



VISTA GROUP
INTERNATIONAL LIMITED

INTERIM
REPORT
2019

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MANAGEMENT COMMENTARY

The following consolidated interim financial statements for Vista Group International Limited (the 'Company' and its subsidiaries, collectively 'Vista Group'), are for the six months ended 30 June 2019 and represent the half year results for Vista Group.

FINANCIAL HIGHLIGHTS

- Continued excellent performance from Vista Group's core businesses (Vista Cinema and Movio), with 19% growth in revenue and 16% growth in like for like⁽¹⁾ EBITDA⁽²⁾ over previous corresponding period (pcp)
- Consolidated Vista Group revenue of \$67.5m (12% growth over pcp), impacted by a reduction in movieXchange revenue (\$0.9m) due to the decline of MoviePass, and the reduction in localisation revenue from Vista China (\$1.9m)
- \$11.8m Vista Group EBITDA⁽²⁾, a 19% reduction (like for like)⁽¹⁾ over pcp, impacted by the decline in movieXchange revenue (\$0.9m), the reduction in localisation revenue from Vista China (\$1.9m), and an adverse foreign exchange comparative (\$0.8m)
- Profit before tax of \$6.2m, a 32% reduction (like for like)⁽¹⁾ over pcp
- \$24.8m available cash balance, puts Vista Group in a strong position to capitalise on future opportunities
- Vista Group to pay a fully imputed interim dividend of 1.2 cents per share on Friday 27 September 2019. This is at the top end of the range of the dividend pay-out policy.

OPERATING HIGHLIGHTS

- Vista Cinema global market share of Enterprise (20+ screens) excluding China reached 49.9% (39.4% including China)
- Vista Cinema global market share of total screens⁽³⁾ increased to 30.3% as at 30 June 2019 (39.0% excluding China)
- 481 new Vista Cinema sites (including 89 sites in China), total now 7,683 sites
- 14% increase in Vista Group recurring revenue over pcp to \$41.1m — representing 61% of total revenue
- 83 new Veezi sites, total now 984 sites
- Movio revenue per Active Moviegoer⁽⁴⁾ grew by 27% over pcp to NZ\$0.25
- Movio Media revenue grew by 73% over pcp.

OPERATIONAL AND PRODUCT OVERVIEW

Cinema

Vista Cinema delivered a strong first half, highlighted by the successful implementation and go-live of 90 sites with Marcus Theatres in the US. Vista Cinema now has customers in 99 countries worldwide. Revenue expansion continues with the launch of new products Serve, Horizon and expansion of our hardware offering. Serve allows our exhibitors to sell food and beverages in seated areas of cinemas and Horizon provides customers with a next-level business intelligence experience delivering real-time operational data insights that enable cinemas to make informed decisions faster.

Movio

Movio Cinema increased its global footprint to 55 countries, growing revenue 14% in the process. Achievements included the successful implementation of Aeon, Movio's first Japanese cinema exhibitor; regional growth in LATAM of 43% and in EMEA of 41%. Movio Media revenue delivered another strong performance due to an increase in Research revenue and renewed contracts with Amazon, Warner Bros. and Viacom. Movio Media's expansion into the UK is ahead of schedule, with the Digital, Direct and Research product offerings live in that market.

Additional Group Companies (AGC)

Performance in the AGC's was mixed, with revenues increasing modestly, but the like for like⁽¹⁾ EBITDA⁽²⁾ slightly down. Powster continues to steadily obtain revenue growth from their showtimes platform, though creative projects targeted for the first half are now pushed to later in the year. Although small in the Group context, the Maccs business had a strong first half and good order books in the near term. New deals signed in July 2019 as well as exhibitor reporting expansion via collaboration with Vista Cinema in Europe provides an encouraging outlook for the second half of the year. Flicks has obtained unique user growth in both Australia and New Zealand, with "Your Cinema" websites now being used by 97 cinemas across 13 countries.

Early Stage Investments (ESI)

Revenue from ESI fell back from the pcp, with revenue from Cinema Intelligence dropping due to a one-off prior year transaction and revenue in movieXchange dropping due to the decline of MoviePass, a key ticketing partner for movieXchange tickets. Consequently, EBITDA⁽²⁾ reduced with a loss for the half. Cinema Intelligence is expected to have an improved second half of 2019.

ASSOCIATES AND JOINT VENTURES

Numero achieved strong revenue growth over pcp. The business has launched the PreSales reporting platform and has also started providing services in multiple countries, bringing their global coverage up to 22 territories.

Vista China continues to perform satisfactorily, despite a drop in both the local box office and admissions in 1H2019. Revenue was 4% up over pcp and good cost management delivered a positive EBITDA⁽²⁾ result. The 1H2019 highlight was the addition of 89 new sites. Vista Group is in advanced negotiations with its fellow shareholder to acquire a controlling stake in Vista China, expected to be funded from working capital and bank facilities.

Stardust is not consolidated due to a change in the composition of its Board and Vista Group no longer exercising control over the business. It continues to focus on product enhancements to expand its reach to avid moviegoers.

TRANSFORMATION OF VISTA CINEMA TO SAAS

Vista Group will embark on a transformational investment beginning in the second half of 2019 to migrate Vista Cinema to a pure SaaS future. The investment will accelerate the process begun in 2017. Our goal is simple — to deliver a multi-tenant SaaS product for cinema circuits and cinemas of all sizes, in all countries, as fast as we can. We aim to have this in market in 2021, with both new and existing customers transitioning. This will drive our vision to help transform the entire film industry, deploy to customers more quickly, deliver functionality in real-time and create the platform for operating leverage in future years.

IMPACT OF NEW LEASE ACCOUNTING STANDARD

NZ IFRS 16 *Leases* is effective for reporting periods beginning on or after 1 January 2019. In accordance with the standard, the prior period comparative has not been restated. Full disclosure of the impact of this standard on both the current and prior periods, on both a consolidated and segmental basis, are included within section 9 of the following interim financial statements.

OVERALL SUMMARY AND OUTLOOK

In summary, our core businesses continue to perform strongly with potential for improvement in AGC in the second half of the year. Vista Group is targeting:

- Revenue growth for Vista Group's core businesses (Vista Cinema and Movio) to be in the region of 14-18% for 2019 with a continuation of the 1H2019 EBITDA⁽²⁾ performance;
- Vista Group consolidated revenue growth to be in the region of 10-12% for 2019, mainly influenced by the reduction in movieXchange revenue, the reduction in revenue from Vista China, and the delay in the consolidation of Numero; in the longer term, Vista Group revenue to be in the region of 13-18% annually as it grows (excluding any acquisitions).

(1) To enable a like for like comparison, 1H2018 has been adjusted to include the impact of NZ IFRS 16. See section 9 of the following interim financial statements for full details on the impact of adopting NZ IFRS 16 on both the current and prior periods.

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

(3) Global market share of screens is the percentage of all screens globally in respect of which Vista Cinema software is used.

(4) Active Moviegoer is a moviegoer who has purchased at least one ticket to a movie from a participating exhibitor during the most recent rolling 12-month period.

STATEMENT OF COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 JUNE 2019

	SECTION	30 JUNE 2019 NZ\$'000 UNAUDITED	30 JUNE 2018 NZ\$'000 UNAUDITED
Total revenue	1	67,511	60,112
Sales and marketing expenses		5,486	4,507
Operating expenses		31,606	27,570
Administration expenses		22,387	17,633
Acquisition expenses		59	93
Foreign currency gains		(16)	(829)
Total expenses		59,522	48,974
Operating profit		7,989	11,138
Finance costs		(679)	(509)
Finance income		290	185
Share of loss from associates and joint ventures	2	(1,562)	(1,731)
Capital gain – Stardust	2	119	-
Profit before tax		6,157	9,083
Tax expense		(2,057)	(3,313)
Profit for the period		4,100	5,770
<i>Profit for the period is attributable to:</i>			
Owners of the parent		4,030	5,214
Non-controlling interests		70	556
Profit for the period		4,100	5,770
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations, net of tax		(353)	1,658
Total comprehensive income for the period		3,747	7,428
<i>Total comprehensive income for the period is attributable to:</i>			
Owners of the parent		3,678	6,721
Non-controlling interests		69	707
Total comprehensive income for the period		3,747	7,428
Earnings per share for profit attributable to the equity holders of the parent			
Basic (cents per share)		\$0.02	\$0.03
Diluted (cents per share)		\$0.02	\$0.03

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

STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 2019

SECTION	ATTRIBUTABLE TO THE OWNERS OF THE PARENT				TOTAL NZ\$'000	NON- CONTROLLING INTERESTS NZ\$'000	TOTAL EQUITY NZ\$'000
	CONTRIBUTED EQUITY	RETAINED EARNINGS	FOREIGN CURRENCY RESERVE	SHARE-BASED PAYMENT RESERVE			
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000			
UNAUDITED							
Balance at 31 December 2018	59,378	80,837	3,202	2,795	146,212	13,184	159,396
Accounting policy change	9	-	(357)	-	(357)	(62)	(419)
Restated total equity	59,378	80,480	3,202	2,795	145,855	13,122	158,977
Profit for the period	-	4,030	-	-	4,030	70	4,100
Other comprehensive income	-	-	(352)	-	(352)	(1)	(353)
Total comprehensive income	-	4,030	(352)	-	3,678	69	3,747
Non-controlling interest change	-	-	-	-	-	(1,299)	(1,299)
Share-based payments	2,211	-	-	(497)	1,714	-	1,714
Dividends paid	7	(3,476)	-	-	(3,476)	(725)	(4,201)
Balance at 30 June 2019	61,589	81,034	2,850	2,298	147,771	11,167	158,938
UNAUDITED							
Balance at 31 December 2017	57,821	75,206	2,101	1,749	136,877	11,224	148,101
Accounting policy change	-	(1,295)	-	-	(1,295)	(40)	(1,335)
Restated total equity	57,821	73,911	2,101	1,749	135,582	11,184	146,766
Profit for the period	-	5,214	-	-	5,214	556	5,770
Other comprehensive income	-	-	1,507	-	1,507	151	1,658
Total comprehensive income	-	5,214	1,507	-	6,721	707	7,428
Issue of equity	-	-	-	-	-	100	100
Share-based payments	841	-	-	394	1,235	(1)	1,234
Dividends paid	7	(2,861)	-	-	(2,861)	(563)	(3,424)
VCL share based payment	589	-	-	(524)	65	-	65
Balance at 30 June 2018	59,251	76,264	3,608	1,619	140,742	11,427	152,169

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		30 JUNE 2019	31 DECEMBER 2018
		NZ\$'000	NZ\$'000
	SECTION	UNAUDITED	AUDITED
CURRENT ASSETS			
Cash		24,818	34,353
Trade and other receivables	4	58,090	61,353
Income tax receivable		1,821	919
Total current assets		84,729	96,625
NON-CURRENT ASSETS			
Property, plant and equipment		5,597	5,358
Lease assets	6	4,743	-
Investment in associates and joint ventures	2	32,221	31,879
Goodwill	3	63,813	63,947
Other intangible assets	5	22,706	20,441
Deferred tax asset		5,272	2,836
Total non-current assets		134,352	124,461
Total assets		219,081	221,086
CURRENT LIABILITIES			
Trade and other payables		12,662	18,602
Lease liabilities	6	2,446	-
Deferred revenue		24,304	21,396
Borrowings related party		223	-
Income tax payable		1,746	3,729
Total current liabilities		41,381	43,727
NON-CURRENT LIABILITIES			
Borrowings related party		659	868
Borrowings external		11,032	11,076
Lease liabilities	6	3,012	-
Deferred revenue		1,221	4,491
Provisions		528	508
Deferred tax liability		2,310	1,020
Total non-current liabilities		18,762	17,963
Total liabilities		60,143	61,690
Net assets		158,938	159,396
EQUITY			
Contributed equity		61,589	59,378
Retained earnings		81,034	80,837
Foreign currency reserve		2,850	3,202
Share-based payment reserve		2,298	2,795
Total equity attributable to owners of the parent		147,771	146,212
Non-controlling interests		11,167	13,184
Total equity		158,938	159,396

For and on behalf of the Board who authorised these financial statements for issue on 29 August 2019.


Kirk Senior Chairman


Susan Peterson Chair Audit and Risk Committee

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

STATEMENT OF CASHFLOWS

SIX MONTHS ENDED 30 JUNE 2019

		30 JUNE 2019	30 JUNE 2018
		NZ\$'000	NZ\$'000
SECTION		UNAUDITED	UNAUDITED
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		74,410	61,213
Interest received		-	185
Payments to suppliers		(60,536)	(42,834)
Taxes paid		(5,989)	(5,741)
Interest paid		(398)	(323)
Net cash inflow from operating activities		7,487	12,500
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,433)	(1,480)
Internally generated software and other intangibles	5	(5,788)	(4,032)
Proceeds from disposal of intangibles	5	-	1,388
Related party loan advance – Numero	2	(644)	(667)
Funding provided to associates and joint ventures		(543)	-
Derecognition of Stardust cash balances		(1,545)	-
Proceeds from Vista China transaction		-	165
Net cash applied to investing activities		(10,953)	(4,626)
CASHFLOWS FROM FINANCING ACTIVITIES			
Reduction of lease liability	6	(1,861)	-
Loans and borrowings		-	261
Dividends paid to non-controlling interest		(725)	(563)
Dividends paid to the owners of the parent	7	(3,476)	(2,861)
Net cash applied to financing activities		(6,062)	(3,163)
Net (decrease)/increase in cash		(9,528)	4,711
Cash at the beginning of the period		34,353	20,954
Foreign exchange differences		(7)	631
Cash at the end of the period		24,818	26,296

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

NOTES TO THE FINANCIAL STATEMENTS

1. OPERATING SEGMENTS

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

The Cinema segment includes software associated with cinema management via the Vista software suite of products, plus the cloud based Veezi product for smaller scale cinemas. The Movie segment includes Movio Cinema and Movio Media that provide data analytics and campaign management. The Additional Group Companies segment is an aggregation of the Maccs, Powster and Flicks businesses, none of which individually exceed the 10% threshold for segment revenue or profitability that would require disclosure under NZ IFRS 8. The Early Stage Investments segment includes businesses that are in the start-up phase of their life cycle. This segment includes MovieXchange, Share Dimension (Cinema Intelligence) and Stardust until 25 February 2019, at which date the entity no longer meets the requirements for control (see section 2). Similar to the Additional Group Companies segment, none of the businesses included in this segment individually exceed the 10% threshold for segment revenue or profitability that would require disclosure under NZ IFRS 8. The Corporate segment contains the shared services functions associated with Vista Group International, being legal, finance, and senior management. Revenue received from the associate company Vista Entertainment Solutions (Shanghai) Limited (Vista China) was recognised within the corporate segment.

The CODM does not regularly review segment assets and liabilities and therefore no such details are provided below.

	CINEMA	MOVIO	ADDITIONAL GROUP COMPANIES	EARLY STAGE INVESTMENTS ⁽¹⁾	CORPORATE	TOTAL
30 JUNE 2019 UNAUDITED	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Timing of revenue recognition						
At a point in time	19,538	4,204	1,357	741	-	25,840
Over time	26,294	7,394	6,430	520	1,033	41,671
Total revenue	45,832	11,598	7,787	1,261	1,033	67,511
Operating expenses	(21,427)	(5,000)	(3,820)	(1,266)	(93)	(31,606)
Sales, marketing and admin expenses	(8,753)	(4,316)	(3,356)	(986)	(6,716)	(24,127)
Foreign currency gains/(losses)	16	26	(42)	(1)	17	16
EBITDA⁽²⁾	15,668	2,308	569	(992)	(5,759)	11,794

	CINEMA	MOVIO	ADDITIONAL GROUP COMPANIES	EARLY STAGE INVESTMENTS	CORPORATE	TOTAL
30 JUNE 2018 UNAUDITED	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Timing of revenue recognition						
At a point in time	16,085	3,342	895	1,849	-	22,171
Over time	23,617	5,223	5,825	392	2,884	37,941
Total revenue	39,702	8,565	6,720	2,241	2,884	60,112
Operating expenses	(19,360)	(3,892)	(3,440)	(785)	(93)	(27,570)
Sales, marketing and admin expenses	(8,620)	(3,220)	(2,734)	(1,036)	(4,646)	(20,256)
Foreign currency gains/(losses)	1,075	70	23	37	(376)	829
EBITDA⁽²⁾	12,797	1,523	569	457	(2,231)	13,115

(1) Includes results of Stardust until 25 February 2019, at which date the entity no longer meets the requirements for control (see section 2).

(2) EBITDA is a non-GAAP measure and is defined as earnings before net finance costs, income tax, depreciation and amortisation, acquisition expenses, capital gains/losses, impairment losses and equity accounted results from associates and joint venture companies.

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of EBITDA to profit before tax

	30 JUNE 2019 NZ\$'000 UNAUDITED	30 JUNE 2018 NZ\$'000 UNAUDITED
EBITDA⁽²⁾	11,794	13,115
Depreciation and amortisation	(3,746)	(1,884)
EBIT⁽³⁾	8,048	11,231
Finance income	290	185
Finance costs	(679)	(509)
Acquisition expenses	(59)	(93)
Share of loss from associates and joint ventures	(1,562)	(1,731)
Capital gain – Stardust	119	-
Profit before tax	6,157	9,083

Revenue by source

	30 JUNE 2019 NZ\$'000 UNAUDITED	30 JUNE 2018 NZ\$'000 UNAUDITED
Product	33,729	28,788
Maintenance	22,634	20,940
Services	6,456	5,525
Development	2,055	3,375
Hardware	2,533	-
Other	104	1,484
Total revenue	67,511	60,112

Revenue by domicile of entity

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

The Other category in the tables below include entities in the Netherlands, Germany, Romania and South Africa. The comparatives below have been restated to separately disclose Mexico.

	30 JUNE 2019 NZ\$'000 UNAUDITED	RESTATED 30 JUNE 2018 NZ\$'000 UNAUDITED
New Zealand	13,370	15,970
United States	28,036	19,687
United Kingdom	15,687	13,144
Mexico	6,437	7,727
Other	3,981	3,584
Total revenue	67,511	60,112

(2) EBITDA is a non-GAAP measure and is defined as earnings before net finance costs, income tax, depreciation and amortisation, acquisition expenses, capital gains/losses, impairment losses and equity accounted results from associates and joint venture companies.

(3) EBIT is a non-GAAP measure and is defined as earnings before net finance costs, income tax, acquisition expenses, capital gains/losses, impairment losses and equity accounted results from associates and joint venture companies.

NOTES TO THE FINANCIAL STATEMENTS

Non-current assets by domicile of entity

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

	30 JUNE 2019 NZ\$'000 UNAUDITED	RESTATED 31 DECEMBER 2018 NZ\$'000 AUDITED
New Zealand	43,982	41,558
United States	10,155	8,531
United Kingdom	10,383	8,788
Mexico	11,416	11,370
Other	20,923	19,499

As required by NZ IFRS 8, the table above excludes deferred tax assets (the comparatives have been restated accordingly). Investment in associates and joint ventures have also been excluded as they are not consolidated.

2. ASSOCIATES AND JOINT VENTURE COMPANIES

STARDUST

On 25 February 2019, Vista Group entered into agreements that resulted in Stardust Solutions Limited (Stardust) no longer meeting the requirements for control under NZ IFRS 10 *Consolidated Financial Statements*. Under the terms of the amended shareholders' agreement, Vista Group no longer have an entitlement to appoint a majority of the Directors, nor to solely appoint the CEO. Holding two Board seats out of four enables Vista Group to exercise significant influence over Stardust and therefore classifies this entity as a joint venture. Vista Group ceased to consolidate Stardust as of 25 February 2019 with its shareholding remaining unchanged at 58.88%.

On 25 February 2019, the carrying value of Stardust's net assets were \$3.2m. The fair value of the retained 58.88% shareholding in Stardust required management judgement with the intellectual property being calculated using a "cost to replace" valuation model (a level 3 fair value measurement technique). Vista Group recognised a \$0.1m gain on deconsolidation, calculated as follows:

	30 JUNE 2019 NZ\$'000 UNAUDITED
Fair value of the 58.88% of Stardust retained by Vista Group	1,978
Less: carrying value of net assets of Stardust	(3,157)
Add: carrying value of non-controlling interests	1,298
Capital gain on deconsolidation of Stardust	119
Income tax expense	-
Capital gain on deconsolidation of Stardust	119

NOTES TO THE FINANCIAL STATEMENTS

Carrying values

	VISTA CHINA		STARDUST	
	30 JUNE 2019	31 DECEMBER 2018	30 JUNE 2019	31 DECEMBER 2018
	NZ\$'000 UNAUDITED	NZ\$'000 AUDITED	NZ\$'000 UNAUDITED	NZ\$'000 AUDITED
Opening net assets	24,575	28,725	-	-
Net assets of Stardust at 25 February 2019	-	-	3,157	-
Loss for the period	(1,341)	(4,150)	(477)	-
Dividends declared	(1,512)	-	-	-
Closing net assets	21,722	24,575	2,680	-
Vista Group interest	47.50%	47.50%	58.88%	-
Vista Group share	10,318	11,673	1,578	-
Goodwill	20,206	20,206	119	-
Carrying values	30,524	31,879	1,697	-

Stardust was consolidated as a subsidiary for the period through 25 February 2019. During this period the entity contributed no revenue and \$0.1m loss after tax. Vista Group recognised an equity accounted loss for the period after which Stardust ceased to be consolidated of \$0.3m.

The carrying value of Numero at 30 June 2019 was \$nil (31 December 2018: \$nil). The following disclosures do not include Numero as it is not deemed to be a material associated company of Vista Group.

Summarised financial positions

A summarised Statement of Financial Position as at 30 June 2019 is presented below:

	VISTA CHINA		STARDUST	
	30 JUNE 2019	31 DECEMBER 2018	30 JUNE 2019	31 DECEMBER 2018
	NZ\$'000 UNAUDITED	NZ\$'000 AUDITED	NZ\$'000 UNAUDITED	NZ\$'000 AUDITED
Cash	16,665	26,366	1,528	1,545
Trade and other receivables	8,255	11,582	162	8
Total current assets	24,920	37,948	1,690	1,553
Total non-current assets	5,077	1,315	6,055	1,901
Total assets	29,997	39,263	7,745	3,454
Total current liabilities	(6,800)	(13,221)	(5,054)	(125)
Total non-current liabilities	(263)	(18)	-	-
Total liabilities	(7,063)	(13,239)	(5,054)	(125)
Effect of translation	(1,212)	(1,449)	(11)	(31)
Net assets	21,722	24,575	2,680	3,298

On 30 January 2019, Vista China provided a retention accommodation loan of \$4.3m to the CEO of Vista China. This loan is interest free, secured against equity in Vista China and matures on 30 January 2022.

NOTES TO THE FINANCIAL STATEMENTS

Summarised trading results

A summarised Statement of Comprehensive Income and a reconciliation to the equity accounted loss recognised in Vista Group is detailed below for the six months ended 30 June 2019. This has been amended to reflect adjustments made to align the associates and joint venture company accounting policies to Vista Group accounting policies.

	VISTA CHINA		STARDUST	
	30 JUNE 2019 NZ\$'000 UNAUDITED	30 JUNE 2018 NZ\$'000 UNAUDITED	30 JUNE 2019 NZ\$'000 UNAUDITED	30 JUNE 2018 NZ\$'000 UNAUDITED
Revenue	9,085	8,720	-	-
Total expenses	(10,426)	(11,411)	(477)	(347)
Loss for the period	(1,341)	(2,691)	(477)	(347)
Vista Group equity accounted interest	47.50%	39.53%	58.88%	0.00%
Vista Group equity accounted loss for the period	(637)	(1,064)	(281)	-

Related parties

The associates and joint venture company related party balances are detailed in the table below:

	NUMERO		VISTA CHINA		STARDUST	
	30 JUNE 2019 NZ\$'000 UNAUDITED	31 DECEMBER 2018 NZ\$'000 AUDITED	30 JUNE 2019 NZ\$'000 UNAUDITED	31 DECEMBER 2018 NZ\$'000 AUDITED	30 JUNE 2019 NZ\$'000 UNAUDITED	31 DECEMBER 2018 NZ\$'000 AUDITED
Related party receivable	-	-	571	6,838	3,354	-
Related party payable	-	-	(44)	(4,791)	(2,291)	-
Related party loan	9,030	8,386	-	-	-	-
Provision for impairment	(3,617)	(2,973)	-	-	-	-
Net receivable	5,413	5,413	527	2,047	1,063	-

Related party transactions for the 6 months ended 30 June 2019 were as follows:

	NUMERO		VISTA CHINA		STARDUST	
	30 JUNE 2019 NZ\$'000 UNAUDITED	30 JUNE 2018 NZ\$'000 UNAUDITED	30 JUNE 2019 NZ\$'000 UNAUDITED	30 JUNE 2018 NZ\$'000 UNAUDITED	30 JUNE 2019 NZ\$'000 UNAUDITED	30 JUNE 2018 NZ\$'000 UNAUDITED
Development fees	315	253	-	1,851	-	-
License fees	203	221	-	-	-	-
Maintenance fees	-	-	1,033	1,033	-	-
Interest on loan	219	130	-	-	-	-
Dividend to Vista Group	-	-	719	-	-	-
Other advances	(93)	63	64	4	611	-
Total recharges	644	667	1,816	2,888	611	-

During the period, Vista Group recognised \$1.0m of revenue from Vista China (30 June 2018: \$2.9m). At the end of the period, a further \$0.3m remains as deferred revenue (30 June 2018: \$4.4m).

NOTES TO THE FINANCIAL STATEMENTS

3. GOODWILL

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

	30 JUNE 2019 NZ\$'000 UNAUDITED	31 DECEMBER 2018 NZ\$'000 AUDITED
Gross carrying amount		
Balance at 1 January	67,501	66,398
Exchange differences	(134)	1,103
Gross carrying amount at period end	67,367	67,501
Accumulated impairment		
Balance at 1 January	(3,554)	(3,554)
Accumulated impairment at period end	(3,554)	(3,554)
Goodwill at period end	63,813	63,947

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

	30 JUNE 2019 NZ\$'000 UNAUDITED	31 DECEMBER 2018 NZ\$'000 AUDITED
Vista Entertainment Solutions Limited (VESL)	24,393	24,414
Virtual Concepts Limited (VCL) – (Movio)	16,970	16,970
Maccs International BV (Maccs)	12,473	12,564
Share Dimension BV (Cinema Intelligence)	1,956	1,972
Powster Limited (Powster)	7,417	7,423
Flicks.co.nz Limited (Flicks)	604	604
Goodwill at period end	63,813	63,947

This is the lowest level at which goodwill is monitored for internal management reporting purposes. Value in use calculations are used in determining the recoverable amount of each CGU. Management has projected the cash flows for each CGU over a five-year period based on approved budgets for the first year. Determination of appropriate post-tax cash flows, terminal growth rates 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 revenue and net profit, timing and quantum of future capital expenditure, working capital, long term growth rates and the selection of discount rates to reflect the risks involved.

NOTES TO THE FINANCIAL STATEMENTS

4. TRADE AND OTHER RECEIVABLES

SECTION	30 JUNE 2019	31 DECEMBER 2018
	NZ\$'000 UNAUDITED	NZ\$'000 AUDITED
Trade receivables	35,286	44,293
Sundry receivables	4,454	3,877
Accrued revenue	7,828	4,853
Prepayments	4,046	2,917
Related party loan — Numero	5,413	5,413
Related party loan — Stardust	1,063	-
Total trade and other receivables	58,090	61,353

Vista Group has recognised a loss of \$0.1m (31 December 2018: \$0.2m) in respect of bad debts during the period. The impairment allowance included in trade receivables was \$0.8m (31 December 2018: \$0.8m). The related party loan to Numero is presented net of the \$3.6m provision for impairment (31 December 2018: \$3.0m), see section 2 for further details. Included within trade receivables is \$0.5m receivable from Vista China (31 December 2018: \$6.8m), see section 2 for further details.

The following table summarises the impact of doubtful debts and expected credit loss provision on the trade receivables balance.

	30 JUNE 2019	31 DECEMBER 2018
	NZ\$'000 UNAUDITED	NZ\$'000 AUDITED
Trade receivables — gross	36,468	46,191
Expected credit loss provision	(415)	(1,086)
Doubtful debts provision	(767)	(812)
Trade receivables — net of provisions	35,286	44,293

The movement in the provision for doubtful debts during the period was as follows:

	30 JUNE 2019	31 DECEMBER 2018
	NZ\$'000 UNAUDITED	NZ\$'000 AUDITED
Balance at 1 January	(812)	(976)
Bad debts written off	111	179
Change in provision	(66)	(15)
Provision for doubtful debts at period end	(767)	(812)

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER INTANGIBLE ASSETS

30 JUNE 2019 UNAUDITED	INTERNALLY GENERATED SOFTWARE NZ\$'000	SOFTWARE LICENSES NZ\$'000	INTELLECTUAL PROPERTY NZ\$'000	CUSTOMER RELATIONSHIPS NZ\$'000	TOTAL NZ\$'000
Gross carrying amount					
Balance at 1 January	17,729	2,626	2,181	4,866	27,402
Internally generated software	5,606	-	-	-	5,606
Additions	-	-	182	-	182
Disposals	(2,121)	(15)	-	-	(2,136)
Exchange differences	(3)	(13)	(7)	(27)	(50)
Balance at period end	21,211	2,598	2,356	4,839	31,004
Accumulated amortisation					
Balance at 1 January	(1,886)	(1,239)	(996)	(2,840)	(6,961)
Amortisation	(814)	(84)	(136)	(326)	(1,360)
Disposals	-	4	-	-	4
Exchange differences	(1)	6	3	11	19
Balance at period end	(2,701)	(1,313)	(1,129)	(3,155)	(8,298)
Carrying amount at 30 June 2019	18,510	1,285	1,227	1,684	22,706

31 DECEMBER 2018 AUDITED	INTERNALLY GENERATED SOFTWARE NZ\$'000	SOFTWARE LICENSES NZ\$'000	INTELLECTUAL PROPERTY NZ\$'000	CUSTOMER RELATIONSHIPS NZ\$'000	TOTAL NZ\$'000
Gross carrying amount					
Balance at 1 January	9,762	2,645	2,136	7,808	22,351
Internally generated software	7,888	-	-	-	7,888
Additions	-	-	26	-	26
Disposals	-	-	-	(3,076)	(3,076)
Exchange differences	79	(19)	19	134	213
Balance at year end	17,729	2,626	2,181	4,866	27,402
Accumulated amortisation					
Balance at 1 January	(626)	(1,068)	(725)	(3,871)	(6,290)
Amortisation	(1,261)	(182)	(257)	(780)	(2,480)
Disposals	-	-	-	1,766	1,766
Exchange differences	1	11	(14)	45	43
Balance at year end	(1,886)	(1,239)	(996)	(2,840)	(6,961)
Carrying amount at 31 December 2018	15,843	1,387	1,185	2,026	20,441

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

NOTES TO THE FINANCIAL STATEMENTS

6. LEASE ASSETS AND LIABILITIES

Recognition and measurement of Vista Group's leasing activities

Vista Group predominantly leases property for fixed periods of 1-7 years, but may have extension options. These extension options are usually at the discretion of Vista Group and are included in the measurement of the lease asset if management intends to exercise the extension. Lease terms are negotiated on an individual basis and contain a variety of terms and conditions. However, these lease agreements do not impose any covenants.

Prior to 31 December 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right of use asset (lease asset) and a corresponding liability at the date at which the leased asset is available for use by Vista Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. The lease asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

See section 9 for more information on adjustments recognised on adoption of NZ IFRS 16 *Leases*, practical expedients applied and the impact of first-time adoption of NZ IFRS 16 on these financial statements.

Lease assets

Vista Group lease assets predominantly comprising property leases. Key movements relating to lease balances are presented below:

	30 JUNE 2019 NZ\$'000 UNAUDITED
Balance at 1 January	-
Additions due to first-time adoption of NZ IFRS 16	6,130
Additions during the year	57
Depreciation charges	(1,467)
Exchange differences	23
Lease assets at period end	4,743

NOTES TO THE FINANCIAL STATEMENTS

Lease liabilities

The maturity of the lease liabilities is as follows:

	30 JUNE 2019 NZ\$'000 UNAUDITED
Less than one year	2,446
One to five years	2,656
More than five years	356
Total lease liabilities	5,458

The total interest expense on lease liabilities and the total cash outflow for the six months ended 30 June 2019 was \$0.2m and \$1.9m, respectively.

7. DIVIDENDS

During the period Vista Group paid the final dividend related to the 2018 financial year of \$3.5m (2017: \$2.9m).

8. GENERAL INFORMATION

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

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

These consolidated interim financial statements are not audited and were approved for issue on 29 August 2019.

9. BASIS OF PREPARATION OF HALF YEAR REPORT

The consolidated interim financial statements of Vista Group have been prepared in accordance with Generally Accepted Accounting Practice New Zealand (NZ GAAP). They comply with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. The interim financial statements do not include all the notes of the type normally included in an Annual Report. Accordingly, this report is to be read in conjunction with the Annual Report for the financial year ended 31 December 2018.

The accounting policies and methods of computation and presentation adopted in the consolidated interim financial statements are consistent with those described and applied in the Annual Report for the year ended 31 December 2018, with the only exception being the adoption of NZ IFRS 16, as set out below. No other changes in accounting standards resulted in a material change to Vista Group's accounting policies.

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

NZ IFRS 16 Leases — impact of adoption

NZ IFRS 16 is effective for annual reports beginning on or after 1 January 2019. Vista Group has adopted NZ IFRS 16 using the modified retrospective transition approach. Under this approach, the cumulative effect of initially applying NZ IFRS 16 is recognised as an adjustment to retained earnings at 1 January 2019. Comparative figures for the year ended 31 December 2018 are not restated but instead continue to reflect the accounting policies under NZ IAS 17 *Leases*.

NOTES TO THE FINANCIAL STATEMENTS

Adjustments recognised on adoption of NZ IFRS 16

On adoption of NZ IFRS 16, Vista Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of NZ IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.4%.

Vista Group held no finance leases at 31 December 2018.

A reconciliation of operating lease commitments at 31 December 2018 to the lease liability recognised at 1 January 2019 is shown below:

	NZ\$'000 UNAUDITED
Operating lease commitments disclosed at 31 December 2018	24,370
Discounted using the lessee's incremental borrowing rate at the date of initial application	(650)
Different treatment of leases yet to commence	(18,329)
Different treatment of extensions and incentives	1,752
Lease liabilities recognised as at 1 January 2019	7,143
<i>Classified as:</i>	
Less than one year	3,323
One to five years	3,340
More than five years	480
Lease liabilities recognised as at 1 January 2019	7,143

The lease assets predominantly comprise property leases which were measured on a retrospective basis as if the new rules had always been applied.

Vista Group have committed to a 7 year property lease in Los Angeles which will be available for use after 30 June 2019. Should the lease have commenced on 30 June 2019, Vista Group would have recognised an additional \$13.7m lease asset and liability.

Practical expedients applied

In applying NZ IFRS 16 for the first time, Vista Group has used the following practical expedients permitted by the standard:

- use of a single discount rate to leases with reasonably similar characteristics;
- use of hindsight in determining a lease term;
- reliance on previous assessments on whether leases are onerous; and
- exclusion of initial direct costs for the measurement of the lease asset at the date of initial application.

Vista Group has also elected not to reassess whether a contract contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, Vista Group relied on its assessment made applying NZ IAS 17 *Leases* and IFRIC 4 *Determining whether an arrangement contains a lease*.

NOTES TO THE FINANCIAL STATEMENTS

Impact of NZ IFRS 16 on these financial statements

STATEMENT OF FINANCIAL POSITION (EXTRACT)	30 JUNE 2019			31 DECEMBER 2018		
	ADJUSTED FOR NZ IFRS 16	IMPACT OF NZ IFRS 16	EXCLUDING NZ IFRS 16	ADJUSTED FOR NZ IFRS 16	IMPACT OF NZ IFRS 16	AS PREVIOUSLY REPORTED
	NZ\$'000 UNAUDITED	NZ\$'000 UNAUDITED	NZ\$'000 UNAUDITED	NZ\$'000 UNAUDITED	NZ\$'000 UNAUDITED	NZ\$'000 AUDITED
Cash	24,818	-	24,818	34,353	-	34,353
Other current assets	59,911	-	59,911	62,272	-	62,272
Total current assets	84,729	-	84,729	96,625	-	96,625
Property, plant and equipment	5,597	-	5,597	5,358	-	5,358
Lease assets	4,743	4,743	-	6,130	6,130	-
Deferred tax asset	5,272	1,348	3,924	4,619	1,783	2,836
Other non-current assets	118,740	-	118,740	116,267	-	116,267
Total non-current assets	134,352	6,091	128,261	132,374	7,913	124,461
Total assets	219,081	6,091	212,990	228,999	7,913	221,086
Trade and other payables	12,662	(257)	12,919	18,317	(285)	18,602
Lease liabilities	2,446	2,446	-	3,323	3,323	-
Income tax payable	1,746	(79)	1,825	3,673	(56)	3,729
Other current liabilities	24,527	-	24,527	21,396	-	21,396
Total current liabilities	41,381	2,110	39,271	46,709	2,982	43,727
Lease liabilities	3,012	3,012	-	3,820	3,820	-
Deferred tax liabilities	2,310	1,175	1,135	2,550	1,530	1,020
Other non-current liabilities	13,440	-	13,440	16,943	-	16,943
Total non-current liabilities	18,762	4,187	14,575	23,313	5,350	17,963
Total liabilities	60,143	6,297	53,846	70,022	8,332	61,690
Net assets	158,938	(206)	159,144	158,977	(419)	159,396
Contributed equity	61,589	-	61,589	59,378	-	59,378
Retained earnings	81,034	(124)	81,158	80,480	(357)	80,837
Foreign currency reserve	2,850	-	2,850	3,202	-	3,202
Share-based payment reserve	2,298	-	2,298	2,795	-	2,795
Total equity attributable to owners of the parent	147,771	(124)	147,895	145,855	(357)	146,212
Non-controlling interests	11,167	(82)	11,249	13,122	(62)	13,184
Total equity	158,938	(206)	159,144	158,977	(419)	159,396

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME (EXTRACT)	SIX MONTHS 30 JUNE 2019			SIX MONTHS 30 JUNE 2018		
	ADJUSTED FOR NZ IFRS 16	IMPACT OF NZ IFRS 16	EXCLUDING NZ IFRS 16	ADJUSTED FOR NZ IFRS 16	IMPACT OF NZ IFRS 16	AS PREVIOUSLY REPORTED
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
Total revenue	67,511	-	67,511	60,112	-	60,112
Operating expenses	31,606	-	31,606	27,570	-	27,570
Administration expenses	22,387	(364)	22,751	17,443	(190)	17,633
Other expenses	5,529	-	5,529	3,771	-	3,771
Total expenses	59,522	(364)	59,886	48,784	(190)	48,974
Operating profit	7,989	364	7,625	11,328	190	11,138
Finance costs	(679)	(151)	(528)	(691)	(182)	(509)
Finance income	290	-	290	185	-	185
Share of loss from associates and joint ventures	(1,562)	-	(1,562)	(1,731)	-	(1,731)
Capital gain – Stardust	119	-	119	-	-	-
Profit before tax	6,157	213	5,944	9,091	8	9,083
Tax expense	(2,057)	-	(2,057)	(3,313)	-	(3,313)
Profit for the period	4,100	213	3,887	5,778	8	5,770
Other comprehensive income	(353)	-	(353)	1,658	-	1,658
Total comprehensive income for the period	3,747	213	3,534	7,436	8	7,428
Earnings per share for profit attributable to the equity holders of the parent						
Basic (cents per share)	\$0.02	-	\$0.02	\$0.03	-	\$0.03
Diluted (cents per share)	\$0.02	-	\$0.02	\$0.03	-	\$0.03

Other than the reclassification of the principal portion of operating lease payments to financing activities, NZ IFRS 16 had no other significant impact to the cash flow statement.

A reconciliation of EBITDA to profit before tax for the period is as follows:

	SIX MONTHS 30 JUNE 2019			SIX MONTHS 30 JUNE 2018		
	ADJUSTED FOR IFRS 16	IMPACT OF IFRS 16	EXCLUDING IFRS 16	ADJUSTED FOR IFRS 16	IMPACT OF IFRS 16	AS PREVIOUSLY REPORTED
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
EBITDA	11,794	1,831	9,963	14,559	1,444	13,115
Depreciation & amortisation	(3,746)	(1,467)	(2,279)	(3,138)	(1,254)	(1,884)
EBIT	8,048	364	7,684	11,421	190	11,231
Finance income	290	-	290	185	-	185
Finance costs	(679)	(151)	(528)	(691)	(182)	(509)
Acquisition expenses	(59)	-	(59)	(93)	-	(93)
Share of loss from associates and joint ventures	(1,562)	-	(1,562)	(1,731)	-	(1,731)
Capital gain – Stardust	119	-	119	-	-	-
Profit before tax	6,157	213	5,944	9,091	8	9,083

If NZ IFRS 16 was implemented for the 12 months ended 31 December 2018, profit before tax and EBITDA would have been \$21.4m and \$32.6m respectively.

NOTES TO THE FINANCIAL STATEMENTS

A reconciliation of segmental EBITDA for the period is as follows:

	SIX MONTHS 30 JUNE 2019			SIX MONTHS 30 JUNE 2018		
	ADJUSTED FOR NZ IFRS 16	IMPACT OF NZ IFRS 16	EXCLUDING NZ IFRS 16	ADJUSTED FOR NZ IFRS 16	IMPACT OF NZ IFRS 16	AS PREVIOUSLY REPORTED
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
Cinema	15,668	1,382	14,286	13,900	1,103	12,797
Movio	2,308	127	2,181	1,630	107	1,523
Additional Group Companies	569	322	247	803	234	569
Early Stage Investments	(992)	-	(992)	457	-	457
Corporate	(5,759)	-	(5,759)	(2,231)	-	(2,231)
Vista Group EBITDA	11,794	1,831	9,963	14,559	1,444	13,115

If NZ IFRS 16 was implemented for the 12 months ended 31 December 2018, EBITDA by segment would have been \$28.1m for Cinema, \$6.5m for Movio, \$2.1m for Additional Group Companies, \$0.4m for Early Stage Investments and (\$4.5m) for Corporate.

A reconciliation of non-current assets by domicile of entity is as follows:

	30 JUNE 2019			31 DECEMBER 2018		
	ADJUSTED FOR NZ IFRS 16	IMPACT OF NZ IFRS 16	EXCLUDING NZ IFRS 16	ADJUSTED FOR NZ IFRS 16	IMPACT OF NZ IFRS 16	AS PREVIOUSLY REPORTED
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
New Zealand	43,982	688	43,294	42,767	1,209	41,558
United States	10,155	1,756	8,399	10,943	2,412	8,531
United Kingdom	10,383	1,908	8,475	11,232	2,444	8,788
Mexico	11,416	61	11,355	11,454	84	11,370
Other	20,923	1,678	19,245	21,263	1,764	19,499

10. FINANCIAL INSTRUMENTS

Financial instruments by category

	30 JUNE 2019 NZ\$'000 UNAUDITED	31 DECEMBER 2018 NZ\$'000 AUDITED
Financial assets measured at amortised cost		
Cash	24,818	34,353
Trade receivables	35,286	44,293
Sundry receivables	3,217	3,343
Related party loan – Numero	5,413	5,413
	68,734	87,402
Financial liabilities measured at amortised cost		
Trade payables	705	5,824
Sundry accruals	4,184	3,978
Borrowings	11,914	11,944
	16,803	21,746

NOTES TO THE FINANCIAL STATEMENTS

Fair values

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

- Level 1 Fair value measurements derived from quoted prices in active markets for identical assets.
- Level 2 Fair value measurements derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Fair value measurements derived from valuation techniques that include inputs for the asset or liability which are not based on observable market data.

During the year, there have been no transfers between levels or changes in the valuation methods used to determine the fair value of Vista Group's financial instruments. At 30 June 2019, no financial assets or liabilities were held at fair value using level 3 measurements. Vista Group did however use a level 3 measurement during the year to determine the fair value of Stardust (see section 2), however at 30 June 2019 Vista Group's stake in Stardust is equity accounted.

11. OTHER DISCLOSURES

Contingent liabilities

There were no contingent liabilities for Vista Group at 30 June 2019 (at 31 December 2018: \$nil).

Capital commitments

There were no capital commitments for Vista Group at 30 June 2019 (at 31 December 2018: \$nil).

Related parties

Related parties are materially consistent with those disclosed in the 2018 Annual Report. See section 2 for further details of Vista Group's associates and joint ventures.

Events after balance date

Los Angeles lease

Vista Group have agreed a 7 year property lease through to July 2026 in Los Angeles, with these premises being available for use in July 2019. Should these premises have been available at 30 June 2019, Vista Group would have recognised a lease asset of \$13.7m, a current lease liability of \$1.0m and a non-current lease liability of \$12.7m.

Approval of interim dividend

On 29 August 2019, the Directors approved a fully imputed final dividend of 1.2 cents per share. The dividend record date is 13 September 2019 and the payment date 27 September 2019.



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