issue or acquire any equity security except in accordance with the provisions of the Companies Act, the Constitution, the NZX Listing Rules and the ASX Listing Rules;
- give financial assistance for the purpose of, or in connection with, the acquisition of equity securities issued or to be issued by the Company, except in limited circumstances and in accordance with the provisions of the Companies Act, the Constitution, the NZX Listing Rules and the ASX Listing Rules;
- cause the Company to enter into any transaction or series of linked or related transactions to acquire, sell, lease, exchange or otherwise dispose of (otherwise than by way of charge) assets of the Company which would change the essential nature of the business of the Company in respect of which the gross value is in excess of 50% of the average market capitalisation of the Company, without the prior approval of Shareholders in accordance with the Constitution, the NZX Listing Rules and the ASX Listing Rules; and
- allow the Company to enter into certain material transactions with related parties, a subsidiary, certain substantial holders of Shares, or any associates of any of those persons, if those persons or their associates are, or are likely to become, direct or indirect parties to the material transaction without the prior approval of Shareholders in accordance with the Constitution, the NZX Listing Rules and the ASX Listing Rules.

In addition, a Director may not vote on any matter in which he or she is interested, unless permitted by the Companies Act and the NZX Main Board Listing Rules and ASX Listing Rules where he or she has complied with the relevant provisions and signed a certificate in respect of the matter.

The Companies Act contains a number of other provisions that could have the effect, in certain circumstances, of imposing restrictions on the powers of the Board. For example, Directors cannot allow the Company to:

- enter into any major transaction (as that term is defined in the Companies Act) without the prior approval of a special resolutions of Shareholders; or
- take any action which affects the rights attaching to the Shares without the prior approval of a special resolution of each interest Group (as that term is defined in the Companies Act).

These provisions apply to any company registered under the Companies Act.

7 Substantial Equity Security Holders of Issuer

The following table sets out the 10 largest registered holdings of equity securities as at the date of this Prospectus:

Shareholder	Number of Shares	%
Murray Lawrence Holdaway, Helen Rachel Geary and Stephen John McDonald	15,086,875	25.25
Brian John Cadzow, Julie Ann Cadzow and Peter Allen Lewis	10,456,250	17.50
Bruce Alexander Wighton, Marianne Bachler and Peter John Clark	8,735,450	14.62
Gregory James Trounson, Donald Mackenzie Gibson and Kathryn Mary Lee Trounson	7,020,625	11.75
Bruce Alan Forbes and Derek Geoffrey Forbes	2,987,500	5.00
Kirk Senior Pty Limited	2,975,550	4.98
David Maxwell Smith and Lara Kelly Smith	2,145,025	3.59
John Trevor Hanson and Bruce Trevor Hanson	1,768,600	2.96
Smith Family Holdings Limited	1,744,700	2.92
Mark Edwin Pattie, Kelly Margaret Pattie and Northern Trustee Services (No. 74) Limited	1,744,700	2.92

None of the persons named above guarantee, or undertake any liability in respect of, the Shares.

8 Description of the Activities of the Issuing Group

Since incorporation, the Company has acted as a holding company for the Vista Group. The activities of the Vista Group are the development, selling and supporting of software solutions to customers and prospects in the film cinema and film distribution industries. Further information about these activities is available in *Section 4: Business Overview*.

The principal assets of the Vista Group are the intellectual property associated with its software products, which is owned by the Group.

Some of these assets are subject to obligations in favour of other persons that modify or restrict the Company's ability to deal with those assets. Those obligations include restrictions on how those assets may be dealt with, as described under the heading "Restrictions on Issuing Group".

9 Summary Financial Statements

Summary financial statements for each of the 5 consecutive accounting periods preceding 31 December 2013 are set out in *Section 7.5: Historical Financial Information*.

10 Prospects and Forecasts

Trading prospects of the Vista Group, together with any material information relevant to those prospects, are described generally in *Section 4: Business Overview* and *Section 7: Operational and Financial Information*.

Any special trade factors and risks which could materially affect the prospects of the Vista Group and which are not likely to be known or anticipated by the general public are set out in Section 6: *What are my Risks?*

11 **Provisions Relating to Initial Flotations and Minimum Subscriptions**

The plans of the Directors in respect of the Vista Group during the 12 month period commencing on the date of this Prospectus are to continue to implement its strategy as described in *Section 4: Business Overview*.

The source of finance required for these plans will be funds received from the sale of the Shares pursuant to the Offer and operating cash flows during that 12 month period.

Notwithstanding the plans of the Directors, the proceeds of the Offer may be applied towards any other purpose.

A prospective statement of financial position, a prospective statement of comprehensive income, a prospective statement of changes in equity, and a prospective statement of cash flows of the Vista Group for the accounting periods ending 31 December 2014 and 31 December 2015 are set out in *Section 7.3: Prospective Financial Information*.

For the purposes of section 37(2) of the Securities Act, the minimum amount that, in the opinion of the Directors, must be raised in order to provide the sums required to be provided in respect of:

- the purchase price of any property which is to be defrayed in whole or in part out of the proceeds of the Offer;
- any preliminary expenses payable by the Company, and any commission payable to any person in consideration of his or her agreeing to subscribe for, or his or her procuring or agreeing to procure subscriptions for, Shares;
- working capital; and
- the repayment of any money borrowed by the Company in respect of any of the foregoing matters,

is \$17.9 million.³⁵

12 **Acquisition of Business or Subsidiary**

Movio

The Company acquired the majority of issued shares in Virtual Concepts on 1 November 2013. Virtual Concepts was, however, classified as a subsidiary of the Company prior to that date, under applicable financial reporting statements. Accordingly, clause 12 of Schedule 1 of the Securities Regulations does not apply to Virtual Concepts and Movio.

Virtual Concepts is the sole shareholder of Movio. You can find a brief description Movio's business in the course of the last five years in *Section 4.2: Vista Group Businesses*.

The Company has signed agreements with the other shareholders of Virtual Concepts to acquire the remaining 42.99% of the share capital of Virtual Concepts post the Offer.

³⁵ This figure includes the deferred consideration payable to the shareholders of Virtual Concepts. This is estimated as a performance based payment of \$5.9 million which is reflected in the balance sheet on a present value basis of \$4.6 million in FY14F (assuming the performance payment is made in cash and not in shares). Further information is available under the heading "Movio deferred consideration" in *Section 5.2: Corporate Governance*.

The amount of initial consideration paid by the Company to acquire the balance of Virtual Concepts shares that it did not previously own is approximately \$10.8 million paid in a mixture of cash and Shares. In accordance with the terms of the sale and purchase agreement dated 4 June 2014 between the Company and certain other shareholders of Virtual Concepts, the Company may be required to pay further consideration in relation to that acquisition, based on the Movio Group achieving specified performance criteria as at year ends 2014, 2015 and 2016. See under the heading "Movio deferred consideration" in *Section 5.2.6: Executive Remuneration and Share Plans* for more information on the acquisition and the deferred considerations payable. This deferred consideration is capped at approximately \$9.82 million (other than in the event that substantially all of the Shares or assets of Virtual Concepts are sold to an unrelated third party prior to 31 December 2016, in which case the deferred consideration will not be capped).

MACCS

On 4 April 2014 the Company acquired 25.1% of MACCS pursuant to a share sale and purchase agreement with Horizon Investments B.V., L.J. Huls, Transparent Constructions B.V. and M.H.W. Van as dated 2 April 2014. The Company also acquired an option to purchase a further 25% of MACCS within three years from 4 April 2014. The Company intends to exercise this option as at 1 September 2014 and to use some of the proceeds of the Offer in exercising this option.

You can find a brief description of MACCS's business in the course of the last five years in *Section 4.2: Vista Group Businesses*.

The Company paid €3,000,000 for the acquisition of 25.1% of MACCS. The consideration payable for the remaining shares that the Company holds an option over is €2,750,000.

Pursuant to the Securities Act (Vista Group International Limited) Exemption Notice 2014, the Company is exempted from the disclosure requirements of clause 12(3) of Schedule 1 to the Securities Regulations in respect of the exercise of the option in respect of MACCS. This exemption is conditional upon certain other disclosures which are set out on page 120.

13 Securities Paid up Otherwise than in Cash

Not applicable.

14 Options to Subscribe for Securities of the Vista Group

Not applicable.

15 Appointment and Removal of Directors

The Company is or will be a party to a listing agreement with NZX Limited (a registered exchange) and expects to be party to a listing agreement with ASX and the method by which Directors of the Company may be appointed to or may be removed from, or otherwise vacate, office is the same as that contained in the NZX Listing Rules and the ASX Listing Rules.

Each Director has the power to appoint any person as an alternate director, who may be any person not disqualified under the Companies Act 1993 from holding the position of a director of a company and who is approved by a majority of the other Directors.

16 Interested Persons

For the purposes of the information set out under this heading, "specified person" means:

- a director or proposed director of the Company or an associated person of any of them; and
- the Offeror, the Existing Shareholders and any associated person of either of them.

Each Director is entitled, without limit, to be paid for all reasonable travelling, accommodation and other expenses incurring in the course of performing duties or exercising powers as a Director.

Under the Constitution, every Director shall be indemnified by the Company for any costs referred to in section 162(3) of the Companies Act and any liability or costs referred to in section 162(4) of the Companies Act, with the amounts and terms and conditions to be determined by the Board in accordance with those sections without other limitations. In addition, with the prior written consent of the Board, the Company may indemnify an employee, including any specified person who is an employee, for any costs referred to in section 162(3) of the Companies Act and any liability or costs referred to in section 162(4) of the Companies Act, with the amounts and terms and conditions to be determined by the Board in accordance with those sections without other limitations.

Kirk Senior, a Director, provides contract services to the Company for industry advice and business development projects and receives remuneration for those services. The remuneration he receives from the Company for these services is limited to such amount as may be agreed by the Board. Mr Senior is also entitled to remuneration from the Company in connection with services provided in relation to the Offer. The remuneration he receives from the Company for these services is limited to such amount as may be agreed by the Board.

Mr Senior was previously a consultant to the Company from 2010 to 2014. In this role he provided consulting tasks to the Company's Board and management, including industry advice and business development projects. In exchange for these services he was paid approximately \$230,000 per year, including incentive fees which were based on achievement of consulting tasks.

Murray Holdaway is the Chief Executive of the Company and receives remuneration for services performed in that role. The remuneration he receives from the Company for these services is limited to such amount as may be agreed by the Board.

Brian Cadzow is the Finance Director of the Company and receives remuneration for services performed in that role. The remuneration he receives from the Company for these services is limited to such amount as may be agreed by the Board. From time to time, Mr Cadzow's daughter works as a contractor to the Company in an administration role. The remuneration she receives from the Company for these services is limited to such amount as may be agreed by the Company.

In addition, the Existing Shareholders are all employees of the Vista Group and receive remuneration for services performed in their respective roles. The remuneration such employees receive from the Vista Group for their services is limited to such amount as may be agreed by the Group.

Particulars of the shareholdings in the Company, both prior to and following the Offer, are set out under the heading "Shareholding" in *Section 8: Offer Details*.

Except as set out above, no specified person has, or has had at any time during the 5 years preceding the date of this Prospectus, any direct or indirect material interest in the Vista Group, or in any contract or arrangement entered into on behalf of or in respect of the Vista Group, that is material to either or both of the person who has the interest and the Vista Group.

17 **Material Contracts**

The Vista Group has entered into the following material contracts (not being contracts entered into in the ordinary course of business) in the two years preceding the date of registration of this Prospectus:

Acquisition contracts

The following material contracts have been entered into by the Vista Group in relation to the acquisition of MACCS and Virtual Concepts (Movio):

MACCS Sale and Purchase Agreement

The Company has entered into a sale and purchase agreement relating to a 25.1% participation in MACCS International B.V. with Horizon Investments B.V. / Mr L.J. Huls and Transparent Constructions B.V. / Mr. M.H.W. Van As dated 2 April 2014. You can find a description of the share sale and purchase agreement in relation to the acquisition of MACCS under the heading “12: Acquisition of Business or Subsidiary” in this section.

Virtual Concepts (Movio) Acquisition

The Company has entered into a sale a purchase agreement for shares in Virtual Concepts Limited with ETCO Limited as trustee of the E2 Trust, WASPP Corporation Limited as trustee of the Empire Trust, Peter Joseph Beguely and Samuel James Beguely as trustees of the Syndicate Trust and William Stanley Palmer and Peter Joseph Beguely dated 4 June 2014. You can find a description of the sale and purchase agreement in relation to the acquisition of Virtual Concepts (Movio) under the heading “12: Acquisition of Business or Subsidiary” in this section.

Offer related contracts

The following material contracts have been entered into by the Vista Group in relation to the Offer:

Restricted Security Agreements

The Company has entered into restricted security agreements dated 2 July 2014 with the Existing Shareholders and James Ogden and Susan Peterson (as the independent Directors), under which the Existing Shareholders and the independent Directors have agreed to continue to hold all of their existing Shares which they do not sell as part of the Offer and any Shares acquired under the Vista Group Employee Offer and, in the case of the independent Directors, any Shares purchased under the Offer, until the first day after the Vista Group's preliminary announcement has been released to the market in respect of its financial results for the year ending 31 December 2015. Further details in respect of these agreements are set out under the heading “Escrow Arrangements” in *Section 8: Offer Details*.

Agreement for Sale and Purchase of and Subscription for Shares

The Issuers and the Selling Shareholders entered into an agreement for sale and purchase of, and subscription for, Shares in the Company dated 2 July 2014, under which the Offeror agrees to purchase certain Shares from the parties and the Offeror agrees to subscribe for additional Shares to be issued by the Company. The purchase and subscription will take place on or about the Allotment Date at the Final Price, and are being undertaken for the purpose of offering these Shares under the Offer. It is a condition of this agreement that the Company gives its approval of the Final Price.

Offer Management Agreement

On 3 July 2014, each of the Issuers and the Lead Manager entered into the Offer Management Agreement, which sets out the obligations of the Lead Manager in relation to the operation of the Offer bookbuild and also in relation to the provision of settlement support in certain circumstances described below.

Under the Offer Management Agreement, the Lead Manager commits to conduct the bookbuild for the Offer. Once the Final Price has been determined, the Lead Manager will be obliged, subject to various terms and conditions, to provide settlement support in respect of successful bids into the Offer bookbuild under the Institutional Offer and the Broker Firm Offer, so that if those bids are not paid for in cleared funds the Offeror may require the Lead Manager to pay for and be allocated the Shares instead.

The Lead Manager may terminate the Offer Management Agreement (and their settlement support obligations) in certain circumstances including, for example, if a material adverse event (or any event which is likely to give rise to a material adverse event) occurs in the Vista Group (financially or

otherwise), or if an event occurs which makes it illegal for the Lead Manager to comply with the Offer Management Agreement or to market, promote or settle the Offer.

The obligations of the Lead Manager under the Offer Management Agreement are subject to certain conditions. These conditions include, for example:

- receipt by the Lead Manager of various legal and accounting advice, reports, opinions, comfort letters and other sign-offs arising from the due diligence processes followed in respect of the Offer;
- registration of this Prospectus; and
- all necessary regulatory approvals being granted (or, in certain cases, an indication from the relevant regulator, that they will be).

Pursuant to the Offer Management Agreement, the Issuers have granted an indemnity to the Lead Manager (and certain persons related to the Lead Manager) in relation to losses which relate to or arise from the Offer Management Agreement or the Offer, including losses resulting from a breach by either of the Issuers of their respective obligations under the Offer Management Agreement, any representation or warranty made or given by the Issuers under the Offer Management Agreement being untrue or incorrect, or any unlawful, negligent, reckless or deliberately wrongful act or omission by the Issuers in relation to the Offer.

The Offer Management Agreement also sets out a number of representations, warranties and undertakings given by each of the Issuers to the Lead Manager, and by the Lead Manager to the Issuers customary for an offering of this nature.

The Company has agreed that, subject to certain exceptions, during the period of 180 days from the settlement of the Offer, it will not, without the prior written consent of the Lead Manager, allot or issue, issue or grant any right or option in respect of an issue of, create any debt obligation which may be convertible or exchangeable into or redeemable by, or otherwise enter into an agreement entitling a person to the allotment and issue of, in each case, Shares or other equity securities of the Company.

18 **Pending Proceedings**

Notice of Dispute

On 25 June 2014 the Vista Group received a letter from a significant customer expressing a desire to initiate formal dispute resolution proceedings in relation to contracted services. On the basis of the information received by the Vista Group to-date, and legal advice obtained in respect of that information, the Vista Group estimates that its exposure (if any) in relation to the matters raised by the customer is between \$0 and \$1.5 million. The Vista Group believes that it is in a strong position to rebut a claim, if one is made.

19 **Preliminary and Issue Expenses**

Issue expenses (including NZX firm brokerage and commission fees, NZX listing fees, ASX listing fees, share registry costs, legal fees, accounting fees, Lead Manager fees, advertising costs, offer document design, printing costs and postage and courier costs relating to the Offer) are estimated to amount to an aggregate of \$4.5 million. The Selling Shareholders will pay \$0.8 million of the brokerage and commission fees and the Company will pay a total of \$3.6 million associated with the Offer. \$1.7 million of the Company's costs have been expensed in the PFI Income statement, the remaining \$1.9 million has been recognised as a reduction in equity.

The Lead Manager will receive an IPO lead manager fee of 2.75% of the gross subscription monies raised under the Offer.

NZX Firms will be paid a brokerage fee of 1.5% of the gross proceeds in respect of Shares allotted pursuant to valid Applications for a firm allocation in the Broker Firm Offer. The brokerage fee will be payable by the Lead Manager out of the proceeds of the management fee.

In addition, an incentive fee may be payable to the Lead Manager, but is yet to be agreed and payable at the discretion of the Company.

20 **Restrictions on Issuing Group**

There are no restrictions on the ability of the Vista Group to make a distribution or to borrow, being restrictions that result from any undertaking given, or any contract or debt entered into, by the Group. Nonetheless, under the facility agreement with ASB Bank Limited, the Vista Group has agreed to the following financial covenants:

- consolidated earnings for each financial year are not to be less than four times the consolidated funding costs for that financial period;
- gross senior debt is not to exceed consolidated earnings by more than two and a half times at any one time; and
- cash facility available after debt service for each financial period is not less than 1.3 times the consolidated principal and interest servicing costs for that period.

In addition, the Vista Group is subject to general company law restrictions (such as satisfaction of the solvency test under the Companies Act) in relation to the payment of dividends, which operate as fetters on the ability to make distributions.

21 **Other Terms of Offer and Securities**

All of the terms of the Offer, and all the terms of the Shares, are set out in this Prospectus, other than any terms implied by law or any terms set out in a document that has been registered with a public official, is available for public inspection and is referred to in this Prospectus.

22-23 **Financial Statements**

The audited financial statements for the Company for the accounting period ended 31 December 2013 are set out in *Section 7.5.2: FY13 Audited Financial Statements*.

24 **Additional Financial Statements**

Not applicable.

25 **Places of Inspection of Documents**

You may inspect (without charge) during the period of the Offer, during normal business hours, the Constitution, copies of the financial statements referred to above under the heading "Financial Statements" and copies of the material contracts referred to above under the heading "Material Contracts", at the Company's registered office as set out in the *Directory*. You may also inspect copies of those documents at any time on the Companies Office website at www.business.govt.nz/companies.

26 **Other Material Matters**

Subject to certain conditions, the Company has been exempted from the requirements of clause 12(3)(e) of Schedule 1 to the Securities Regulations, in respect of the pending purchase of 25% of MACCS, pursuant to the Securities Act (Vista Group International Limited) Exemption Notice 2014. There are no other material matters relating to the Offer, other than those set out in this Prospectus, the financial statements or in contracts entered into in the ordinary course of business of a member of the Group.

27 **Directors' Statement**

The Directors, after due inquiry by them, are of the opinion that none of the following have materially and adversely changed during the period between 31 December 2013 and the date of registration of this Prospectus:

- the trading or profitability of the Vista Group;
- the value of the Vista Group's assets; or
- the ability of the Vista Group to pay its liabilities due within the next 12 months.

28 **Auditors' Report**

Grant Thornton's auditor's report required by clause 28 of Schedule 1 to the Securities Regulations 2009 is set out in *Section 7.6: Grant Thornton's Auditor's Report*.

Signatures required by the Securities Act 1978

A copy of this Prospectus has been signed by each Director of the Issuers (or his or her agent authorised in writing).

SECTION 11: INFORMATION FOR AUSTRALIAN INSTITUTIONAL INVESTORS

IMPORTANT NOTICE

This section contains information for eligible Australian Institutional Investors (as defined below). You should read all of this Prospectus and the Investment Statement before deciding whether or not to purchase Shares in the Company.

1 Australian Institutional Offer

The Offer is being made in Australia only to selected investors who are sophisticated or professional investors as respectively referred to in sections 708(8) and 708(11) of the *Corporations Act 2001* (Cth) of Australia (the “Australian Corporations Act”).

No general public offer is being made in Australia.

The Institutional Offer in Australia consists of an invitation to Australian Institutional Investors to bid for Shares. For further details see *Section 8: Offer Details*.

2 Offer Document

The Institutional Offer in Australia is being made under this Prospectus and the Investment Statement and by relying on trans-Tasman mutual recognition under Chapter 8 of the Australian Corporations Act and the *Corporations Regulations 2001* (Cth) of Australia (the “Australian Corporations Regulations”).

This Additional Australian Information contains disclosure relevant to Australian Institutional Investors and to comply with requirements for a recognised offer under Chapter 8 of the Australian Corporations Act and the Australian Corporations Regulations.

This Prospectus and the Investment Statement have been prepared to comply with New Zealand regulatory requirements, which differ in some respects from Australian regulatory requirements for an offer of shares. This Prospectus and the Investment Statement are not, and do not purport to be, a prospectus or document containing disclosure to investors for the purposes of, and do not contain all information that would be required for a prospectus, product disclosure statement or other disclosure document, under Part 6D.2 or Part 7.9 of the Australian Corporations Act.

3 Important Information For Australian Investors

The following statements are required to be included in this document by Chapter 8 of the Australian Corporations Act and the Australian Corporations Regulations.

This Offer to Australian investors is a recognised offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act 2001* (Cth) and the *Corporations Regulations 2001* (Cth). In New Zealand, this is Part 5 of the *Securities Act 1978* (New Zealand) and the *Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008* (New Zealand).

This Offer and the content of this Prospectus and the Investment Statement are principally governed by New Zealand, rather than Australian, law. In the main, the *New Zealand Securities Act 1978* and the *Securities Regulations 2009* (New Zealand) set out how the Offer must be made.

There are differences in how securities and financial products are regulated under New Zealand, as opposed to Australian, law. For example, the disclosure of fees for managed investment schemes is different under New Zealand law.

The rights, remedies and compensation arrangements available to Australian investors in New Zealand securities and financial products may differ from the rights, remedies and compensation arrangements for Australian securities and financial products.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Australian Securities and Investments Commission. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of New Zealand securities and financial products is not the same as that for Australian securities and products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial advisor.

The Offer may involve a currency exchange risk. The currency for the security or financial product is in dollars that are not Australian dollars. The value of the security or financial product will go up and down according to changes in the exchange rate between those dollars and Australian dollars. These changes may be significant.

If you receive any payments in relation to the security or financial product that are not in Australian dollars, you may incur significant fees in having the funds credited to a bank account in Australia in Australian dollars.

If the security or financial product is able to be traded on a financial market and you wish to trade the security or financial product through that market, you will have to make arrangements for a participant in that market to sell the security or financial product on your behalf. If the financial market is a foreign market that is not licensed in Australia (such as a securities market operated by NZX) the way in which the market operates, the regulation of participants in that market and the information available to you about the security or financial product and trading may differ from Australian licensed markets.

4 Australian Securities And Investments Commission

A copy of the Prospectus and the Investment Statement was lodged with ASIC on 4 July 2014. ASIC accepts no responsibility for the contents of this Prospectus or the Investment Statement or the merits of the investment to which this Prospectus and the Investment Statement relate.

5 Stock Exchange Listings

Application has been made to NZX for permission to list the Company and to quote the Shares on the NZX Main Board. All of NZX's requirements relating to the application for listing and quotation that can be complied with on or before the date of this Prospectus have been complied with. However, NZX accepts no responsibility for any statement in this Prospectus or the Investment Statement. The Vista Group's NZX stockcode will be "VGL".

An application will also be made to ASX after this Prospectus and the Investment Statement have been lodged with ASIC for the Company to be admitted to the official list of ASX and for the Shares to be quoted on ASX. The ASX Code for the Vista Group's Shares will be "VGI". If and when the Company is admitted to the official list of ASX, the ASX Listing Rules will apply to the Company (subject to any waivers or rulings given from time to time by ASX).

The Company has applied for waivers and confirmations from the ASX Listing Rules that are customary for a New Zealand company listed on both the NZX Main Board and the ASX.

ASX takes no responsibility for the contents of this Prospectus or the Investment Statement or for the merits of the investment to which this Prospectus and the Investment Statement relate. Admission to the official list of ASX and quotation of the Shares on ASX are not guaranteed and are not to be taken as an indication of the merits, or as an endorsement by ASX, of the Company or the Shares.

In accordance with the requirements of the ASX Listing Rules, the Directors confirm that the Vista Group has sufficient working capital to carry out its stated objectives.

6 Continuous Disclosure

The Vista Group will need to comply with the continuous disclosure rules of both the NZX Listing Rules and the ASX Listing Rules (including as modified by waivers, rulings or exemptions applicable to the Company or the Shares).

All information provided to NZX and ASX in accordance with the NZX Listing Rules and the ASX Listing Rules will be available on the NZX and ASX websites.

For more information in relation to the Vista Group's continuous disclosure process, refer to *Section 5.2: Corporate Governance*.

7 Risks

There are risks that are common to all investments in shares, there are risks that are specific to an investment in the Shares, and there are risks that are specific to the Company and its operations. The risks described or referred to below do not purport to be a comprehensive statement of the risks associated with an investment in the Company.

You should refer to the information set out in *Section 6: What are my Risks?* of this Prospectus for a more extensive list of risks applicable to all investors who choose to invest in the Company.

These risks mean that on the sale of a Share at any time or on a winding up of the Company, an investor may receive less than the amount paid in respect of that Share.

Liquidity and realisation risk

As disclosed in the information set out under the heading "General Investment Risks" in *Section 6: What are my Risks?* of this Prospectus, there can be no assurance that an active trading market in Shares will develop or that the price of the Shares will increase.

The risk may be exacerbated for you if you wish to trade your Shares on ASX. It is expected that the Shares will predominantly be traded on the NZX Main Board. Accordingly, the volume of Shares traded, and therefore liquidity, on ASX might be particularly low.

Foreign exchange risk

The Company proposes to pay dividends in New Zealand dollars. You may be exposed to exchange rate risk for the conversion of dividends to Australian dollars and may incur significant fees in having the funds credited to a bank account in Australia in Australian dollars.

Consequences of Insolvency

If the Company becomes insolvent, you will not become liable to pay any money to any person. If the Company is liquidated then all claims by its creditors will rank ahead of any entitlement of Shareholders to any distribution. Each Share confers an equal right to participate in any such distribution. Any distribution on Shares made on liquidation of the Company may be less than the amount of your investment.

8 Selling Restrictions

This Prospectus and the Investment Statement do not constitute an offer of Shares or invitation in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. Refer to the section titled "Selling Restrictions" in *Section 8: Offer Details* of the Prospectus.

Each successful bidder under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

9 This Is Not Investment Advice. You Should Seek Your Own Financial Advice

The information provided in this Prospectus and the Investment Statement is not financial product advice and has been prepared without taking into account the investment objectives, financial circumstances or particular needs of any investor.

Investors should read the whole of this Prospectus and the Investment Statement and consider all of the risk factors that could affect the performance of the Company and other information concerning the Shares in light of their own particular investment objectives, financial circumstances and particular needs (including financial and taxation issues) before deciding whether to invest in the Company.

10 Trading On ASX

It is expected that the Final Price will be announced on 16 July 2014 on the basis of a bookbuild process to be undertaken on 15-16 July 2014.

Notifications to successful Applicants of their allotments under the Offer are expected to be issued on the Allotment Date.

Following the allotment of the Shares, Shareholders on the Australian Share Register will be sent an initial statement of holding that sets out the number of Shares that have been allocated to them and

provides details of the holder's Shareholder's Holder Identification Number ("HIN") for CHESSE holders or Shareholder Reference Number ("SRN") for Company sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding in the Company.

Initial quotation of the Shares on the NZX Main Board and ASX is expected to occur on or about 11 August 2014.

The Institutional Offer may be terminated by the Lead Manager invoking its termination rights under the Offer Management Agreement, in the event that NZX and/or ASX refuse to agree to quote the Shares on the NZX Main Board and ASX respectively, or if completion does not occur under the Offer Management Agreement. These conditions are expected to be satisfied on or prior to the Allotment Date. If these conditions are not satisfied, the contracts formed on acceptance of bids in the Institutional Offer will automatically be cancelled.

Bidders under the Institutional Offer in Australia should not attempt to sell their Shares until they know whether, and how many, Shares have been allocated to them. None of the Company, the Lead Manager, any other person named in this Prospectus, nor any of their respective directors, officers or employees accepts any liability or responsibility should any person attempt to sell or otherwise deal with Shares before statements confirming allotments of Shares are received by the successful bidders under the Institutional Offer.

11 Selling Shares On ASX And CHESSE

The Company will apply to participate in ASX's Clearing House Electronic Sub-register System ("CHESSE") in accordance with the ASX Settlement Operating Rules. CHESSE is an automated transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in a paperless form.

When the Shares become CHESSE Approved Securities, holdings will be registered in one of two sub-registers, an electronic CHESSE subregister or the Company's issuer sponsored subregister. The Shares of a Shareholder who is a participant in CHESSE or a person sponsored by a participant in CHESSE will be registered on the CHESSE subregister. All Shares will be registered on the Company sponsored subregister.

Following the allotment of the Shares, any Shareholder who has elected to have their Shares registered in CHESSE will be sent an initial statement of holding that sets out the number of Shares that have been allocated. This statement will also provide details of the holder's or Shareholder's Holder Identification Number (HIN) for CHESSE holders or, where applicable, the Shareholder Reference Number (SRN) for issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding in the Company.

12 Differences Between Australian GAAP And NZ GAAP

The financial information provided in respect of the Company and each of its subsidiaries in *Section 7: Operational and Financial Information* has been prepared applying NZ GAAP.

All ongoing financial information prepared by the Company and provided directly to Shareholders or to NZX or ASX will be prepared in accordance with the requirements of NZ GAAP applicable at that time.

The Company has adopted certain accounting policies in connection with the preparation of PFI in this Prospectus. Those policies are expected to be used in future reporting periods and are described in *Section 7.3 Prospective Financial Information*. To the extent that Australian generally accepted accounting principles ("Australian GAAP") would require different accounting policies, those differences would not be material to the Company or its financial results.

There may be some presentation, disclosure and classification differences between financial information prepared in accordance with NZ GAAP and financial information prepared in accordance with Australian GAAP. For example, financial information prepared in accordance with Australian GAAP might contain details of director remuneration which would not be required under NZ GAAP. None of these differences in presentation, disclosure or classification would be expected to change the material financial results reported under NZ GAAP.

13 Applicable Law

Vista Group International Limited as a New Zealand company

The Company is a company incorporated in New Zealand and is principally governed by New Zealand law, rather than Australian law. In Australia, it is registered with ASIC as a foreign company. Its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Australian Corporations Act or by ASIC but instead are regulated by the New Zealand Companies Act, the New Zealand Financial Markets Authority, the Registrar of Financial Service Providers and the Registrar of Companies.

Set out below is a table summarising key features of the laws that apply to the Company as a New Zealand company (under New Zealand law, including as modified by exemptions or waivers) compared with the laws that apply to Australian publicly listed companies generally. It is important to note that this summary does not purport to be a complete review of all matters of New Zealand law applicable to the Company or all matters of Australian law applicable to Australian publicly listed companies or to highlight all provisions that may differ from the equivalent provisions in Australia.

Unless otherwise stated, the Australian Corporations Act provisions do not apply to the Company as a foreign company.

	New Zealand	Australia
Transactions that require shareholder approval	<p>Under the Companies Act, the principal transactions or actions requiring shareholder approval include:</p> <ul style="list-style-type: none"> • adopting or altering the constitution of the company; • appointing or removing a director or auditor; • in certain circumstances, the provision of financial assistance for the purpose of, or in connection with, the acquisition of shares; • major transactions (being transactions involving the acquisition or disposition of assets, the acquisition of rights or interests or the incurring of obligations or liabilities, the value of which is more than half the value of the company's total assets); • amalgamations (other than between the company and its wholly-owned subsidiaries); • putting the company into liquidation; and • changes to the rights 	<p>Under the Australian Corporations Act, the principal transactions or actions requiring shareholder approval are comparable to those under the Companies Act. Shareholder approval is also required for certain transactions affecting share capital (e.g., share buybacks and share capital reductions). Although there is no shareholder approval requirement for major transactions, certain related party transactions require shareholder approval.</p> <p>Shareholder approval is required under the ASX Listing Rules for:</p> <ul style="list-style-type: none"> • increases in the total amount of directors' fees; • directors' termination benefits in certain circumstances; • certain transactions with related parties; • certain issues of shares; and • if a company proposes to make a significant change to the nature or scale of its activities or proposes to dispose of its main undertaking. <p>The ASX Listing Rules will apply to the Company when it is admitted to the</p>

	New Zealand	Australia
	<p>attached to shares.</p> <p>In addition to the Companies Act requirements listed above, shareholder approval is required under the NZX Listing Rules for:</p> <ul style="list-style-type: none"> • director remuneration; • certain transactions with related parties; • certain issues of shares; • in certain circumstances, the acquisition or redemption of shares; and • certain acquisitions or disposals of assets. 	<p>official list of ASX.</p>
Shareholders' right to request or requisition a general meeting	<p>A special meeting of shareholders must be called by the board on the written request of shareholders holding shares carrying together not less than 5% of the voting rights entitled to be exercised on the issue.</p>	<p>The Australian Corporations Act contains a comparable right. Directors must also call a general meeting on the request of at least 100 shareholders who are entitled to vote at a general meeting.</p> <p>Shareholders with at least 5% of the votes that may be cast at the general meeting may also call and arrange to hold a general meeting at their own expense.</p>
Shareholders' right to appoint proxies to attend and vote at meetings on their behalf	<p>A shareholder may exercise the right to vote at a meeting either by being present in person or by proxy. A proxy is entitled to attend and be heard, and to vote, at a meeting of shareholders as if the proxy were the shareholder.</p> <p>A proxy must be appointed by notice in writing signed by or, in the case of an electronic notice, sent by the shareholder to the company. The notice of appointment must state whether the appointment is for a particular meeting or a specified term.</p>	<p>The position is comparable under the Australian Corporations Act.</p>
Changes in the rights attaching to shares	<p>A company must not take action that affects the rights attached to shares unless that action has been approved by a special resolution of</p>	<p>The Australian Corporations Act allows a company to set out in its constitution the procedure for varying or cancelling rights attached to shares in a class of</p>

	New Zealand	Australia
	<p>each affected interest group. (An "interest group" in relation to an action or proposal affecting the rights attached to shares means a group of shareholders whose affected rights are identical and whose rights are affected by the action or proposal in the same way and who comprise the holders of one or more classes of shares in the company).</p>	<p>shares.</p> <p>If the company does not have a constitution, or has a constitution that does not set out a procedure, the rights may only be varied or cancelled by:</p> <ul style="list-style-type: none"> • a special resolution passed at a meeting for a company with a share capital of the class of members holding shares in the class; or • a written consent of members with at least 75% of the votes in the class.
Shareholder protections against oppressive conduct	<p>A shareholder or former shareholder of a company (or any other entitled person) who considers that the affairs of a company have been (or are being, or are likely to be) conducted in a manner that is (or any act or acts of the company have been, or are, or are likely to be) oppressive, unfairly discriminatory, or unfairly prejudicial to him or her in any capacity may apply to the court for relief.</p> <p>The court may, if it thinks it is just and equitable to do so, make such orders as it thinks fit</p>	<p>Under the Australian Corporations Act, shareholders have statutory remedies for oppressive or unfair conduct of the company's affairs.</p> <p>The court can make any order as it sees appropriate.</p>
Shareholders' rights to bring or intervene in legal proceedings on behalf of the Company	<p>A court may, on the application of a shareholder or director of a company, grant leave to that shareholder or director to bring proceedings in the name and on behalf of the company or any related company, or intervene in proceedings to which the company or any related company is a party, for the purpose of continuing, defending or discontinuing the proceedings on behalf of the company or related company.</p> <p>Leave may only be granted if the court is satisfied that either the company or related company does not intend to bring, diligently continue or defend, or discontinue</p>	<p>The Australian Corporations Act permits a shareholder to apply to the court for leave to bring proceedings on behalf of the company, or to intervene in proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for those proceedings, or for a particular step in those proceedings.</p> <p>The court must grant the application if it is satisfied that:</p> <ul style="list-style-type: none"> • it is probable that the company will not itself bring the proceedings, or properly take responsibility for them, or for the steps in them; • the applicant is acting in good

	New Zealand	Australia
	<p>the proceedings, or it is in the interests of the company or related company that the conduct of the proceedings should not be left to the directors or to the determination of the shareholders as a whole.</p> <p>No proceedings brought by a shareholder or a director or in which a shareholder or a director intervenes with leave of the court (as described above) may be settled or compromised or discontinued without the approval of the court.</p>	<p>faith;</p> <ul style="list-style-type: none"> • it is in the best interests of the company that the applicant be granted leave; • if the applicant is applying for leave to bring proceedings, there is a serious question to be tried; and • either at least 14 days before making the application, the applicant gave written notice to the company of the intention to apply for leave and of the reasons for applying, or the court considers it appropriate to grant leave. <p>Proceedings brought or intervened in with leave must not be discontinued, compromised or settled without the leave of the court.</p>
"2 strikes" rule in relation to remuneration reports	<p>There is no equivalent of a "2 strikes" rule in relation to remuneration reports in New Zealand. New Zealand companies are not required to publish remuneration reports so shareholders necessarily cannot vote on them.</p> <p>There is, however, an obligation to state in the company's annual report, in respect of each director or former director of the company, the total of the remuneration and the value of other benefits received by that director or former director from the company during the relevant accounting period and, in respect of employees or former employees of the company who received remuneration and any other benefits in their capacity as employees during the relevant accounting period, the value of which was or exceeded NZ\$100,000 per annum, the number of such employees, stated in brackets of NZ\$10,000.</p>	<p>The Australian Corporations Act requires that a company's annual report must include a report by the directors on the company's remuneration framework (called a remuneration report).</p> <p>A resolution must be put to shareholders at each annual general meeting of the company's shareholders (AGM) seeking approval for the remuneration report. That approval is advisory only, however, if more than 25% of shareholders vote against the remuneration report at 2 consecutive AGMs (i.e., 2 strikes) an ordinary (50%) resolution must be put to shareholders at the second AGM proposing that a further meeting be held within 90 days at which all of the directors who approved the second remuneration report must resign and stand for re-election.</p>
Related party transactions and interests	The Company must comply with NZX Listing Rule requirements in	Under the Australian Corporations Act, public companies must obtain

New Zealand

respect of related party transactions, except to the extent this obligation is modified by waivers or rulings granted by NZX Regulation in respect of the Company .

In particular, shareholder approval is required for material transactions between a listed company and a "related party". The definition of related party catches a number of persons, for example, a director of a listed company, or the holder of a relevant interest in 10% or more of a class of securities of a listed company. A related party who is a party to or a beneficiary of a material transaction (and its associates) are prohibited from voting in favour of a resolution to approve that transaction.

The Securities Markets Act 1988 requires a director or officer of a public issuer who has a "relevant interest" in a public issuer to give notice of this fact to NZX and to disclose any such relevant interest in the interests register of the public issuer. The Companies Act requires companies to keep an interests register, and this register is often used for the purposes of any disclosures by directors or officers of any such "relevant interests". The companies' annual report must state particulars of entries in the interests register made during the accounting period.

Australia

shareholder approval before giving a financial benefit to a "related party" of the public company unless an exemption applies. The exemptions include:

- the arrangement is on arm's length terms;
- the benefit is reasonable remuneration paid to an officer or employee of the company;
- the benefit is a reasonable indemnity or insurance premium given to an officer or employee of the company;
- the value or amount of the financial benefit given to a related entity is less or equal to an amount prescribed by the Australian Corporations Regulations;
- the benefit is given to a closely held subsidiary;
- the benefit is given to all shareholders and does not discriminate other shareholders unfairly.

In addition, the Company will be required to comply with ASX Listing Rule requirements in respect of related party transactions. Unless an exception applies, shareholder approval is required for:

- the acquisition of a substantial asset from, or disposal of a substantial asset to, among other persons, a related party or a person who, together with their associates, holds a relevant interest in at least 10% of the total votes attached to the voting securities;
 - issuing or agreeing to issue securities to related parties;
 - increasing the total of directors' payments;
 - certain directors' termination
-

New Zealand**Australia**

benefits; and

- directors acquiring securities under an employee incentive scheme.

The definition of related party includes, among others, entities that control the public company and directors of the public company and of the entity that controls the public company.

Under the ASX Listing Rules, the Company will also be required to disclose the notifiable interests of its directors at prescribed times and any changes to those notifiable interests.

Disclosure of substantial holdings

The Securities Markets Act 1988 requires every person who is a "substantial security holder" in a public issuer to give notice to that public issuer and NZX that they are a substantial security holder.

"Substantial security holder" means, in relation to a public issuer, a person who has a relevant interest in 5% or more of a class of listed voting securities of that public issuer.

The substantial security holder has ongoing disclosure requirements to notify the public issuer and NZX of certain changes in the number of voting securities in which the substantial security holder has a relevant interest or if there is any change in the nature of any relevant interest in the relevant holding or where that person ceases to be a substantial security holder.

The Australian Corporations Act requires every person who is a substantial holder to notify the listed company and ASX that they are a substantial holder and to give prescribed information in relation to their holding if:

- the person begins to have, or ceases to have, a substantial holding in the company or scheme;
- the person has a substantial holding in the company or scheme and there is a movement of at least 1% in their holding; or
- the person makes a takeover bid for securities of the company.

A person has a substantial holding if the total votes attached to voting shares in the company in which they or their associates have relevant interests is 5% or more of the total number of votes attached to voting shares in the company, or the person has made a takeover bid for voting shares in the company and the bid period has started and not yet ended.

These provisions do not apply to the Company as an entity established outside Australia.

However, the Company will be

	New Zealand	Australia
		required to release to ASX any substantial holder notices that are released to NZX.
How takeovers are regulated	<p>The New Zealand position under the Takeovers Code and Securities Markets Act 1988 is comparable to the Australian position in relation to the regulation of takeovers.</p> <p>Substantial security holder notice requirements apply to relevant interests in 5% or more of a company's listed voting securities (as discussed above under the heading "Disclosure of substantial holdings").</p> <p>A 20% threshold applies (under which a person is prevented from increasing the percentage of voting rights held or controlled by them in excess of that threshold or from becoming the holder or controller of an increased percentage of voting rights if they already hold or control more than 20% of the voting rights), subject to certain "compliance options" (including full and partial offers, 5% creep over 12 months in the 50% to 90% range, and acquisitions with shareholder approval).</p> <p>Compulsory acquisitions are permitted by persons who hold or control 90% or more of voting rights in a company.</p>	<p>The Australian Corporations Act prohibits a person from acquiring a relevant interest in issued voting shares in a listed company if any person's voting power in the company will increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.</p> <p>Exceptions to the prohibition apply (e.g., acquisitions with shareholder approval, 3% creep over 6 months, rights issues that satisfy prescribed conditions).</p> <p>Substantial holder notice requirements apply (as discussed above under the heading "Disclosure of substantial holdings").</p> <p>Compulsory acquisitions are permitted by persons who hold 90% or more of securities or voting rights in a company.</p> <p>The Australian takeovers regime will not apply to the Company as a foreign company.</p>
Filing of documents	<p>The Company must prepare and file the following documents with the Companies Office every year.</p> <ul style="list-style-type: none"> annual financial statements as an issuer under the Financial Reporting Act including the statement of financial position, statement of financial performance, statement of cashflows, statement of movements in equity, statement of accounting policies, notes 	<p>As a foreign registered company, the Company has limited filing obligations. It is required to file annual accounts with ASIC (including the balance sheet, cash flow statement and profit and loss statement for the last financial year, as well as any other documents required to be prepared under New Zealand law). ASIC must also be notified of certain changes (e.g., the appointment or resignation of directors or changes to the Company's constitution).</p>

New Zealand	Australia
<p>to the accounts and an audit report); and</p> <ul style="list-style-type: none"> an annual return required under the Companies Act. <p>The Companies Office must also be notified of certain changes (e.g., the appointment or resignation of directors or changes to the Company's constitution).</p>	<p>Filing obligations applicable to Australian registered companies will not apply to the Company as a foreign company.</p>

Where it is noted that New Zealand law contains comparable provisions to those existing under Australian law, and vice versa, it is emphasised that the summary table only attempts to provide general guidance, and that the detailed provisions may contain differences and may also be subject to differing interpretation by Australian and New Zealand courts.

14 Australian Taxation

You should seek your own taxation advice on the implications of an investment in the securities offered under this Prospectus and the Investment Statement. The Prospectus contains information on New Zealand tax implications for non-resident Shareholders, in *Section 9: New Zealand Tax Summary*.

15 Privacy

If you apply for Shares, you will be asked to provide personal information to the Company, the Registrar and their respective agents who will collect and hold the personal information provided by you in connection with your Application at their respective addresses shown in the *Directory*.

Personal information provided by you will be collected and used for:

- (a) the purposes of considering, processing and corresponding with you about your Application;
- (b) managing and administering your holding of Shares, including sending you information concerning the Company, your Shares and other matters the Company considers may be of interest to you by virtue of your holding of Shares;
- (c) conducting an audit or review of the activities contemplated above; and
- (d) sending you information about special offers for Shareholders in relation to the Company's products and services.

Australian law requires some of the information to be collected in connection with your Application.

Failure to provide the required personal information may mean that your Application is not able to be processed efficiently, if at all.

To do these things, the Company or the Registrar may disclose your personal information to each other and their related companies, respective agents, contractors or third party service providers to whom they outsource services such as mailing and registry functions. For the avoidance of doubt, this includes disclosures of your personal information to recipients located in New Zealand and may include the Lead Manager. The Company or the Registrar may also disclose your personal information to ASX, NZX, other regulatory authorities, any entities or persons acting on your behalf (such as your broker) or as otherwise required by law.

If you become a Shareholder, your information may be used or disclosed from time to time to facilitate dividend payments and corporate communications and for compliance by the Company with legal and regulatory requirements.

Under the Australian Privacy Act 1988 (Cth), you may request access to your personal information held by (or on behalf of) the Company, the Lead Manager and the Registrar. You can request access

to your personal information by telephoning or writing to the Company, the Lead Manager, or the Registrar using the details shown in the Directory of the Prospectus.

16 Definitions

Unless otherwise defined, capitalised terms in this Additional Australian Information have the same meaning as in the *Glossary*.

17 Enquiries

If you have any questions about the Institutional Offer in Australia, you should contact the Lead Manager.

If you do not understand any part of this Prospectus or the Investment Statement, or are in any doubt as to whether to invest in securities offered under this Prospectus and the Investment Statement or not, it is recommended that you seek professional guidance from your solicitor, accountant or other independent and qualified professional adviser.

GLOSSARY

Except where the context expressly provides otherwise:

Admissions	Admissions refers to the number of people who buy a ticket to watch a film at a cinema
Allotment Date	8 August 2014, unless brought forward or extended by the Issuers
Applicant	A person who submits an Application Form
Application	An application to subscribe for Shares offered under the Investment Statement and this Prospectus
Application Form	An application form attached to or accompanying the Investment Statement to subscribe for Shares
ASX	ASX Limited, or the financial market operated by ASX Limited, as the context requires, also known as the Australian Securities Exchange
ASX Listing Rules	The official listing rules of ASX
Auditor	Grant Thornton
Big Data	Data sets that are too large and complex to manipulate or interrogate with standard methods or tools
Board or Board of Directors	The board of directors of the Company
Broker Firm Offer	The offer of Shares under the Investment Statement and this Prospectus to New Zealand resident retail clients of brokers who have received an allocation from their broker
Business Day	A day on which the NZX Main Board is open for trading
CAGR	Compound annual growth rate
Cinema Management Software	Software that enables cinema owners and employees to manage the process of operating an individual cinema and cinema circuit. The software may for example include a ticketing system, concession system, film management or loyalty system, for example
Closing Date	The last day on which Applications will be accepted under the Broker Firm Offer, being 1 August 2014, unless brought forward or extended by the Issuers
Company	Vista Group International Limited
Companies Act	Companies Act 1993
Constitution	The constitution of the Company, as amended from time to time
CSN	Common Shareholder Number
Director	A director of the Company
Existing Shareholders	All Shareholders of the Company as at the date of this Prospectus
Eligible Vista Group Employee	Any person resident in New Zealand or the United Kingdom who is employed on a permanent (full time or part time) basis by the Company or a wholly-owned subsidiary of the Company as at the date of this Prospectus
Eligible Employee Offeree	Eligible Vista Group Employees who do not (directly or through any related party) own (or investments trusts on other similar entities associated with them) (as at 31 March 2014) more than one percent of the issued Shares
EV	Enterprise Value
F	In relation to financial years, means a forecast period
Film Distribution Software	Software that enables film distributors to manage various aspects of their business and includes software for film bookings, contract administration and rights management, film advertising, as well as financial management and reporting for each film
Final Price	The price per Share at which the Shares will be allotted under the Broker Firm Offer and the Institutional Offer,

	expected to be determined on or about 16 July 2014
Financial Reporting Act	Financial Reporting Act 2013
FTE	Full-time equivalent
FY	Financial year
Indicative Price Range	\$2.10 to \$2.70
Institutional Investor	Investors to whom the Lead Manager determines an offer or invitation of securities may be made without the need for a lodged prospectus (or other formality, other than a formality with which the Issuers are willing to comply), including in New Zealand person to whom offers or invitations can be made without the need for a registered prospectus under the Securities Act
Institutional Offer	The invitation to selected Institutional Investors in New Zealand, Australia and certain other jurisdictions
Investment Statement	The investment statement in respect of the Offer
Issuers	The Company and the Offeror
Lead Manager	Macquarie Securities (NZ) Limited
Large Circuit Market	Cinema exhibitors with 20 screens or more
MACCS	MACCS International B.V
Movio	Movio Limited
NPAT	Net profit after tax
Numero	Numero Limited
NZ GAAP or GAAP	New Zealand Generally Accepted Accounting Practice
NZIFRS	New Zealand equivalents to International Financial Reporting Standards
NZX	NZX Limited
NZX Firm	Any company, firm, organisation or corporation designated or approved as a Primary Market Participant from time to time by NZX, see http://www.nzx.com/investing/find_a_participant for a list
NZX Listing Rules	The listing rules applying to the NZX Main Board as amended from time to time
NZX Main Board	The main board equity security market, operated by NZX
Offer	The offers of Shares pursuant to the Investment Statement and this Prospectus
Offeror	Vista Group Holdings Limited
PFI	Prospective financial information
PFI Period	FY14F and FY15F
Prospectus	This document
Recurring Revenue	Revenue that re-occurs on an annual basis. For the Vista Group, they include annual maintenance fees, subscription fees, annual licence fees and half of Vista Cinema's service fees. They do not include one-off, upfront licence fees or implementation fees
Registrar	Link Market Services Limited
SaaS	Software as a service – a software licensing model in which software is licenced on a subscription basis and is centrally hosted on the cloud by independent software vendors or application service providers
Securities Act	Securities Act 1978
Securities Markets Act	Securities Markets Act 1988
Securities Regulations	Securities Regulations 2009
Selling Shareholder	An Existing Shareholder who has elected to sell Shares under the Offer
Share	An ordinary share in the Company
Shareholder	A holder of one or more Shares in the Company
Small Circuit Market	Cinema exhibitors with less than 20 screens
VCL Sellers	Certain shareholders holding 39.28% of the shares in Virtual Concepts prior to the Allotment Date
Veezi	Cloud-based cinema management software developed by Vista Entertainment Solutions and supplied to its customers

VES or Vista Entertainment Solutions	Vista Entertainment Solutions Limited
Virtual Concepts	Virtual Concepts Limited, the sole shareholder of Movio
Vista Cinema	Cinema Management Software developed by Vista Entertainment Solutions and supplied to its customers
Vista Group or Group	The Company and each of its subsidiaries, and in addition MACCS
Vista Group Employee Offer	The offer of Shares under this Prospectus and the Investment Statement to Eligible Employee Offerees

Additional Definitions for the Key Offer Statistics and Key Investment Metrics	
Implied market capitalisation	The number of Shares on issue following the Offer multiplied by the Indicative price range
Prospective net cash	The forecast value of cash less current and non-current borrowings as at 31 December 2014
Implied enterprise value	The implied market capitalisation minus prospective net cash as at 31 December 2014.
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITA	Earnings before interest, tax and amortisation
NPATA	Net profit after tax before amortisation

DIRECTORY

THE COMPANY

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LEGAL ADVISERS TO THE COMPANY

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DLA Phillips Fox

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Auckland 1010

OFFEROR

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INVESTIGATING ACCOUNTANT

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Auckland 1010

REGISTRAR

Link Market Services Limited

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AUDITOR

Grant Thornton

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