VITEC GROUP

Capture the moment™

The Vitec Group plc

Annual Report & Accounts 2015

Inside this report

Strategic Report

Corporate Responsibility

Corporate Governance

Remuneration Report

Directors' Report

Independent Auditor's Report

Financial Statements

Where the story comes to life

The Vitec Group plc website
www.vitecgroup.com

Annual Report & Accounts online
www.vitecgroup.com/annual_report_2015

Cautionary statement: Statements made in the Strategic Report through to the end of the Directors' Report (pages 1 to 75) contain forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries and sectors in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. Nothing in this Annual Report and Accounts should be construed as a profit forecast.

Highlights

Key points

- Full year performance in line with the Board's expectations
- Benefits from new products, acquisitions and IMT exit offset by anticipated headwinds from FX and non-repeat of Sochi Winter Olympics and FIFA World Cup
- Growth in revenue and operating profit* at constant exchange rates excluding prior year impact of major sporting events
- Investments in higher technology products and related markets generating good growth
- Streamlining of activities with lower growth prospects on track and further actions planned

Vitec Group - 2015 Financial highlights

Revenue

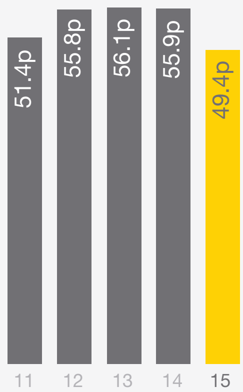
£317.8m

Operating profit*

£35.4m

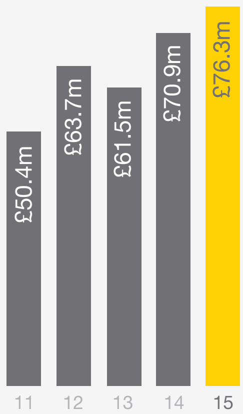
Adjusted basic earnings per share*

49.4p



Net debt

£76.3m



Broadcast Division**

Revenue **£189.0m**	Up 10.5%
Operating profit* **£20.3m**	Down 4.2%
Operating margin* **10.7%**	Down 170 bps

Photographic Division

Revenue **£128.8m**	Down 1.6%
Operating profit* **£15.1m**	Down 20.1%
Operating margin* **11.7%**	Down 270 bps

* Before restructuring costs and charges associated with acquired businesses. Profit before tax and adjusted earnings per share are also before disposal of business.

** Excluding the IMT business that was disposed during 2014.

Chairman's Statement

Chairman John McDonough reports on performance

The higher technology broadcast businesses have continued to grow well, while the traditional broadcast and photographic businesses have faced challenging market conditions.

Chairman's Statement
www.vitecgroup.com/chairman

Governance Report
Turn to page 40

Recommended final dividend per share
15.1 pence

Interim dividend per share
9.5 pence

Total dividend for 2015
24.6 pence
Up 2.5%

Performance and dividend

The Group delivered a good underlying performance in 2015 with the overall results reflecting the non-repeat of the 2014 Sochi Winter Olympics and FIFA World Cup and a negative impact from foreign exchange. The higher technology broadcast businesses have continued to grow well, while the traditional broadcast and photographic businesses have faced challenging market conditions. The Group is investing in its higher technology products and driving new product launches while taking proactive actions to streamline certain activities with lower growth prospects. These self-help actions are progressing to plan and some further actions are being taken to drive profitable medium-term growth despite uncertain market conditions. The Board remains confident about the Company's future and we recommend a final dividend of 15.1 pence per ordinary share (2014: 14.7 pence). The final dividend, subject to shareholder approval at the 2016 Annual General Meeting will be paid on Friday, 20 May 2016. This brings the total dividend for 2015 to 24.6 pence per share (2014: 24.0 pence).

Strategy and Board focus

The Board has continued to develop the Group's strategy with its focus on our core Broadcast and Photographic markets particularly given the context of the fast pace of change in technology and market needs. In April 2015 we held an investor day for our major shareholders showcasing our key brands and growth strategy through: allocating resources to the fast growing independent content creator segment and a focus on content sharing opportunities; increasing resources, brand presence and sales in APAC; and continuing to make strategic acquisitions which make financial sense. Stephen Bird will give further explanation on progress against each of these in his report.

Governance and Board changes
The Board is responsible for setting the right tone from the top and ensuring that a robust governance structure is in place to enable the business to succeed and deliver long-term sustainable growth. As part of this responsibility the Board has continued in 2015 with its programme of visiting key operations and meeting as many people as possible, with a visit to Manfrotto in Italy that included a detailed update from the senior Photographic Division management team on market trends, product development, innovation and operations. This has built on the Board's visit in 2014 to the Company's West Coast Broadcast businesses in the US including Teradek and Bexel. We will continue with this practice in 2016 by visiting our operations and people on the East Coast in the US. Each individual Board member is also encouraged to visit our operations at their own convenience to further build on their understanding of the business.

To enforce the importance of good governance and setting the right standards throughout the Group, we have re-launched our Code of Conduct to all employees setting out the values and standards we expect in the conduct of business. This covers issues such as health and safety, conduct of employees, diversity, financial controls and business integrity, and is available on our website. We also undertook a re-communication of our whistleblowing service in 2015 to further strengthen the importance of our governance processes.

In 2015 I have continued with my practice of meeting with several of our major shareholders to discuss the Company's performance, strategic direction and governance arrangements.

During 2015, Carolyn Fairbairn stood down as an independent Non-Executive Director and Chairman of the Remuneration Committee to take on a new role as Director-General of the CBI. Carolyn had served on the Board since February 2012 and provided outstanding independent advice. This change necessitated our search for a replacement and we have been fortunate to secure the services of Caroline Thomson who was appointed as an independent Non-Executive Director and Chairman of the Remuneration Committee on 1 November 2015. Caroline brings excellent skills and experience to the Board with her background working at the highest level in the BBC. Caroline has undertaken a thorough induction to the Group having already met with senior management and key advisors and will be visiting our key operations during 2016.

As explained in my report in the 2014 Annual Report, Christopher Humphrey succeeded Nigel Moore as Chairman of the Audit Committee at the conclusion of the Company's AGM in May 2015. Christopher has successfully taken on this Chairmanship and ensured that there has been no break in continuity in this important role. Similarly, Mark Rollins at the conclusion of the 2015 AGM succeeded Nigel Moore in the role of Senior Independent Director and likewise has ensured a seamless transition, including leading the evaluation of my own performance as part of the 2015 Board evaluation.

The Board now comprises seven directors and following our 2015 Board evaluation we believe has the right balance of skills and diversity to meet the challenges the Company faces. The Board over the last couple of years has refreshed itself in terms of the independence of its Non-Executive Directors and continues to monitor its composition to ensure a structured process of succession delivering the right skills, experience and independence to support the successful execution of the Company's strategy.

Building on the externally facilitated Board evaluation in 2014 the Board set itself objectives for 2015, against which we have tracked progress. We have also carried out an internal Board evaluation in 2015 reviewing progress of the Board against these objectives and the Board's overall performance against the agreed strategy, financial performance, governance, succession and Board dynamic. The detail of the 2015 objectives and the Board evaluation is set out in the Corporate Governance section of this Annual Report.

Bill Vinten
The Board was sad to hear about the death of Bill Vinten in late 2015. Bill Vinten was a key founding figure in the Company's business being instrumental in establishing the Vinten product name and our Broadcast supports business based in Bury St Edmunds. The Vinten name is synonymous in the broadcast market with quality products and Bill Vinten's legacy is reflected in the quality of products produced and sold bearing the Vinten name.

Annual General Meeting
Our AGM will be on 18 May 2016 and the Notice of Meeting and explanatory notes accompany this Annual Report and can be found on our website. All resolutions will be conducted on a poll as in previous years. The Board believe that this is more democratic enabling the views of a wider number of shareholders to be taken into account by way of proxies being voted. All members of the Board plan to attend the AGM and look forward to the opportunity to meet with shareholders. The detail of the AGM resolutions is set out in the AGM Notice accompanying this Annual Report.

Our people
2015 has been a challenging year for Vitec with uncertain end markets and the need to restructure operations to achieve a good performance. This has been achieved through the dedication, passion and hard work of all our people. On behalf of the Board I would like to thank all of our people for their contribution in 2015.

John McDonough CBE
Chairman

22 February 2016

Vitec Group Overview

Vitec is an international Group principally serving customers in the Broadcast and Photographic markets. Vitec is based on strong, well known, premium brands on which its customers worldwide rely.

Find out more
www.vitecgroup.com/about_us

What we do
Turn to page 6

World class products and services
Turn to page 7

Our business model
Turn to pages 10 and 11

The Vitec Group is organised into two Divisions:

Broadcast Division

The Broadcast Division designs, manufactures and distributes premium branded products for broadcasting, film and video production for broadcasters and independent content creators. It also provides premium services including equipment rental and technical solutions to TV production teams and film crews.

Find out more about our Broadcast Division
Turn to page 24

Photographic Division

The Photographic Division designs, manufactures and distributes premium branded equipment for photographic and video cameras and provides dedicated solutions to professional and non-professional image takers.

Find out more about our Photographic Division
Turn to page 26

* National Geographic bags are manufactured and distributed under licence.

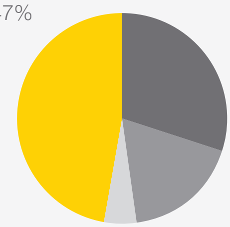
Find out more
www.vitecgroup.com/locations

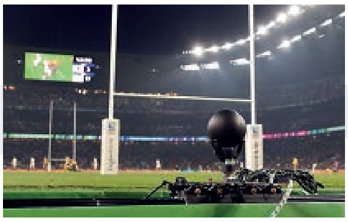
Our operations

Our global footprint

- We manufacture and distribute our products and services from our facilities in 10 countries
- We employ around 1,800 people in our business
- Our products and services are sold in over 100 countries
- Some highlights from 2015 are shown below

Revenue by destination



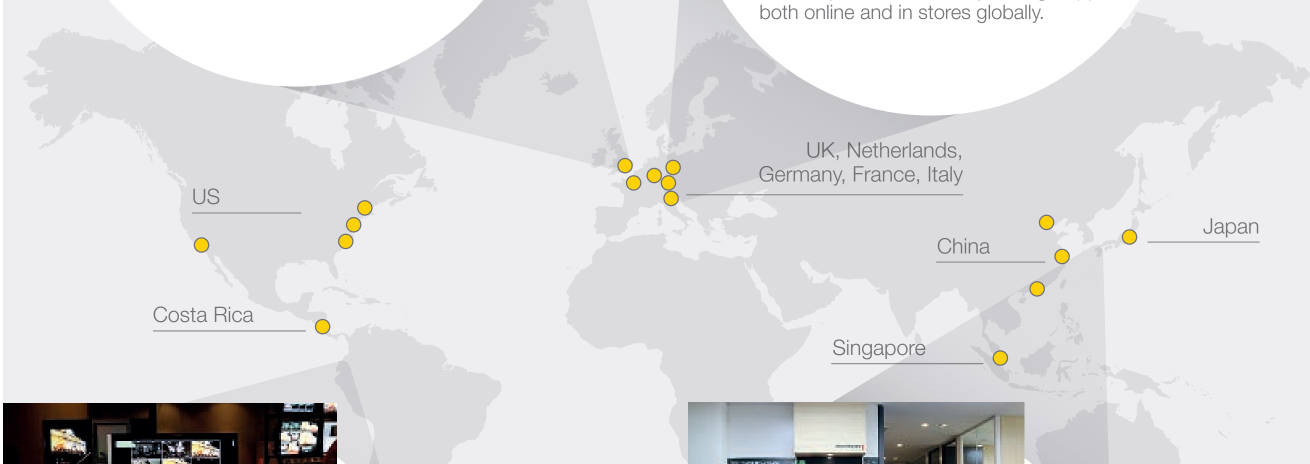


Q3 Mini Camera-Tracking System debuts at the Rugby World Cup

Camera Corps' Q3 robotic cameras were placed behind both posts for the major Rugby World Cup games at Twickenham Stadium. The track systems were managed by a single operator and captured some unique close-up images of the games.

The evolution of PIXI

Manfrotto made several additions to its highly popular PIXI table tripod family in 2015. This included the: PIXI Smart, dedicated to the latest generation of smartphones; PIXI Extreme, designed for action cameras; and the newest addition, PIXI Evo, which provides sturdy support for larger lenses. We have expanded our distribution of this product and PIXI can now be purchased directly through Apple, both online and in stores globally.



The Pope's visit to Ecuador

Bexel provided support and infrastructure for the Pope's visit to Ecuador in 2015. This included providing two international broadcast centres to ensure continuous coverage and wireless camera systems installed in the popemobile.

Growth in Asia-Pacific

Following continued investment in the Asia-Pacific region, our Japanese operations in both Divisions, and our Chinese operations in the Photographic Division, recorded significant year on year sales growth in 2015.

What We Do

Vitec's purpose is to support the capture and sharing of exceptional images in its chosen Broadcast and Photographic markets. Our products encompass a variety of technologies and are carefully designed to ensure that, whatever the conditions, the image taker has the best equipment to "capture the moment".

These technologies range from traditional mechanical engineered products, for example in our manual camera supports businesses, through to electronics and software, for example in our wireless businesses. Nonetheless the user is the same – an image taker, whether a professional cameraman for a broadcaster or corporate event, an independent content creator or an enthusiast.

In the markets we serve, our brands are often market leaders both in terms of the premium product or service supplied and the share of the market our brands capture. Our products and services have enabled some of the most amazing moments to be captured and shared.

Our Operations Executive

The Operations Executive is responsible for leading the organisation. Together the team develops strategy, implements our business plans and ensures we run the Group effectively. It meets monthly to discuss the business and drive collaboration. The strength of this team derives from a diverse range of personal and functional skills and experience.

Stephen Bird
Group Chief Executive

Paul Hayes
Group Finance Director

Martin Green
Group Development and HR Director

Jon Bolton
Group Company Secretary

Marco Pezzana
Photographic Divisional Chief Executive

We design, manufacture and supply high quality, world class, branded products and services that enable end users to capture and share exceptional images.

Our products typically attach to or support a camera – primarily for broadcast, video and photographic applications.

We also provide high-end technical services to major broadcasters.

We are structured as one group; our products serve a variety of end users and are offered as a cohesive package.

View Vitec brands
www.vitecgroup.com/brands

Supports (pedestals, tripods and heads)

- Avenger
- Gitzo
- Manfrotto
- OConnor
- Sachtler
- Vinten

Camera accessories

- Manfrotto
- OConnor

Lighting & controls

- Colorama
- Lastolite
- Litepanels
- Manfrotto

Wireless systems

- Haigh-Farr
- Paralinx
- Teradek

Mobile power

- Anton/Bauer

Prompters

- Autocue
- Autoscript

Robotic camera systems

- Camera Corps
- Vinten

Monitors

- SmallHD

Distribution, rental & services

- Bexel
- Camera Corps
- The Camera Store

Bags

- Manfrotto
- National Geographic*
- Sachtler

* National Geographic bags are manufactured and distributed under licence.

Group Chief Executive's Review

Group Chief Executive Stephen Bird reviews strategy and performance

Vitec has continued to deliver its strategy of focusing on its core Broadcast and Photographic markets and investing and growing sales in new technologies and regions.

Group Chief Executive's Review
www.vitecgroup.com/ceo

Chosen markets
www.vitecgroup.com/chosen_markets

Delivering our strategy
The Group continued to implement its strategy of focusing on its core Broadcast and Photographic markets and investing and growing sales in new technologies and regions. Our core markets are showing some signs of stabilisation and are expected to grow in the medium-term. This growth is being driven by the increase in the capture and sharing of high quality images, and by the continued evolution of new technologies.

Our strategy is to grow the Group's core business by leveraging our premium brands and strong market positions supported by new product development. This includes launching new premium products and services, particularly for the growing number of independent content creators. These independent content creators provide video to a growing number of platforms including educational and religious establishments, corporate entities and governmental bodies.

In our Broadcast market we have launched a number of innovative products including: Teradek's VidiU Pro and COLR; the Paralinx Ace; and new ranges of SmallHD on-camera monitors. The Teradek VidiU Pro is an easy to use portable device that enables users to broadcast their events live to the internet. The Teradek COLR is a camera accessory that allows creative colour correction to be completed in real time on a cinema camera. The Paralinx Ace is a lightweight, portable device offering uncompressed real-time wireless monitoring, ideal for UAVs ("drones"). The SmallHD 702 Bright is an on-camera field monitor offering very high brightness and reduced glare, allowing high resolution monitoring and accurate colour correction in outdoor daylight.

In our Photographic market we have launched the Manfrotto Digital Director – an Apple-certified electronic device that connects a camera and iPad and enables photographers to fully control the camera through the iPad. We have also launched a new range of LED lights specifically for photographers and two new ranges of Manfrotto branded bags and accessories for action cameras and drones.

We believe that the Asia-Pacific region is a particularly important medium-term growth market with good opportunities. We have continued to make investments in this region including the introduction of a new direct distribution model in China for the Photographic Division.

Driving profitable growth in a changing market
The Group is investing in its higher technology product businesses and streamlining those activities with lower growth prospects. The restructuring actions identified in our 2015 half year results announcement are underway and progressing to plan.

As a result of continuing challenging markets, we are supplementing our initial actions that were predominately in the Broadcast Division with the streamlining of additional operations. This includes the restructuring of some back office operations within our Photographic Division and further actions within our Broadcast businesses. As a result, the one-off costs are anticipated to increase from the previously announced estimate of £6 million to approximately £10 million, the majority of which will be in cash. These overall actions, which principally relate to restructuring in the UK, US and Europe, will be completed by the end of 2016 and will deliver an approximate two year payback on an annualised basis.

* Before restructuring costs and charges associated with acquired businesses. Profit before tax and adjusted earnings per share are also before disposal of business.
+ Free cash flow: cash generated from operating activities in the financial year after net capital expenditure, net interest and tax paid.

Post year-end we have sold the main UK Broadcast manufacturing site based in Bury St Edmunds for proceeds of £3.9 million. We plan to relocate the business to a smaller, more efficient, leased facility nearby, having transferred a significant proportion of the manufacturing to Costa Rica in recent years, and will use the net cash proceeds from the sale to reduce the Group's debt.

2015 Performance overview

We have continued to invest additional resources in driving new product sales in line with our strategy. As expected, the full year results reflect the non-repeat of the 2014 Sochi Winter Olympics and FIFA World Cup, and an anticipated negative impact from foreign exchange. There was growth in revenue and operating profit* over the prior period excluding these items. The Group is making good progress in streamlining certain activities with lower growth prospects, with some further actions being taken to drive profitable growth.

The Broadcast Division performed satisfactorily in variable market conditions. Our higher technology product businesses are performing well, including further strong growth of our wireless products. This partially offset lower sales of large camera supports, the non-repeat of major sporting events, and investments in the future growth of our higher technology businesses.

The Photographic Division continued to face challenging markets, particularly in the US, but there are some signs of stabilisation. The Division delivered broadly similar sales to the prior year at constant exchange rates, having benefitted from the launch of new products and expanding its distribution geographically and across online distribution channels.

Profit before tax of £31.5 million was £3.8 million lower than the prior year (2014: £35.3 million). Adjusted earnings per share* decreased by 11.6% to 49.4 pence per share (2014: 55.9 pence per share). Group profit before tax of £18.5 million (2014: £20.1 million) was after £4.9 million of restructuring costs (2014: £2.7 million) and £8.1 million charges associated with acquired businesses (2014: £8.5 million). 2014 also included a £4.0 million loss arising from the disposal of the IMT business.

Vitec continues to be a cash generative Group with free cash flow+ of £16.2 million (2014: £18.2 million) after £3.5 million of cash outflows on restructuring actions (2014: £3.2 million). The Group's balance sheet remains strong with net debt at 31 December 2015 at £76.3 million (31 December 2014: £70.9 million) including a net adverse foreign exchange impact of £2.1 million, and a net debt to EBITDA ratio (covenants definition) of 1.5 times (31 December 2014: 1.2 times).

Product development

We continue to invest in new products and enhancements to our existing product ranges and I am pleased with the new products that we have launched this year. The level of product development collaboration across our Divisions has also remained strong in 2015, including products for the growing number of independent content creators. Further examples of our new products can be seen in the Divisional case studies on pages 25 to 27. We continue to invest over 4% of Group product sales into research, development and engineering.

Acquisitions and disposals

The Group continues to identify and make appropriate, value-adding acquisitions. This year's acquisitions have met our pre-acquisition expectations and introduced a number of leading edge products. In 2015, Vitec acquired Paralinx, a leading provider of high quality wireless radio transmission systems, which has been fully integrated into the Teradek wireless business. In January 2016 we acquired Provak for a net consideration of £0.9 million. Provak is a photographic distribution business based in the Netherlands which will complement our owned distribution channels.

Market overview

An overview of our two markets is provided on the following pages.

Approval of Strategic Report

We have provided information in this report on our strategy, business model and objectives which is contained in the Strategic Report. You will find the Strategic Report on pages 1 to 39 and its content has been approved by the Board.

Outlook

Vitec remains in a sound financial position and the Board remains confident about the future growth prospects of the Group. Although challenging market conditions look likely to continue in 2016, we have taken actions to streamline our lower growth businesses while building a strong platform and making investments in higher technology products that will position us to grow sales and margins in the future.

Stephen Bird
Group Chief Executive

22 February 2016

Market updates
Turn to page 14 to 17

Our Business Model

At the Group level

We create value by:

Strategy
We set Group and Divisional strategy in the medium-term, especially with regards to markets served, customer segments and products supplied.

Budgeting and monitoring
Vitec sets Group and Divisional budgets annually and regularly reviews Group and Divisional performance during the year. This includes regular forecasts to ensure that the financial performance is clearly understandable and appropriate targets are set.

Investor relations
We communicate our strategy, performance, outlook and governance with our investors on a regular basis.

Treasury and tax
Vitec manages its financing, hedging and tax planning activities centrally to ensure that the Group has an appropriate structure and funding to support its geographically diverse business.

Acquisitions and disposals
We buy businesses that provide a good return with clear synergies such as extending our technological, product or geographic footprint. We dispose of those businesses that do not fit strategically or do not offer scope to deliver attractive returns.

Compliance and governance
Vitec ensures that an effective Group-wide governance framework and policies are in place to ensure a strong culture of governance and ethical behaviour.

Risk management
We set an overall framework for reviewing and assessing risk and taking mitigating actions as part of the execution of our strategy.

Health and safety
Vitec sets policies to ensure a healthy, safe and productive work environment for all our employees, and ensures they are complied with.

Talent management
We work across the Group to have consistent policies, processes and initiatives for acquiring, retaining and engaging our best talent.

At the Divisional level

We create value by:

Receiving feedback from customers
Our businesses continually obtain feedback on the markets, competitors and products from customers as well as from research. As our businesses are often the market leaders, this enables us to anticipate and respond to developments to ensure our brands remain renowned for their premium offerings.

Designing and developing innovative product and service offerings for our brands
We are at the forefront of embracing new technologies, products and materials that result in innovative high-quality yet cost-effective solutions. We develop innovative products and services that are protected by patents and trademarks and which are marketed under our world-renowned brands.

Sourcing and lean manufacturing
We procure materials from reputable suppliers and produce our products in efficient and environmentally friendly operations and, where appropriate, in lower cost countries such as Costa Rica and China. The majority of our operations are relatively low-volume, small-batch processes.

Working with global logistics providers
We have distributors and customers across the globe and we engage with a number of leading logistics partners to ensure responsive and timely delivery of our products to the relevant geography.

Having a global distribution and sales network to serve our customers
We market our products and services through our own sales and marketing teams. The majority of our sales are conducted via a global network of distributors, dealers and retailers who sell on to customers. We are expanding our e-commerce capabilities through working closely with our customers to develop our online presence. The breadth of products and our strong brand heritage means that our network of channel partners is unrivalled in the markets we serve.

We engage our employees through clear values

We create value by:

Product excellence
Everything we make and do is exceptional

Vitec products and services are exceptional because they are delivered by outstanding people. We set the highest standards of technical performance and aftercare, designing solutions that do precisely what image takers need them to do. All our activities reflect our obsession with quality.

Customer focus
We are nothing without our customers

At Vitec, the focus is always on the customer, allowing us to support them no matter what changes and challenges they face. If we respect our customers' creative expertise, they will respect ours.

Creative solutions
We are constantly looking to break new ground

At Vitec we learn fast and are always looking for new ways to support our customers and meet their needs. To stay ahead of the game, our creativity has to be applied to every aspect of our business, not just our products. Our passion, flair and ability to ask "why not?" are at the heart of everything we do.

Collaboration
We work better when we work together

The closer we are to our colleagues and customer contacts, the more successful we will be. If we celebrate achievements, share knowledge, pool resources, test ideas and support each other, life will be more rewarding and more satisfying.

Integrity
What you see is what you get

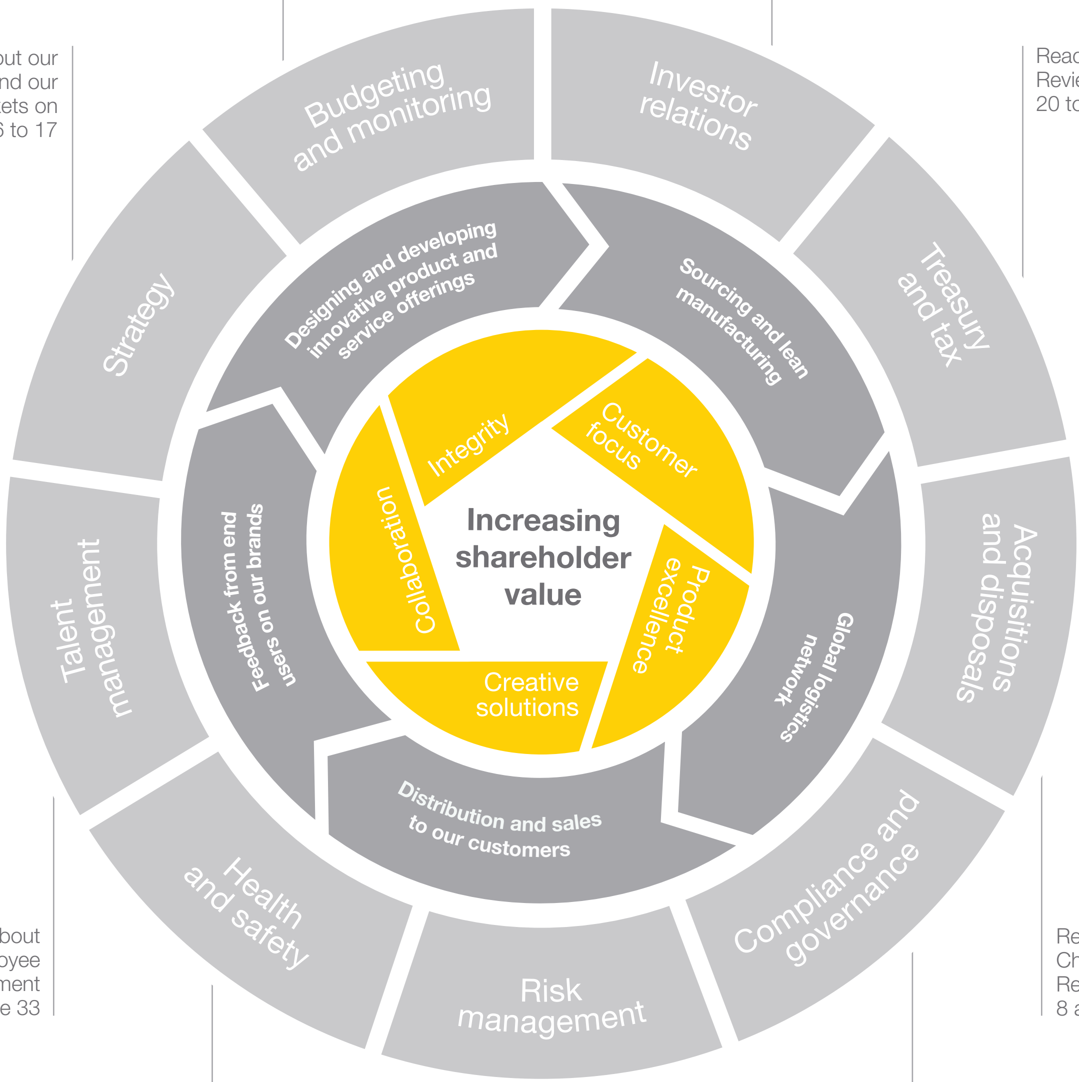
Commitment, fairness and honesty towards our customers, our suppliers and our own people. By being authentic we develop loyalty and trust between ourselves and all those we engage with.

Read the Financial Review on pages 20 to 23

Read about our engagement with shareholders on pages 50 and 51

Read about our strategy and our markets on pages 6 to 17

Read the Financial Review on pages 20 to 23



Read about employee engagement on page 33

Read the Group Chief Executive's Review on pages 8 and 9

Read about our Health and Safety policy, practice and statistics on pages 32 and 33

Read the Corporate Governance Report on pages 40 to 55

Read about our principal risks and their mitigations on pages 18 and 19

Vitec's strategy is to focus on two primary markets that offer good long-term growth potential:

Broadcast

We provide high quality, branded equipment for broadcasters, cinematographers and independent content creators.

Photographic

We provide a complete range of innovative branded accessories for professional photographers, photographic enthusiasts, social recorders and independent content creators.

Progress On Our Strategic Priorities

Strategic priority

Driving sales growth through innovation

Vitec has industry-leading product development teams. The Group continues to invest in developing premium innovative products for its customers, including:

- Teradek VidiU Pro – an easy to use portable device that enables users to broadcast their events live to the internet
- Teradek COLR a compact device to manage real-time colour correction on set
- Paralinx Ace – a lightweight, portable device offering uncompressed real-time wireless monitoring aimed at drones
- SmallHD 500 and 700 series – high definition on-camera monitors with enhanced functionality and displays
- Anton/Bauer healthcare batteries and chargers – lightweight batteries featuring a visual display to communicate battery life
- Manfrotto's Digital Director – an Apple certified electronic device that connects a DSLR camera to an iPad to enable dynamic management of the photo and video workflow
- Manfrotto bags and accessories – for drones and action cameras
- Litepanels Brick Bi-Color and Manfrotto Lykos ranges – innovative LED lighting products for broadcasters and photographers

Strategic priority

Growing sales in our core markets

Vitec has strong relationships with its customers and end users. The Group continues to develop products and provide services that meet its customers' needs, supplementing this with appropriate acquisitions. Key developments in the year include:

- Driven sales of our higher technology products leading to higher Broadcast revenue in the absence of major sporting events in 2015
- Expanded our product offering to independent content creators in the Broadcast market with the acquisition of Paralinx
- Significantly increased sales of products aimed at independent content creators
- Gained market share in our Manfrotto branded range of bags after the consolidation of the portfolio completed in 2015
- Enhanced our e-commerce platforms

Strategic priority

Delivering growth through geographical expansion

Vitec has a broad geographical spread with customers in over 100 countries. We are investing in growing our sales globally. Key results and initiatives include:

- Grown sales in our key Asia-Pacific market to £55.9 million (2014: £53.3 million)
- Strong revenue growth in Japan in both our Broadcast and Photographic Divisions
- Continue to strengthen our teams in the Asia-Pacific region across both Divisions
- Worked with multi-national retail and broadcast customers to support them internationally
- Moved to a direct distribution model in China for our Photographic business
- Successfully implemented e-commerce initiatives in China

Strategic priority

Managing margins

Vitec provides premium products and services, and we believe our margins should reflect this. During 2015 we have invested in future sales growth, managed the cost base and are realising benefits from streamlining actions:

- Grown the Group's gross margin* at constant exchange rates
- Invested in higher growth segments of the market including e-commerce, product development and launching new products
- Commenced a £10 million restructuring programme during 2015 across the UK, US and Europe which is progressing well and will deliver an approximate two year payback
- Invested in product development at 4.5% of Group product sales (2014: 4.1%)

Strategic priority

Developing our talent

Our people are our most important asset and we aim to retain and recruit suitable talent to support the business. During 2015 Vitec:

- Appointed new talent to senior roles in key markets in the US and Asia-Pacific
- Awarded internal promotions for high-potential employees both within and across Divisions
- Continued to encourage diversity within our business across all the countries we operate in
- Held a management conference bringing together over 130 of our senior employees across the Group

Strategic priority

Strong cash generation

Vitec generates strong levels of operating cash flow# to support the development of the business, maintain a good progressive dividend policy and fund appropriate acquisitions. Cash generation is a priority for the Group with senior management incentivised to manage Vitec's working capital effectively. During the year Vitec:

- Maintained a strong balance sheet while using cash generated to grow the business through targeted acquisitions
- Maintained a strong control over working capital and continued to invest in driving sales growth
- Improved operating profit* into operating cash flow# conversion and achieved a conversion of 83% in 2015, maintaining an average of 87% over three years
- Retained good processes for tracking and managing working capital based on clearly defined metrics

* Before restructuring costs and charges associated with acquired businesses.

\# Cash generated from operating activities after net capital expenditure, before restructuring costs paid.

Key Performance Indicators

The Board and Operations Executive monitor a number of key performance indicators (KPIs), to measure our performance over time. Targets for most KPIs are set annually during our budgetary process and include our strategic priorities:

KPI measure	2015	2014	Definition/Calculation
Growing the business			
Constant currency revenue growth	**1.3%**	3.3%	% increase in revenue at constant exchange rates
Constant currency operating profit* growth	**(1.8%)**	7.4%	% increase/(decrease) in operating profit* at constant exchange rates
Return on sales	**11.1%**	12.5%	Operating profit* divided by revenue
Investing in product development	**4.5%**	4.1%	Total research, development and engineering costs before capitalisation and amortisation of development costs, divided by revenue from product sales
Delivering value to shareholders			
Basic earnings per share*	**49.4p**	55.9p	Profit after tax, before restructuring costs, charges associated with acquired businesses and disposal of business, divided by the weighted average number of shares in issue during the financial year
Total dividend per share	**24.6p**	24.0p	Sum of interim and final dividend per share in respect of the financial year
Managing cash generation			
Operating cash generation	**83%**	73%	Operating cash flow# divided by operating profit*
Working capital to sales	**18.9%**	17.9%	Inventories, receivables and payables at the end of the financial year, divided by annualised Q4 revenue
Inventory days	**105 days**	100 days	Inventories at the end of the year divided by Q4 cost of sales (before exchange gains/losses) times number of days in Q4
Trade receivable days	**40 days**	41 days	Trade receivables at the end of the financial year divided by Q4 revenue times number of days in Q4
Trade payable days	**44 days**	49 days	Trade payables at the end of the financial year divided by Q4 cost of sales (before exchange gains/losses) times number of days in Q4
Safety			
Accident record (number of accidents)	**5**	1	Number of accidents resulting in greater than 3 days absence
Environment			
Electricity usage	**34.5**	36.4	Actual usage in MWh per £million of Group revenue
Gas usage	**23.1**	22.3	Actual usage in MWh per £million of Group revenue
Water usage	**0.09**	0.09	Actual usage in cubic metres per £million of Group revenue

* Before restructuring costs and charges associated with acquired businesses. Earnings per share is also before disposal of business.

\# Cash generated from operating activities after net capital expenditure, before restructuring costs paid.

Market Update
Broadcast

Vitec supplies broadcasters, cinematographers and independent content creators with a variety of products and services to assist in the capture and transmission of video images.

The Broadcast market comprises products and services used in the production of content for broadcasters and cinematographers, whether in studio or on location. The growing professional video segment includes products and services used in the production of video by independent content creators including education and religious establishments, corporate entities and governmental bodies.

We estimate that the Broadcast addressable market for products and services supplied by Vitec is worth around £880 million annually. This includes the traditional broadcast and film markets as well as the video production market. Vitec is well positioned due to its broad geographical reach and premium products. We have a global sales team that provides strong international coverage and is able to offer a full range of products and services to our customers all over the world. This market has seen some variability in demand in 2015 with declines in the traditional broadcast studio segment and growth in video production by independent content creators.

The growth drivers

Increase in video
There has been a significant increase in the amount of video being shot globally. This has been stimulated by the ease with which independent content creators can capture, edit and distribute content, for example over the internet and the rise in popularity of hand-held devices. It has also grown thanks to the increased video capabilities of photographic cameras.

High definition transition and higher image quality led by sporting applications
Television production is increasingly being shot in high definition which has resulted in studios being upgraded, camera replacement cycles shortening and increased demand for our products. As producers seek to shoot higher quality images, 4K high definition cameras are being manufactured, although their adoption is in its infancy. Sports broadcasting remains at the forefront of higher quality images as broadcasters seek to differentiate their offerings.

Broadcasters' capital expenditure
Broadcasters' ability and willingness to incur capital expenditure on the construction or refurbishment of studios depends partly on their financial performance. Those broadcasters funded by subscription income have performed well and expanded with new operations globally. Those broadcasters reliant on advertising expenditure continue to invest in their capabilities but tend to be more susceptible to macroeconomic conditions. The savings and efficiencies offered by LED lighting compared with traditional lighting drive the sale of those products too.

Wireless transmission of data
We see accelerating growth in the use of wireless devices to transmit data and images. We believe this will continue including the use of high performance antennas alongside low latency transmitters and receivers. The cost-effectiveness, range and quality of video data encoders, decoders and related components allows users to monitor and transmit images at increasingly lower costs.

Chosen markets
www.vitecgroup.com/chosen_markets

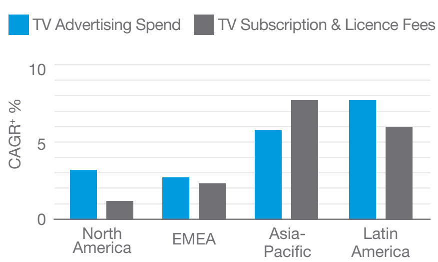
Vitec market position

Vitec is the market leader in most of its niche product categories, providing leading products through our brands to the Broadcast market.

Product category	Supports	Prompters	Lighting - LEDs	Mobile power	Wireless systems	Monitors	Robotic camera systems	Distribution, rental & services
Brand	OConnor, Sachtler, Vinten	Autocue, Autoscript	Litepanels	Anton/ Bauer	Haigh-Farr, Teradek, Paralinx	SmallHD	Camera Corps, Vinten	Bexel, Camera Corps, The Camera Store
Market position*	1	1	1	1	1	3	2	1

* Management estimates by sales value in the market segments in which these products are sold.

TV Revenue Growth Forecasts – 2014-2019



Source: PwC Media & Entertainment Outlook (2014-2019)
+ Compound Annual Growth Rate

Market Update
Photographic

Vitec supplies photographers and videographers with a variety of products for use alongside a photographic camera.

The majority of our products are designed for use with an inter-changeable lens camera (ILC) such as a single lens reflex (SLR) camera and a compact system camera (CSC or mirrorless).

We estimate that the Photographic market for product categories supplied or distributed by Vitec is worth around £800 million annually. Approximately half of this market is accounted for by professional photographers and the remainder by consumers who have a keen interest in photography or simply want to record and share images. Photography continues to attract new consumers as the number and type of image-taking devices and accessories increases and the distribution of images via social media continues to grow in popularity.

The growth drivers

Sales of cameras with inter-changeable lenses
The installed base of ILCs continues to grow globally and global shipments started to show signs of stabilisation in 2015 after a number of years of decline. In addition, there has been rapid growth in the volumes of CSCs which are being bought by end users who upgrade from their smart phones, and by professionals and enthusiasts who use them as a second camera.

The new social recorders
There is a new population of photographers who are interested in recording images. These "social recorders" are using smart phones to take images and share them using social media platforms. As these new entrants become more interested in photography, they may migrate to ILCs (often initially by buying a CSC) and become more likely to acquire our products for use with the camera.

New distribution channels
The emergence of new distribution channels for photographic products, such as online and in consumer electronics stores, has helped stimulate demand from new customers. The growth of sales through online channels is continuing.

Vitec market position

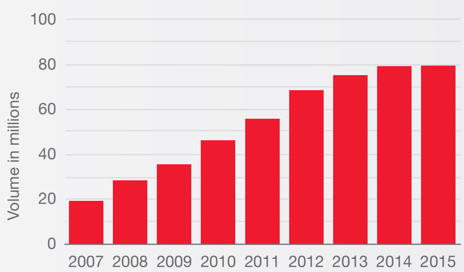
Vitec has the leading premier brands in photographic camera tripods, heads and bags for the professional and consumer photographer.

Product category	Supports	Bags	Lighting
Brand	Avenger, Gitzo, Manfrotto	Manfrotto, National Geographic+	Colorama, Lastolite, Manfrotto
Market position*	1	2	2

+ Manufactured and distributed under licence.

* Management estimates by sales value in the market segments in which these products are sold.

Growth in installed base of Inter-changeable Lens Cameras*



*Management estimate, assuming five year replacement cycle

Chosen markets
www.vitecgroup.com/chosen_markets

Principal Risks and Uncertainties

Vitec is exposed to a number of risk factors which may affect its performance. The Group has a well-established framework for reviewing and assessing these risks on a regular basis, and has put in place appropriate processes and procedures to mitigate against them. However, no system of control or mitigation can completely eliminate all risks. The Board has determined that the following are the principal risks facing the Group:

Change in risk profile during 2015

- Increased risk
- Constant risk
- Decreased risk

Specific Risk	Mitigation
Demand for Vitec's products Demand for our products may be adversely affected by many factors, including changes in customer and consumer preferences and our ability to deliver appropriate products or to support changes in technology. The Group's strategy includes producing and selling products that are more technologically advanced, including encoders, transmitters and field monitors. These products have a shorter life cycle than our historical products, and continuous investment in new product development is needed to keep up with the changing demand. Demand may also be impacted by competitor activity, particularly from low-cost countries.	We value our relationships with our customers and closely monitor our target markets and user requirements. We maintain good relationships with our key customers and make significant investments in product development and marketing activities to ensure that we remain competitive in these markets. In support of our new product launches, we have completed consumer research before developing new products to ensure that they are appropriately designed for our target markets. We keep our strategy under close review. We monitor the demand for new products and phase out of old product lines. We are actively pursuing growth in selected emerging markets.
New markets and channels of distribution As we enter new markets and channels of distribution we may achieve lower than anticipated trading volumes and pricing levels or higher costs and resource requirements. This may impact the levels of profitability and cash flows delivered. During the year we have substantially increased our online presence by developing our e-commerce activity, which increases the cyber security threat. We have developed new routes-to-market in emerging markets, and introduced several new products.	We have a thorough process for assessing and planning the entry into new markets and related opportunities. This includes marketing and advertising strategies for our products and services. We continuously assess our performance in these markets and the related opportunities and risks. We adapt our approach taking into account our actual and anticipated performance. We review our channels of distribution to make sure they remain appropriate. The Group is addressing the increased cyber security threat through appropriate risk assessment and mitigation actions.
Acquisitions In pursuing our business strategy we continuously explore opportunities to enhance our business through development activities such as strategic acquisitions. This involves a number of calculated risks including: acquiring desired businesses on economically acceptable terms; integrating new businesses, employees, business systems and technology; and realising satisfactory post-acquisition performance. In 2015, we acquired Paralinx. This business has been fully integrated with Teradek and is performing in line with expectations.	We mitigate these risks by having a clear acquisition strategy with a robust valuation model. Thorough due diligence processes are completed including the use of external advisers where appropriate. The post-acquisition performance of each business is closely monitored and a plan is developed to integrate the acquired businesses in an effective way.
Pricing pressure Vitec provides premium branded products and faces a number of competitors. The strength of this competition varies by product and geographical market. In 2015 we have continued to see price pressure by low-cost entrants to the market. In addition, there has been continued price pressure in services as major broadcasters continue to manage their budgets tightly.	We ensure that our product and service offering remains competitive by investing in new product development and in appropriate marketing and product support, and by improving the management of supply chain costs. This allows us to support price increases when required by working closely with our suppliers and managing our expenses and cost base appropriately. We are rationalising our product range to reduce complexity which will also allow us to achieve some cost savings on production. Most of our products and services have a premium or niche differentiation which commands a price point that is higher than that of our competitors.
Dependence on key suppliers We source materials and components from many suppliers in various locations and in some instances are more dependent on a limited number of suppliers for particular items. If any of these suppliers or subcontractors fail to meet the Group's requirements, we may not have readily available alternatives, thereby impacting our ability to provide an appropriate level of customer service. Our overall dependence on key suppliers has increased as a result of the Group's decision to reduce its costs by outsourcing some manufacturing and assembly activities.	We aim to secure multiple sources of supply for all materials and components and develop strong relationships with our major suppliers. We review the performance of strategically important suppliers and outsourced providers globally on an ongoing basis. Where economical we look to source materials closer to the manufacturing facilities to reduce lead times and improve control over the supply chain.

Specific Risk	Mitigation
Dependence on key customers While the Group has a wide customer base, the loss of a key customer, or a significant worsening in their success or financial performance, could result in a material impact on the Group's results. As in previous years, Vitec has no customer that accounts for more than 10% of sales. The business works with a variety of customers on large sporting events and the extent of these activities varies year-on-year.	We monitor closely our performance with all customers through developing strong relationships, and we monitor the financial performance of our key customers. We continue to expand our customer base including entering into new channels of distribution to expand our portfolio of customers.
People We employ around 1,800 people and are exposed to a risk of being unable to retain or recruit suitable diverse talent to support the business. We manufacture and supply products from a number of locations and it is important that our people operate in a professional and safe environment. Several of our more recently acquired businesses are led by the previous owners, and it is important that we leverage their know-how for the Group's long-term benefit. Although we endeavour to reduce our dependency on key employees, there is a risk from staff turnover in key positions.	We recognise that it is important to motivate and retain capable people across our businesses to ensure that we are not exposed to risk of unplanned staff turnover. We fairly reward our people and have appropriate staff recruitment, appraisal, talent management and succession planning strategies to ensure we recruit and retain good quality people and leadership across the business. We take our employees' health and safety very seriously and have appropriate processes in place to allow us to monitor and address any issues appropriately. With regards to acquisitions, we may offer performance-related earn-out incentive arrangements to the previous owners, to secure their long-term commitment to the business. We seek to transfer the knowledge from the previous owners, over time.
Laws and regulations We are subject to a comprehensive range of legal obligations in all countries in which we operate. As a result, we are exposed to many forms of legal risk. These include, without limitation, regulations relating to government contracting rules, anti-bribery provisions, competition, and health and safety laws in numerous jurisdictions around the world. Failure to comply with such laws could significantly impact the Group's reputation and could expose the Group to fines and penalties. We may also incur additional cost from any legal action that is required to protect our intellectual property.	We have resources dedicated to legal and regulatory compliance supported by external advice where necessary. We enhance our controls, processes and employee knowledge to maintain good governance and to comply with laws and regulations such as the provisions of the UK Bribery Act 2010. The Group has processes in place, including senior management training, to ensure that its worldwide business units understand and apply the Group's culture and processes to their own operations. We actively protect our intellectual property, and will legally pursue any party that infringes our intellectual property rights.
Reputation of Vitec Group Damage to our reputation and our brand names can arise from a range of events such as poor product performance, unsatisfactory customer service, and other events either within or outside our control.	We recognise the importance of our reputation and attempt to identify any potential issues quickly and address them appropriately. We recognise the importance of providing high quality products, good customer service and managing our business in a safe and professional manner. This requires all employees to commit to and comply with the Vitec Code of Conduct.
Exchange rates The global nature of the Group's business means it is exposed to volatility in currency exchange rates in respect of foreign currency denominated transactions, and the translation of net assets and Income Statements of foreign subsidiaries and equity accounted investments. The Group is exposed to a number of foreign currencies, the most significant being the US Dollar, Euro and Japanese Yen. There were significant currency headwinds in 2015 mainly reflecting the unwinding of previous hedging contracts.	We regularly review and assess our exposure to changes in exchange rates. We reduce the impact of sudden movements in exchange rates with the use of appropriate hedging activities on forecast foreign exchange net exposures. We do not hedge the translation effect of exchange rate movements on the Income Statement or Balance Sheet of overseas subsidiaries.
Business Continuity There are risks relating to business continuity resulting from specific events that may impact our manufacturing plants or supply chain, particularly where these account for a significant amount of our trading activity. We are also dependent on our IT platforms continuing to work effectively in supporting our business.	We address this risk with Business Continuity Plans and Disaster Recovery Plans at our key sites, and by carrying out periodic IT vulnerability assessments. We have global insurance schemes in place which provide cover for business interruption.
Effectiveness and impact of restructuring projects In 2015 we initiated a number of restructuring projects to streamline the business further, and to identify cost savings. There is a risk that the restructuring activity is poorly executed and that the objectives are not achieved.	The projects are monitored closely by the operational management with regular updates provided to the Board. We anticipate that there will be significant year-on-year savings. The status of the restructuring activities and risks relating to these projects are being carefully monitored.

Financial Review
Group Finance Director Paul Hayes reviews performance

Vitec is investing in higher technology products and targeted growth opportunities while streamlining activities with lower growth prospects and continuing to closely manage its costs.

Financial Review
www.vitecgroup.com/financial_review

Revenue
£317.8m
Up 2.6%

Operating profit*
£35.4m
Down 8.8%

Adjusted basic earnings per share*
49.4p
Down 11.6%

2015 Performance overview

Reported revenue increased by 2.6% to £317.8 million (2014: £309.6 million) and operating profit* decreased to £35.4 million (2014: £38.8 million). These results reflect the benefit from acquisitions, new product launches and the disposal of the IMT business in 2014, offset by an anticipated foreign exchange headwind, and the non-repeat of the 2014 Sochi Winter Olympics and FIFA World Cup.

The Broadcast Division performed satisfactorily in variable market conditions. The Division's results included strong sales of higher technology products including wireless transmitters and receivers, camera monitors, mobile power and LED lighting products. We have continued to invest in higher growth segments of the market resulting in higher revenue that has been partly offset by lower broadcast service revenue due to the non-repeat of major sporting events, and lower sales of large camera supports.

The Photographic Division delivered sales at a broadly similar level to the prior year at constant exchange rates in a challenging market. Sales benefitted from the launch of a number of new product ranges. Profit* was lower than the prior year reflecting investments to launch new products and to upgrade our online offering and in-store presence.

The Group gross margin* % was 80 bps lower than the prior period at 40.8% (2014: 41.6%). This reflects a 150 bps adverse impact from foreign exchange partly offset by the beneficial impact of acquisitions, a disposal, and increased sales of higher technology products.

Operating expenses* were £4.4 million higher than in 2014 at £94.4 million. This reflects a full year effect of acquisitions net of the IMT disposal, investments in new and higher technology products in the Broadcast Division, and investments to drive sales in the Photographic Division.

The reported results reflect a significant impact from foreign exchange. Revenue increased by £4.2 million year-on-year due to the benefit of translational exchange gains and therefore revenue at constant currency was 1.3% higher. There was a £2.7 million adverse year-on-year impact on operating profit* from foreign exchange, principally reflecting the unwinding of previous cash-flow hedges that are part of the Group's well-established hedging policy. Operating profit* was 1.8% lower on a constant currency basis.

The operating profit* margin % at 11.1% was 140 bps lower than prior year (2014: 12.5%). This mainly reflects the negative effect of foreign exchange of 100 bps, the impact of acquisitions and a disposal, and targeted investments in research and development and sales and marketing initiatives. There was also a £0.5 million initial benefit from the 2015 restructuring actions that will further benefit the business in 2016.

* Before restructuring costs and charges associated with acquired businesses; profit before tax and adjusted earnings per share are also before disposal of business.
# Cash generated from operating activities after net capital expenditure, before restructuring costs paid.

The investment in new product development and innovation was higher than the prior year at 4.5% of Group product sales (2014: 4.1%). Research, development and engineering expenditure on a like-for-like basis was £12.9 million (2014: £11.3 million) after adjusting for capitalised development expenditure of £2.9 million (2014: £3.4 million) and £1.4 million of amortisation (2014: £0.8 million).

Profit before tax* of £31.5 million was £3.8 million lower than the prior year (2014: £35.3 million). Adjusted earnings per share* decreased by 11.6% to 49.4 pence per share (2014: 55.9 pence per share). Group profit before tax of £18.5 million (2014: £20.1 million) was after £4.9 million of restructuring costs (2014: £2.7 million) and £8.1 million charges associated with acquired businesses (2014: £8.5 million). 2014 also included a £4.0 million loss arising from the disposal of the IMT business.

Free cash flow+ of £16.2 million (2014: £18.2 million) is reported after £3.5 million of cash outflows on restructuring actions (2014: £3.2 million). The year-on-year decrease mainly reflects lower operating profit*, and higher net interest and tax payments partly offset by a lower net investment in working capital. There was a total cash outflow of £3.3 million (2014: £7.3 million outflow) after investing £9.0 million in acquisitions (2014: £13.3 million), including £5.2 million of deferred consideration due to Teradek's performance in 2014, and £10.7 million of dividend payments (2014: £10.3 million).

Net debt at 31 December 2015 was £76.3 million (31 December 2014: £70.9 million) including a net adverse foreign exchange impact of £2.1 million. The Group's balance sheet remains strong with a year end net debt to EBITDA ratio (covenant definition) of 1.5 times (31 December 2014: 1.2 times).

Management's estimate of the main drivers that reconcile the 2015 to the 2014 operating profit* are summarised in the following table:

Operating profit* bridge (£ million)

2014 Operating profit*		38.8
Underlying gross profit*	0.1	
Restructuring savings	0.5	
Underlying operating expenses*	(3.9)	
		(3.3)
Acquisitions	1.3	
Disposals	1.3	
		2.6
Foreign exchange effects:		
- Translation	(0.5)	
- Transaction after hedging	(2.2)	
		(2.7)
2015 Operating profit*		35.4

Net financial expense

Net financial expense totalled £3.9 million (2014: £3.5 million) mainly reflecting the benefit from a one-off receipt of £0.3 million interest on a repayment from the Costa Rica tax authorities in 2014. Interest payable was £4.0 million (2014: £3.6 million) and was covered 13 times (2014: 15 times) by earnings before interest, tax, depreciation and amortisation.

Profit before tax

Profit before tax* decreased by £3.8 million to £31.5 million (2014: £35.3 million). The reported profit before tax after restructuring costs, charges associated with acquired businesses and disposal of business decreased by 8.0% to £18.5 million (2014: £20.1 million).

Taxation

The effective taxation rate on profit before tax* was 30% in 2015 (2014: 30%). We anticipate that the tax rate will remain at 30% in 2016. The Group's tax charge is higher than the UK statutory rate because the majority of our profits arise in overseas jurisdictions with higher tax rates.

Earnings per share

Earnings per share before restructuring costs, charges associated with acquired businesses and disposal of a business was 49.4 pence per share (2014: 55.9 pence per share). The basic reported earnings per share was 29.3 pence per share (2014: 29.4 pence per share).

Acquisitions

In February 2015, the Group acquired the assets of Paralinx LLC, based in the US, for a net cash consideration of $6.2 million (£4.0 million). Paralinx is a leading provider of high quality wireless video transmission systems and has been fully integrated into the Teradek business.

In November 2015, the Group acquired the whole of the issued share capital of Panlight Limited, a private company based in the UK, for a consideration of £0.1 million. Panlight has developed a remote controlled lightweight pan and tilt device which gives directional control of speedlight flashes, LED lighting and Wi-Fi controlled mirrorless cameras. Panlight operates within the Photographic Division.

In January 2016, the Group acquired the whole of the issued share capital of Provak, incorporated as Provak Foto Film B.V., our former distribution partner in the Netherlands for a net consideration of £0.9 million.

We continue to review various acquisition opportunities. These will be assessed as to the strategic, commercial and financial benefits that they could provide against acceptable risk parameters.

Restructuring costs

In 2015 there was a total restructuring charge of £4.9 million (2014: £2.7 million) relating to actions to streamline operations with lower growth prospects, which we commenced in the second half of 2015. These actions relate predominantly to redundancy costs and are progressing in line with our plans.

The total year-on-year benefit from these restructuring actions to our profitability was £0.5 million (2014: £4.0 million). Cash outflows relating to restructuring were £3.5 million in the year (2014: £3.2 million) and we estimate a further £8 million outflow during 2016.

Charges associated with acquired businesses

The 2015 charges relate to the Group's acquisition activities and amortisation of previously acquired intangibles.

The amortisation of acquired intangibles of £5.4 million (2014: £3.4 million) related to: Manfrotto Lighting (formerly Lastolite) acquired in March 2011; Haigh-Farr acquired in December 2011; Camera Corps acquired in April 2012; Teradek acquired in August 2013; SIS acquired in March 2014; Autocue acquired in October 2014; SmallHD acquired in December 2014; and Paralinx acquired in February 2015.

Transaction costs of £0.1 million were incurred in relation to the acquisitions of Paralinx and Panlight. (2014: £0.9 million in relation to the acquisitions of SIS, Autocue and SmallHD).

Financial Review continued

Contingent consideration of £2.6 million ($4.0 million) was accrued during the year to be paid to the previous owners of Teradek in 2016 in relation to the business's performance in 2015 and is subject to final agreement. The business has delivered strong growth in the year and has performed ahead of our pre-acquisition expectations.

Cash flow and net debt

Cash generated from operating activities was £41.7 million (2014: £42.0 million).

The Group uses a number of key performance indicators to manage cash including the percentage of operating cash flow‡ generated from operating profit*, the percentage of working capital to sales, inventory days, trade receivable days and trade payable days. Inventory, trade receivable and trade payable days are stated at year end balances; inventory and trade payable days are based on Q4 cost of sales (excluding exchange gains/losses) while trade receivable days are based on Q4 revenue.

The operating profit* into operating cash flow‡ conversion at 83% is higher than 73% conversion achieved in 2014. This mainly reflects the timing of cash flows and changes in working capital levels in response to changing markets. 78% cash conversion over the last two years is consistent with our established track record for strong cash generation.

The working capital to sales metric has increased to 18.9% (31 December 2014: 17.9%) and overall working capital increased by £5.2 million (2014: £6.9 million increase).

Trade receivable days decreased to 40 days (2014: 41 days) and remain well controlled with a good ageing profile. Trade and other receivables decreased by £0.8 million (2014: £2.7 million increase) on positive collection efforts across the Group.

Inventory increased by £3.0 million (2014: £2.1 million increase) to £58.9 million at the year end, reflecting acquisitions, new products and geographical sales initiatives. Inventory days increased to 105 days (2014: 100 days).

Trade payable days decreased to 44 days (2014: 49 days). There was a £3.0 million overall decrease in trade and other payables (2014: £2.1 million decrease) including lower commission accruals.

Capital expenditure, including £4.2 million of software and capitalised development costs (2014: £4.7 million), totalled £20.6 million (2014: £22.2 million), of which £10.9 million (2014: £12.7 million) related to rental assets. This was partly financed by the proceeds from rental asset disposals of £4.4 million (2014: £5.0 million). Overall capital expenditure was equivalent to 1.3 times depreciation (2014: 1.4 times) and included investments in manufacturing processes and production tooling.

The net tax paid in 2015 of £5.6 million was higher than the £3.5 million paid in 2014 due to the timing of tax payments.

As a result, free cash inflow+ decreased by £2.0 million to £16.2 million (2014: £18.2 million).

Free cash flow+

	2015 £m	2014 £m
Operating profit*	**35.4**	38.8
Depreciation[1]	**16.2**	16.1
Changes in working capital	**(5.2)**	(6.9)
Restructuring costs	**(3.5)**	(3.2)
Other adjustments[2]	**(1.2)**	(2.8)
Cash generated from operating activities	**41.7**	**42.0**
Purchase of property, plant and equipment	**(16.4)**	(17.5)
Capitalisation of software and development costs	**(4.2)**	(4.7)
Proceeds from sale of property, plant and equipment and software	**4.7**	5.2
Interest paid	**(4.0)**	(3.3)
Tax paid	**(5.6)**	(3.5)
Free cash flow+	**16.2**	**18.2**

* Before restructuring costs and charges associated with acquired businesses.

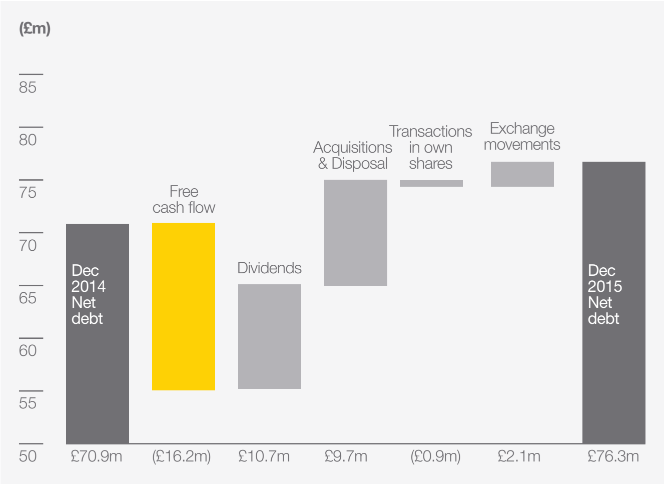
+ Cash generated from operating activities after net capital expenditure, net interest and tax paid.

‡ Cash generated from operating activities after net capital expenditure, before restructuring costs paid.

(1) Includes depreciation and amortisation of software and capitalised development costs.

(2) Includes change in provisions, share-based payments charge, gain on disposal of property, plant and equipment, fair value derivatives and transaction costs relating to acquisitions.

Net debt



There was a £9.0 million net cash outflow relating to acquisitions during the year (2014: £13.3 million). There was a net cash outflow in the period of £0.7 million relating to costs provided for on the disposal of IMT in 2014 (2014: £1.3 million).

Dividends paid to shareholders totalled £10.7 million (2014: £10.3 million) and there was a net cash inflow in respect of shares purchased and issued of £0.9 million (2014: £0.6 million net outflow). The net cash outflow for the Group was £3.3 million (2014: £7.3 million outflow) which, after £2.1 million adverse exchange (2014: £2.1 million adverse), increased the net debt to £76.3 million (2014: £70.9 million).

Treasury

Vitec manages its financing, hedging and tax planning activities centrally to ensure that the Group has an appropriate structure to support its geographically diverse business. It has clearly defined policies and procedures with any substantial changes to the financial structure of the Group, or to its treasury practice, referred to the Board for approval. The Group operates strict controls over all treasury transactions including clearly defined currency hedging processes to reduce risks from volatility in exchange rates.

The Group is hedging a portion of its forecast future foreign currency transactions to reduce the volatility from changes in exchange rates. Our main exposure relates to the US Dollar and the table below summarises the contracts held as at 31 December 2015.

The Group does not hedge the translation of its foreign currency profits. A portion of the Group's foreign currency net assets are hedged using the Group's borrowing facilities.

Currency hedging

	December 2015	Average rate of contracts	December 2014	Average rate of contracts
US Dollars sold for Euros				
Forward contracts	**$47.2m**	**1.15**	$36.0m	1.33
US Dollars sold for Sterling				
Forward contracts	**$21.0m**	**1.52**	$14.8m	1.62

Financing activities

The Group's principal financing facility is a £100 million five year multi-currency revolving credit facility involving five relationship banks, expiring on 19 July 2017. At the end of December 2015, £53.9 million (2014: £45.8 million) of the facility was utilised.

The Group has a $50 million (£33.7 million) private placement facility which has been drawn down in two tranches of $25 million each. This financing has a combined fixed interest rate of 4.77% and is due for repayment on 11 May 2017.

The Group therefore has a total of £133.7 million of committed facilities at the year end with drawings of £87.6 million (31 December 2014: £77.9 million).

The average cost of borrowing for the year which includes interest payable, commitment fees and amortisation of set-up charges was 4.1% (2014: 4.3%) reflecting an interest cost of £4.0 million (2014: £3.6 million).

The Board has maintained an appropriate capital structure without exposing the Group to unnecessary levels of risk and Vitec has operated comfortably within its loan covenants during 2015.

Foreign exchange

2015 operating profit* included a £2.7 million net adverse foreign exchange effect after hedging, mainly due to less favourable £/$ and £/€ rates when compared to 2014.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, as published in September 2014 ("the Code"), the Directors have assessed the viability of the Group over a three year period, taking account of the Group's current position and prospects, its strategic plan, risk appetite, and the principal risks and how these are managed. Further details on these items are set out in the Strategic Report on pages 1 to 39.

Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over this period.

In making this assessment, the Directors have considered the resilience of the Group in severe but plausible scenarios, taking into account the principal risks facing the Group as detailed on pages 18 and 19, and the effectiveness of any mitigating actions. The Board reviews these risks in detail throughout the year, and the Audit Committee has a structured programme for the review of risks and mitigating actions. This is explained in more detail on pages 52 to 55.

The Directors' assessment considered the potential impacts of these scenarios, both individually and in combination, on the Group's business model, future performance, solvency and liquidity over the period. Sensitivity analysis was also used to stress test the Group's strategic plan and to confirm that sufficient headroom would remain available under the Group's credit facilities. The Directors consider that under each of these scenarios, the mitigating actions would be effective and sufficient to ensure the continued viability of the Group.

The Directors believe that three years is an appropriate period for this assessment, reflecting the nature of the Group's key markets, the nature of its businesses and products, and its limited order visibility. This timeframe is consistent with reviews undertaken annually by the Board during which the Group and Divisional three year strategic plans are presented for approval.

The Directors have made an assumption that the Group's two main credit facilities, the £100 million Revolving Credit Facility which expires in July 2017 and the $50 million Private Placement Loan Notes which expire in May 2017, will be renewed during the three year assessment period.

Dividend

The Directors have recommended a final dividend of 15.1 pence per share amounting to £6.7 million (2014: 14.7 pence per share, amounting to £6.5 million). The dividend, subject to shareholder approval at the AGM, will be paid on Friday, 20 May 2016 to shareholders on the register at the close of business on Friday, 22 April 2016. This will bring the total dividend for the year to 24.6 pence per share (up 2.5%).

Paul Hayes
Group Finance Director

22 February 2016

Broadcast Division**

The Broadcast Division designs, manufactures and distributes premium branded products for broadcasting, film and video production for broadcasters and independent content creators. It also provides premium services including equipment rental and technical solutions to TV production teams and film crews. It offers a complete one-stop solution for producers globally, enabling customers to deliver the most demanding projects.

The broadcast market has seen variability in demand in 2015, with a more positive US market offsetting more challenging conditions in EMEA. Despite the non-repeat of large sporting events, the Division has grown revenue at constant exchange rates. It has further expanded its offering of higher technology products to the independent content creator segment, which has shown continued strong growth. This has offset lower sales of large camera supports.

Revenue for 2015 was £189.0 million, an increase of 10.5% on the prior year after excluding the IMT business that Vitec exited in 2014. At constant exchange rates sales grew by 7.0% on prior year. Underlying sales at constant currency increased by 11.7% after excluding the benefit of the Winter Olympics and FIFA World Cup in the prior year. Acquisitions contributed £13.4 million of the year-on-year underlying increase.

Operating profit* at £20.3 million was £0.9 million below 2014, reflecting the non-repeat of major sporting events and a £0.6 million adverse impact from foreign exchange, partially offset by the benefit of acquisitions and new product launches. At constant exchange rates and excluding the impact of the Olympics and World Cup, operating profit* increased by 15.0% and the operating margin* % improved by 30 bps. Acquisitions contributed £1.3 million of the year-on-year underlying increase.

We have continued to invest in new product development in line with the changing nature of the broadcast market. New products include two ranges of SmallHD camera monitors; wireless transmitters and receivers; several LED lights for broadcasters; and broadcast batteries.

While driving the development of sales of newer high technology products, we are streamlining certain activities with lower growth prospects. This includes simplifying and improving our systems and processes within the Division.

Teradek, our wireless products business, continues to grow strongly and benefitted from the integration of Paralinx acquired in February 2015. We continue to invest in product development and engineering resources to support the future development of the business.

SmallHD, the camera monitor business acquired in December 2014, is growing sales with two new series of monitors launched during the year. As anticipated this investment in future growth is impacting margins in the short-term.

Our mobile power and LED lighting businesses grew following the launch of new product ranges at the end of 2014. In the camera supports business, sales decreased due to a lower level of investment in larger supports by studios.

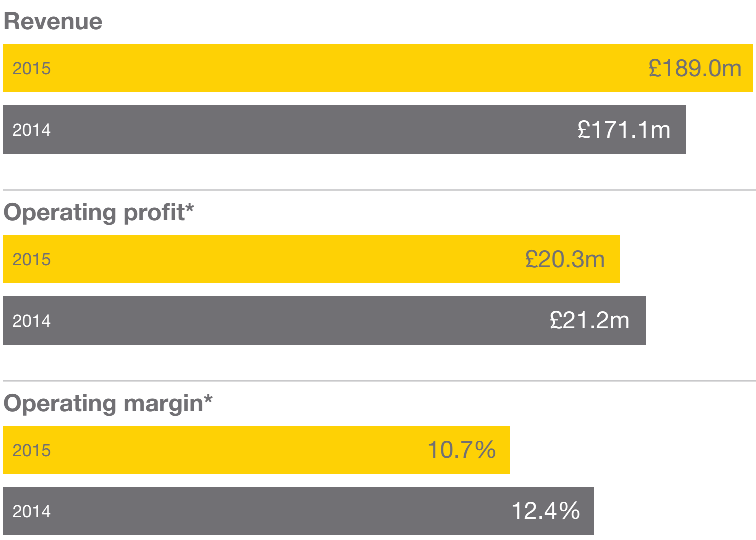
Haigh-Farr, our conformal antennas business, benefitted from certain non-recurring revenues during 2015. We plan to make a number of cost investments in this business in 2016.

The equipment rental and services business saw a decrease in revenue as a result of the non-repeat of the Olympics and World Cup partly offset by growth in premium technical solutions revenue. We continue to focus on driving sales and securing attractive pricing for our premium services. This business will benefit from supporting the Olympics in Rio de Janeiro in 2016.

Revenue
£189.0m
Up 10.5%

Operating profit*
£20.3m
Down 4.2%

Operating margin*
10.7%
Down 170 bps



* Before restructuring costs and charges associated with acquired businesses.

** 2014 results exclude sales of £7.6 million and operating loss of £1.3 million from IMT which was disposed in 2014.

Vitec in action

Litepanels Brick Bi-Color makes its worldwide debut at IBC 2015

Litepanels has launched its Brick Bi-Color on-camera LED light as the new solution for on-the-go camera operators. The Brick Bi-Color has an IP65 rating due to its dust-tight design with water protection that provides a durable LED light in harsh weather conditions. The textured dials and a power button that can't be switched off accidentally suits operators who need a rugged light source with all the power and efficiencies of LED. The Brick Bi-Color was recognised at the International Broadcasting Convention in 2015 winning News Shooter's award for Best Lighting Product.

Anton/Bauer launches new healthcare batteries

Anton/Bauer has provided new batteries for the medical industry with the launch of its Elora Modular Battery System. These new lightweight batteries feature Anton/Bauer's Battery Pain Scale which uses visual displays already recognised within the healthcare industry to communicate battery life to users. Another key feature is the use of the latest UV LED technology to aid in the disinfection of the battery's surfaces while it is being recharged.

Paralinx acquisition enhances Broadcast Division

The addition of Paralinx to the Broadcast Division in February 2015 supplements our range of products targeted at a growing number of independent content creators. Based in Los Angeles, US, Paralinx is known for high-quality wireless video transmission systems and particularly with independent content creators in cinema, live production and UAVs ("drones"). The acquisition complements Vitec's existing Teradek business into which Paralinx has been integrated. The two are working together to address a wider spectrum of customers' needs and offer an even wider range of wireless video devices, at cost-effective prices.

Small HD Launches the 702 Bright Field Monitor

The 702 Bright is the first on-camera monitor in the 700 series and represents a new breed of daylight viewable displays. The 7-inch monitors' LCD panel features anti-reflective coating which helps to reduce glare whilst allowing the high resolution, colour accurate display to remain visible in even the brightest of environments. It is durable and functional with the ideal screen for daylight shooting, and the 702 Bright won the TV Technology Best of Show award at IBC 2015.

Vitec in action
www.vitecgroup.com/vitec_in_action

Photographic Division

The Photographic Division designs, manufactures and distributes premium branded equipment for photographic and video cameras and provides dedicated solutions to professional and non-professional image takers. This consists primarily of camera supports, tripods, camera bags, lighting supports, LED lights, lighting controls and filters. We also supply an expanding range of premium accessories for action cameras, drones and smartphones.

The Photographic Division has continued to face challenging markets, with data from the Camera & Imaging Products Association (CIPA) indicating a slowing in the rate of decrease in global shipments of interchangeable lens cameras after several years of double digit decline. There are some signs of stabilisation, including an increase in demand for high-end DSLRs and premium compact system cameras.

Revenue decreased by 1.6% to £128.8 million, and was 0.8% lower than prior year at constant exchange rates. In challenging markets, sales of our core camera supports performed well and we are pleased with the sales of new products. We increased revenue through our owned distribution channels outside of the US, offset by lower sales through our third party distributors into the Russian and Middle East markets.

We have continued to launch new, innovative products across all of our product ranges including the Manfrotto Digital Director, LED lights, Off road accessories for action cameras, Aviator accessories for drones, and additions to the successful Manfrotto 190, BeFree and PIXI tripod ranges.

Our Manfrotto branded range of bags continued to gain market share following the consolidation of the portfolio under the Manfrotto brand, which was completed in the first half of the year. Sales have benefitted from four new ranges of bags launched in 2015. We are pleased with the performance in this segment, which has been the most affected by lower interchangeable lens camera sales over the last few years.

Operating profit* decreased by £3.8 million to £15.1 million including a £2.1 million adverse impact from currency. The underlying decrease in operating profit* reflects marketing investment in new product launches, the implementation of a worldwide premier dealership programme, and further investment in our online sales platform.

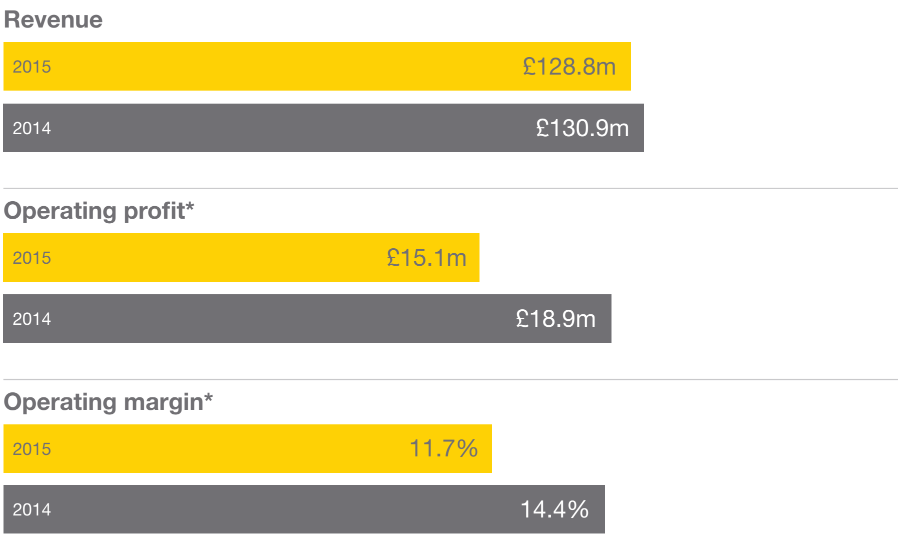
As part of our sales and marketing initiatives, we have changed our distribution model in China and moved to selling direct rather than through third parties. We have invested further in our owned distribution channels including the acquisition in January 2016 of Provak, formerly our distribution partner in the Netherlands.

We continue to take actions to improve profitability by strengthening and streamlining the Division, and investing in growth segments and geographies. During 2016 we will continue to drive savings by streamlining the Division and through the continued implementation of lean processes.

Revenue
£128.8m
Down 1.6%

Operating profit*
£15.1m
Down 20.1%

Operating margin*
11.7%
Down 270 bps



* Before restructuring costs and charges associated with acquired businesses.

Vitec in action

Illuminate your shoots with Lykos: ultimate lighting excellence

Lykos, with "Manfrotto, Powered by Litepanels" technology, has created an innovative, high-quality LED light for photography and videography. Lykos is a powerful portable continuous light solution for professionals and advanced amateurs who want to experiment with light without the technical complexity of a flash. This new line revolutionises the use of continuous LED light in photography. A powerful output, high quality colour rendition, portability, long lasting battery and Bluetooth connection allow for creative possibilities in an affordable and easy to use format.

Manfrotto Bags growth: new channels and lifestyle collections

We have integrated all our bag collections under the Manfrotto brand and launched several new ranges during 2015. A focus on the urban photographer saw the launch of the NX and Street ranges featuring versatile everyday bags that are both practical and safe, and ensure the photographers' cameras and accessories are protected. Manfrotto has also responded to growth in aerial photography with the introduction of the Aviator Collection. This new collection is dedicated to professional and advanced photographers and videographers looking for a carrying solution for their drones, either disassembled inside the bag or fully assembled within a front zippered opening, whilst also offering space for a camera and tripod within the bag.

Manfrotto Distribution Shanghai 2015 – The Year of Change

We continue to invest in the Asia-Pacific region with the opening of Manfrotto Distribution Shanghai which allows us to directly distribute our products to our customers. This has allowed us to engage more effectively with local users with a growing market of passionate photographers supporting Gitzo tripods and Manfrotto bags. We have also intensified our efforts in online channels in the Asia-Pacific region. During 2015 Manfrotto successfully implemented three key e-commerce initiatives in China: launched flagship stores on one of the major e-commerce platforms in China; created promotional partnerships with leading camera brands; and increased leverage of social media to support online sales.

Vitec in action
www.vitecgroup.com/vitec_in_action

Stay focused on digital with Digital Director

Presented at the National Association of Broadcasters show in Las Vegas, Manfrotto's Digital Director gained international attention by winning the award for the Most Innovative Product of 2015. It is an Apple certified electronic device that connects a DSLR camera to an iPad to enable dynamic management of the photo and video workflow. It utilises a reliable USB cabled connection and a dedicated app to enable real-time monitoring, remote control of focus and key camera parameters, image post-production tools and sharing options. The Digital Director also allows remote control of compatible Manfrotto LED lights through Bluetooth technology, providing full control of the set in one place.

Made for iPad

"Made for iPod," "Made for iPhone," and "Made for iPad" mean that an electronic accessory has been designed to connect specifically to iPod, iPhone, or iPad, respectively, and has been certified by the developer to meet Apple performance standards.

Apple is not responsible for the operation of this device or its compliance with safety and regulatory standards. Please note that the use of this accessory with iPod, iPhone, or iPad may affect wireless performance.

Apple, the Apple logo are trademarks of Apple Inc., registered in the U.S. and other countries. App Store is a service mark of Apple Inc.

Corporate Responsibility
Commitment to sustainable business

Corporate Responsibility Report online
www.vitecgroup.com/responsibility

In 2015 we have undertaken several initiatives to strengthen the Group's Corporate Responsibility with a focus on our values, ensuring that all our employees understand what is expected of them and that these values are clearly communicated to our stakeholders. We are committed to sustainable business that ensures the long-term success of Vitec for all our stakeholders.

Our reputation is central to our continued success and the corporate responsibility programme is structured and followed by all our employees in delivering our corporate purpose:

To provide vital products and services that support the capture and sharing of exceptional images.

To do this we operate with the following values:

> **Product excellence** – everything we make and do is exceptional

> **Creative solutions** – we are constantly looking to break new ground

> **Integrity** – what you see is what you get

> **Customer focus** – we are nothing without our customers

> **Collaboration** – we work better when we work together

In 2015 we launched our updated Code of Conduct. The Code, which is available on our website and Group intranet, was developed to improve communication, expand disclosures and utilise Q&As to give practical examples. It was translated into several languages widely spoken in the Group, given to each employee and subsequently to all new starters. We also recommunicated our whistleblowing procedures to all employees in 2015 and more detail on this is given under the Business Ethics section.

The Board has overall responsibility for corporate responsibility and considers and approves our key policies including the Code of Conduct, Environmental Policy and Health and Safety Policy. These policies set a standard for all of our businesses and 1,800 employees worldwide. All of these policies are available on our website and Group intranet and are central to our approach on corporate responsibility. The Board has delegated the co-ordination of our corporate responsibility efforts to me and, with the Operations Executive and senior management, we focus our efforts on the areas of business ethics, environment, employees, and community and charitable donations. Our size dictates that our approach to corporate responsibility must be flexible and pragmatic, focusing our resources where necessary to comply with legal requirements. The Board and Operations Executive regularly considers the Group's reputation with progress against our corporate responsibility objectives actively measured. For example, each month health and safety performance is reviewed to learn important lessons in this vital area, adapting our policies, reporting structure and practices in light of our performance, experience and regulatory changes.

We also launched a Group intranet in 2015, MyVitec, providing employees with a centralised location to find important information on all Group policies, procedures and benefits.

The following pages describe our 2015 corporate responsibility activities organised in the following areas:

Business Ethics
Page 29

Employees
Page 32

Environment
Page 30

Community & Charitable Donations
Page 36

In 2016 we plan to ensure that our Code of Conduct is communicated to all our major suppliers and customers and that we ensure our supply chain is robust with no reputational issues associated with it. We will undertake further training of our employees in this area to ensure our values are understood. We will continue our review of health and safety procedures to improve working practices and to ensure a safe and healthy working environment for all our employees and third parties on our sites. We will continue to focus on diversity, talent development and succession planning to ensure we have the best talent and resources to deliver on our strategic objectives. Progress against each of these will be reported on in the 2016 Annual Report.

Stephen Bird
Group Chief Executive

Business Ethics

Our Vision

To ensure our employees have a clear understanding of what is expected of them in conducting business in the right way with a common set of values. We expect our business partners to abide by standards that are compatible with our own.

Our Approach

Vitec's Code of Conduct clearly sets out our values, beliefs and behaviours and has been communicated to all employees and business partners. We train our employees on key issues including bribery and corruption, inside information, conflicts of interest and good governance, and promote a whistleblowing service as a back-up control.

Code of Conduct

Our Code of Conduct ("Code") provides clear guidance to our employees on how they are expected to behave towards colleagues, suppliers, customers, shareholders and on our wider responsibility to the communities within which we operate.

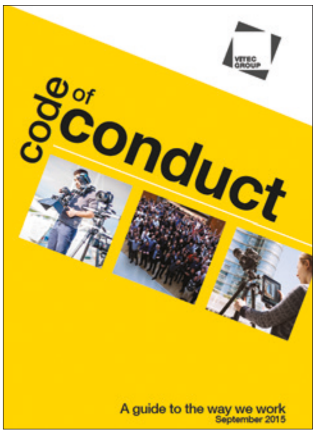
In 2015 our Code was relaunched in seven different languages and was distributed to all 1,800 employees with copies also provided to all new employees on joining the Group. Our Code is accessible by employees via the Group intranet and can also be found on our website. Employees are expected to comply with our Code which sets out our approach to business integrity including an express prohibition on bribery and kickbacks, guidance on gifts and hospitality, conflicts of interest, books and records, competition, share dealing, respect for the UN Universal Declaration of Human Rights, compliance with anti-slavery legislation, respect for the individual and privacy, diversity, health and safety, environmental sustainability, business partners, charitable donations and a clear prohibition on political donations. Any violations of the Code are to be reported to local management or the Group Company Secretary for investigation.

We are currently in the process of recommunicating our Code to our major suppliers, customers, agents and distributors and expect our partners to abide by similar values to our Code. In 2016 we will be working with our partners towards making a statement that our organisation and supply chain is clear of any human trafficking or slavery.

Anti-bribery

We have continued with the development of our employees' understanding of anti-bribery and corruption as reflected in our Code. All senior new starters with the Group have completed an online training module including the Board of Directors, Operations Executive, senior management and customer-facing employees covering anti-bribery and corruption. All participants were required to complete the module and to take a test on the issues covered by the training. We also ensured that the management conference in March 2015 covered this issue with our senior management team.

Agents and distributors have formal agreements in place which clearly prohibit bribery and set out our expectation on behaviour and values. We carry out due diligence on major customers and suppliers with a more detailed screening of backgrounds using a third party provider focusing on reputational risk. We have standardised due diligence with a common third party questionnaire and thorough reputational screening.



Whistleblowing service

In 2015 we recommunicated our independent whistleblowing service that is run in conjunction with Expolink to all employees with a letter from the Group Chief Executive and a letter from Expolink explaining the service to ensure that it remains visible and understood. Posters are prominently visible at all sites and available on the Group intranet with all literature and communications translated into several languages.

This whistleblowing service enables any employee or third party who feels that the normal reporting channels through line management are not appropriate, to report confidentially on any issues around dishonesty, fraud, bribery, malpractice, bullying, unfair treatment, unsafe working practices or other Code contraventions.

In accordance with a clearly agreed documented procedure, all such reports are notified to the Group Company Secretary, the Group Chief Executive and the Chairman of the Audit Committee, and are investigated independently by senior management who are not connected to the report. The outcome of investigations is reported to the Chairman of the Audit Committee. All whistleblowing reports are independently investigated with remedial action taken where necessary.

In 2015 we had several incidents reported through the whistleblowing service, all of which were fully investigated. This clearly demonstrates it is a service which is visible within the business.

Corporate Responsibility

Environment

Our Vision

To ensure our decision making and operations are mindful of the environment while enhancing our competitiveness.

Our Approach

We are creating a culture that adopts technologies, materials and processes to ensure we minimise our impact on the environment.

Vitec's products and processes

We continue to implement initiatives aimed at sustaining and protecting the environment, in the areas of research and development, production, packaging and waste disposal.

Our products and services have a low impact on the environment. We use low-hazard materials, we minimise the use of resources during the manufacturing process and we search for materials that are sustainable and can be recycled and reused. Our efforts and environmental awareness have continued to evolve, not only to comply with regulations but also to make our business better. By putting in place a proper environmental management system we are reducing operating costs and business risks, while ensuring sustainability.

Vitec's green practices

As part of our commitment to responsible business practices, we have continued initiatives aimed at reducing energy, paper and water use, encouraging recycling and proper waste disposal, and promoting a culture of sustainability among our employees.

We monitor and track our usage of electricity, gas and water across our manufacturing, warehouse and administrative sites and make efforts, where possible, to reduce our usage both to reduce costs and the impact on the environment. Many buildings within the Group have timer and motion sensors for lighting to save on electricity usage. Other buildings have programmable thermostats that are centrally managed to optimise the building's heating and cooling needs, therefore maintaining a steady temperature.

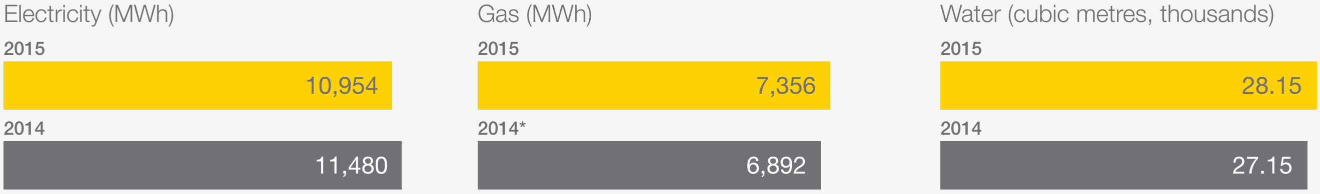
The Broadcast Division's Shelton site has initiated a project to reduce the light usage on site by 50%. They are replacing all light fixtures with LED lights which last ten times longer than a regular incandescent bulb and are four times more energy efficient.

The electricity contracts with Green Certificates at the Italian sites were renewed in 2015, confirming the commitment to use energy generated by renewable sources.

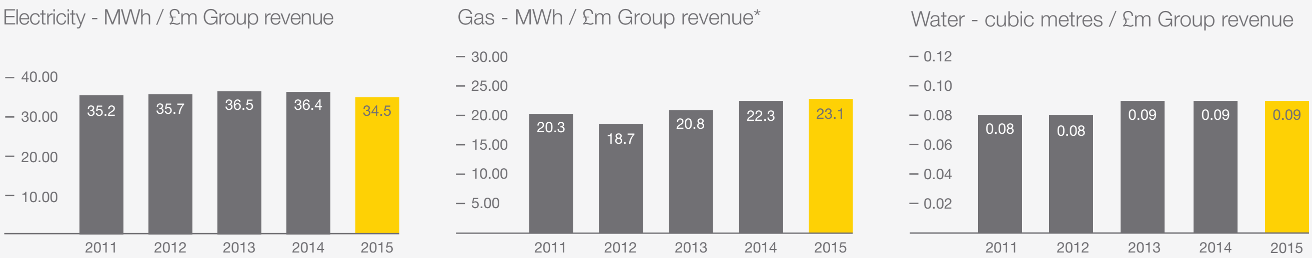
The Photographic Division's sites in Cassola and Feltre in Italy and the Broadcast Division's site in Costa Rica had their ISO 14001 status confirmed in 2015 showing that these operations have designed and implemented effective environmental management systems.

The Group's electricity, gas and water usage per £million of Group revenue over the last five years is set out below.

Actual electricity, gas and water usage in 2015 and 2014



Our electricity, gas and water usage based on usage per £million of Group revenue



* The figures for 2014 have been re-stated following receipt of final invoices for consumption during 2014 that were not available at the time of publication of the 2014 Annual Report.

The table below shows the quantities of materials that were recycled in 2015 (2014 are shown in brackets) at our major manufacturing sites in the UK, Italy and Costa Rica. All measurements are in kilograms.

Feltre, Italy	Bury St Edmunds, UK	Cartago, Costa Rica
Aluminium – 62,424 (56,825)	Aluminium – 22,800 (26,620)	Aluminium – 53,010 (29,480)
Iron & Steel – 58,612 (40,703)	Steel – 6,450 (5,660)	Iron & Steel – 9,650 (12,900)
Paper & Cardboard – 70,798 (85,600)	Paper & Cardboard – 30,600 (33,200)	Paper & Cardboard – 21,000 (26,130)
Plastic – 17,036 (18,101)	Plastic – 2,500 (1,500)	Plastic – 3,590 (4,610)
Wood – 16,025 (9,560)	Wood – 8,290 (14,000)	-
Carbon Fibre – 3,361 (1,770)	-	Carbon Fibre – 460 (1,390)
Copper, Bronze and Brass – 130 (380)	Brass – 2,660 (6,440)	-
Magnesium – 2,075 (1,069)	-	Magnesium – 750 (980)
Packaging Mixed Material – 13,290	General Waste – 20,500 (18,850)	-

The recycling largely covers the cost of waste management at our main manufacturing sites while similar recycling initiatives are carried out at our smaller manufacturing sites. Offices and manufacturing sites throughout the Group have waste recycling points to enable the sorting of waste into different recycling streams (paper, glass, plastics, ink toners, electronic waste and batteries).

This Annual Report is produced using vegetable-based inks and materials approved by The Forest Stewardship Council. We also encourage our shareholders to receive the Annual Report electronically thereby saving on production and distribution resources and costs.

Most of the Group's operating sites including the Head Office, Divisional head offices and business units have video conference facilities in place enabling employees to video conference with both internal and external parties, reducing the need for business travel.

In accordance with the Greenhouse Gas Emissions (Directors Reports) Regulations and the requirement to report on greenhouse gas emissions, we have developed processes to accurately capture and report all material Scope 1 and 2 emissions as defined by the Greenhouse Gas protocol as of 31 December 2015. We have applied the financial control basis for our reporting boundary. These emissions have been recorded at 21 of our major operating sites in the 12 months to 30 September 2015, and arise from on-site energy use and any fugitive emissions, and transport from owned vehicles. We have identified these major operating sites as the material sites for the Group for this requirement as it covers our principal sites: Feltre, Italy; Bury St Edmunds, UK; Cartago, Costa Rica; Burbank, US; Ashby-de-la-Zouch, UK; Irvine, US; and Shelton, US. These sites account for over 95% of the Group by revenue. We have excluded our smaller sites as their size and scale of operations are not material with respect to their Scope 1 and 2 emissions. For this reporting year we have included SmallHD that was acquired in December 2014 and was therefore excluded from the 2014 year end numbers. As well as enabling the reporting of emissions, this information will enable us to identify potential cost savings going forward.

Environmental Policy online
www.vitecgroup.com/environmental_policy

Our most significant emissions arise from the use of electricity which makes up all our Scope 2 emissions. Approximately two thirds of our Scope 1 emissions arise from the use of natural gas with the remainder mostly arising from transport fuel. All our emissions have been calculated using the latest Defra conversion factors available at www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses.

Greenhouse Gas Emissions for the period from 1 October 2014 to 30 September 2015 (Tonnes of CO_2 equivalent)

	2015	2014
Scope 1 emissions	**1,599**	1,653
Scope 2 emissions	**4,458**	4,923
Total gross emissions	**6,057**	6,576
Total carbon emissions per £m of Group revenue	**19.1**	21.2

We have selected a reporting date of 30 September each year to enable accurate data to be collated to compile the table above in time for inclusion in this Annual Report. We have conducted an internal review to check the completeness and accuracy of the reported data.

Potential areas of saving have been identified in our larger production sites in the UK, Italy and Costa Rica. These include energy efficient lighting, staff awareness, regular maintenance programmes, optimisation of machinery and equipment switch off, and optimisation of control around air conditioning. Associated capital requirements and payback periods will be assessed as opportunities arise to identify the best opportunities to pursue, balancing the need to deliver on other business priorities in 2016 and beyond.

In 2015, the Company carried out an audit in conjunction with a third party at its UK sites of Bury St Edmunds, Ashby-de-la-Zouch, Twickenham, Byfleet and Richmond upon Thames to identify cost effective energy reduction opportunities at each of the sites to comply with the requirements of the Energy Savings Opportunity Scheme (ESOS). ESOS is a mandatory energy assessment scheme for organisations in the UK that meet qualification criteria (employing more than 250 employees or an annual turnover greater than £38 million), with assessments to be carried out every 4 years from 2015 onwards. The audit covered the period from 1 October 2014 to 30 September 2015 and identified an energy consumption for the UK sites of 5,082,642 KwH/year. The audit identified opportunities to save on energy consumption including opportunities to introduce an energy management system, improved lighting and heating systems and other operational measures. The audit has been filed with the Environment Agency in compliance with ESOS regulations and each of the sites has the detail of the report to review opportunities to implement recommendations balancing the capital costs and estimated payback periods.

Corporate Responsibility

Employees

Our Vision

Be a responsible employer providing attractive opportunities for our people to develop.

Our Approach

To attract and engage a committed workforce, ensuring diversity and non-discrimination. Vitec is committed to respecting the UN Universal Declaration of Human Rights.

Our people are a key asset for the Group

Our employees are critical to our success. Passionate, motivated and skilled employees in a good working environment directly contribute to our strategy, performance and reputation.

In 2015 we continued to focus time and resources on our employees, including initiatives on subjects such as wellbeing, engagement, diversity, employee benefits and training events.

As an example, the Photographic Division was awarded the Assiteca prize in 2015 for being one of the best large-sized companies in the North East of Italy for the management of corporate welfare.

Health and Safety

The provision of a healthy, safe and productive work environment for all our employees is a priority for Vitec, for which all our management and employees are responsible.

We have continued to impress the need for excellent health and safety procedures in compliance with the Group's Health and Safety Policy, which is available on our website and to all employees on the Group intranet. This policy sets the Group-wide guidelines for the prevention of accidents and work-related ill-health and provides guidance for the adequate control of health and safety risks arising from work-related accidents.

All accidents and near misses, whether they result in absence from work or not, are reported, with remedial action identified and implemented to prevent such occurrences in the future. Reporting is prompt and any accident resulting in over three days' absence is reported to senior Divisional management as well as the Group Chief Executive within 24 hours. Our eight year accident record is shown opposite, which details the number of accidents resulting in over three days' absence from work across the Group. The number of accidents resulting in over three days' absence increased in 2015 compared to 2014. While it is our aim to have no such accidents, the outturn for 2015 is still a reasonable performance given the number of employees, sites and operations. Each accident has been fully investigated and key issues identified to try to ensure that there is no such repeat. This process should deliver continued improvement in health and safety across the Group's operations and we will continue to develop our practices to deliver further improvements in this important area.

Our eight year accident record (over 3 days absence)

2015
5 accidents
representing 273 accidents per 100,000 employees
Average number of employees – 1,833

2014
1 accident
representing 53 accidents per 100,000 employees
Average number of employees – 1,876

2013
4 accidents
representing 211 accidents per 100,000 employees
Average number of employees – 1,898

2012
6 accidents
representing 288 accidents per 100,000 employees
Average number of employees – 2,085

2011
8 accidents
representing 390 accidents per 100,000 employees
Average number of employees – 2,052

2010
10 accidents
representing 525 accidents per 100,000 employees
Average number of employees – 1,907

2009
10 accidents
representing 511 accidents per 100,000 employees
Average number of employees – 1,957

2008
16 accidents
representing 723 accidents per 100,000 employees
Average number of employees – 2,214

There have been no work related fatalities since the Group began collating health and safety statistics in 2002.

The Operations Executive reviews health and safety performance every month, discussing accidents and any incidents of note, sharing best practice initiatives and supporting the Divisions in the management of local health and safety committees and the implementation of regular training activity. The Group Chief Executive updates the Board regularly on health and safety performance by way of monthly reports and verbal updates at Board meetings.

Manfrotto Team Meeting

Sharesave invitation 2015 and Japanese whistleblowing poster

Photographic Division's Sales & Marketing Team

Employees receive training on health and safety procedures that are appropriate to their line of work and environment. This may, for example, involve training in warehouse operations, working at heights, fire safety or more general initiatives to make employees aware of the dangers that can be encountered in the execution of their various duties. Within each of the Group's Divisions separate assessment and training appropriate to operations is carried out for health and safety. Employees are regularly reminded of the need to work safely with posters on notice boards at all sites. For example, the Cassola and Feltre sites in Italy promote the "Are you working safely?" campaign which provides regular tips and key notes on health and safety subjects. Health and Safety Committees at all major sites hold regular meetings to review safety, ensure that operating practices are safe and address potential safety concerns. At the Photographic Division's manufacturing sites in Feltre, Italy and Ashby-de-la-Zouch, UK, a procedure has been set up to observe employees' health and safety behaviour in the workplace. Using an industrial safety management approach, the procedure checks whether employees' working practices are compliant with standards and procedures related to personal protective equipment, tools, substances, machinery, handling and other activities, and enables feedback to be given to avoid workplace accidents. In 2015 a total of 42,209 work actions were observed at both sites with an average of 99.6 per cent compliance with safe working practices.

The Broadcast Division's site in Cartago, Costa Rica, as well as the Photographic Division's sites at Cassola and Feltre, Italy, have further been awarded the OHSAS 18001 occupational health and safety accreditation. This confirms that the sites operate with a robust health and safety management system, with policies, procedures and controls needed to achieve the best possible working conditions aligned to internationally recognised best practice.

Engagement

We aim to provide our employees with an engaging and stimulating environment where they are encouraged to learn and develop. We communicate with our employees on a regular basis, keeping them informed of business performance at a Group, Divisional and business unit level. Reflecting the diverse global nature of our employees we use multiple channels and a variety of media to communicate with them.

A business overview, focusing on results and key events, is shared with all employees via two annual, global communication videos presented by the Group Chief Executive which are uploaded to the Group intranet.

Alongside Group-wide communications, employees receive briefings on performance and business issues on a regular basis from Divisional and business unit senior management. This takes the form of internal announcements, breakfast meetings with Divisional management, quarterly business updates via video and via the intranet sites.

As an example of the progress made within Divisional communications, during 2015 two new intranet sites were developed and launched to which all employees in the Broadcast Division and Group head office are directed when opening a web browser. The sites contain divisional news, policies, organisation structure charts, key contacts and more. These new intranet sites complement the existing site within the Photographic Division and all three sites are linked for ease of access across Divisions.

In March 2015 we held a management conference in London bringing together the Group Chief Executive, Group Finance Director, and Divisional and senior management across the Group covering strategy, results and achievements with an emphasis on cross-divisional collaboration. Those attending the management conference cascaded key messages to the wider employee population to ensure consistent communication across the Group.

We further communicate with our employees through our Group website. This contains a section on Working at Vitec including links to find out about career opportunities throughout the Group.

Wellbeing

Good3

The Good3 project, launched in 2011 by the Group's Photographic Division, continued in 2015 with more initiatives undertaken at several sites.

The programme was developed to help employees stay healthy, by providing them with training and tools to develop good habits in the areas of diet, exercise and the prevention of illnesses. One example includes discounted gym memberships at the principal Italian sites of Cassola and Feltre and Manfrotto's US distribution business based in New Jersey. The Italian sites launched a new project in 2015 to encourage employees to share their membership with a family member to contribute to their sense of wellbeing both inside and outside of the workplace. Healthy eating initiatives also continued to be promoted with a Good3 discounted healthy product line included within site vending machines.

The focus on educating employees to enable them to make healthy decisions is also active within the Broadcast Division. Initiatives include occupational health services and talks, the cycle to work scheme under the Government's cycle initiative in the UK, annual flu vaccinations, healthy eating, health and safety initiatives and exercise programmes across the UK, US and Costa Rica.

Working environment
We continue to invest in improving the work environment for our employees, creating contemporary spaces with upgraded technology and communication systems that enable collaboration and personal efficiency.

We have also listened to and responded to our employees' views. Following a trial in 2014, the Photographic Division's site in Cassola, Italy, launched its Break Area in 2015 with the aim of providing a breakout space where employees could meet and talk during their breaks to increase networking and collaboration. 2015 has seen further promotion of family friendly working with a focus on eliminating negative work patterns and stress. Initiatives linked to this have included Summer Camps at the Photographic Division's sites in Cassola and Feltre, Italy, offering activities to children between the ages of 3 and 14 when schools are closed. This project helps to foster the balance between the private and working lives of employees. Flexible working opportunities are also available across the Group in both Divisions.

Benefits
We employ around 1,800 employees in 10 countries who are managed in accordance with local employment legislation, policies and our organisational values. Attracting the talent we need and retaining their commitment to our organisation in all of the territories we operate in has required the organisation to commence an assertive approach to our benefits packages, to support our employees and remain competitive in a global market where talent is in short supply.

In the US our employees participate in a consolidated Health Benefits Plan that provides a valued level of healthcare. Employees at the Cassola and Feltre sites in Italy now benefit from the new Benefit Salute health care plan which has been promoted to provide an increasing number of services in line with our policies in terms of health, welfare and support of the individual employee. Similar plans are offered to employees in other territories.

Employees are also given the option to join pension plans appropriate to local markets. In the UK this involves a Company approved pension plan with minimum employer and employee contributions and in the US a 401k plan. Since April 2014 in the UK, all employees except for those who have expressly opted out, are now in a qualifying pension plan.

All employees in the UK, US, Italy, Costa Rica, France, Germany and for the first time in 2015, Japan, are given the opportunity to join an all-employee Sharesave scheme on an annual basis, enabling the employee to save to purchase shares in the Company at a discounted rate. Employees save a fixed monthly amount of up to £350 (or $500 in the US or foreign currency equivalent in other territories) over a fixed term (usually three years but two years in the US) with the option to purchase a fixed number of shares at a discount of up to 20% on the prevailing share price at the time of the offer. The following participation levels were achieved in 2015:

Sharesave participation in 2015

Country	Number of eligible employees	Number of accounts opened	Take-up
US	541	152	28%
UK	331	116	35%
Italy	505	97	19%
Germany	60	11	18%
Costa Rica	179	29	16%
France	13	1	8%
Japan	37	35	95%

Participation levels vary from year to year due to the fact that employees in a particular territory may already be saving at the maximum rate. We plan to continue offering Sharesave to our employees in future years.

The Photographic Division's Italian sites offer employees a Vitec Shopping Card that allows employees to benefit from special prices on food, drink, travel, clothing, sport, cinema and medicine through agreements with local retailers. These discounts of up to 50% help employees to increase their purchasing power.

Capability and development

Learning and development activity continued to take place in our businesses in accordance with personal development plans, results of annual performance appraisals and organisational need. The Organisation and Talent Review (OTR) has continued to be developed to fully understand the organisation's capacity and capability for achieving its strategic plans. The OTR enables the Operations Executive to create the leadership pipeline for its critical roles and specify the development requirements to be offered to employees.

The performance appraisal process, in operation in both Divisions, provides the opportunity for the employee to discuss current performance and future potential with their line manager in an objective and positive manner. The development needs identified by the discussions will continue to be used to enhance the global programme of talent development for release more widely across the Group.

In 2015, the Photographic Division implemented its Performance Appraisal ("PA") system for all its employees. The new system is designed to evaluate the distinctive competencies and skills of each employee. It will enable the business to manage employees' performance in a fair and inclusive way with a structure that is common across the Division, enabling career development that is aligned to the strategic objectives of the business. All Photographic employees can access the PA system and can find induction models on the Divisional intranet.

Targeted learning and development activities have continued within the Group's businesses. In 2015, Manfrotto Distribution in the US offered a Tuition Programme for eligible employees for educational assistance with ongoing training which is related to the employee's current duties or a foreseeable-future position with the company. SmallHD in the US also offers assistance with education expenses and continued development of e-learning for all employees to target specific subjects or current issues within the business. Within the Photographic Division, Manfrotto's School of Xcellence offers a three day induction

Management conference 2015 attendees

Broadcast Division's team in Costa Rica

programme for all employees called "Shoot and Capture Imaging", to educate employees on photography and videography.

In 2015, Manfrotto Distribution in the US held a two day structured training and development programme to identify obstacles to progress, develop collaborative working and collectively embrace change. The programme was a continuation of the initial project that ran over several months in 2014. New projects and priorities were identified and will be pursued in 2016.

Equal opportunity

Vitec has an equal opportunities culture with an express prohibition on discrimination of any kind. In 2011, Lord Davies' report on Women on Boards was considered by the Board leading to a reiteration of our diversity statement, which is set out on page 45 of the Governance Report and on our website. The Board has continued to monitor progress on this issue and the Group Chief Executive is responsible for developing diversity throughout the Group. The organisation's current gender breakdown is as follows:

Gender statistics as at 31 December 2015

	Number of men	% of men	Number of women	% of women
Board	5	71%	2	29%
Operations Executive	5	100%	0	0%
Senior Management	22	92%	2	8%
Rest of organisation	1,159	72%	458	28%

This data does not include contractors

We continue to recognise the importance of diversity throughout our workforce and the human resources teams continue with efforts to attract women to Vitec and encourage them to apply for promotions. We continue to strive to employ a diverse workforce.

Vitec's approach to diversity has always followed a strict policy of sourcing the best person for the role irrespective of race, gender, age or disability. We are keen to develop further the recruitment of talented women to the organisation at all levels and are developing policies and procedures across the Group to achieve this. Recruitment processes have been reviewed to ensure a diverse mix of candidates is reviewed and shortlisted for interviews, where appropriate, with a view to increasing the number of women in senior roles. Flexible working policies have been introduced in all the major business units, allowing all employees, regardless of gender, to request flexible working. This is usually granted, unless the needs of the business cannot otherwise be met.

It is Vitec's policy that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. The Broadcast Division's site in Shelton was selected as the Kennedy Center's Competitive Employer of the Year, an award recognising employers that hire individuals with disabilities and promote their empowerment. The Shelton office was chosen for the understanding, encouragement and sensitivity that management and employees have demonstrated in working with people with disabilities. In the event of employees becoming disabled all reasonable effort is made to ensure that their employment within the Group continues. It is our policy that the training, career development and promotion of disabled persons should be, as far as possible, identical to that of all other employees.

The Kennedy Center's "Competitive Employer of the Year" team at the Shelton site

Working at Vitec
www.vitecgroup.com/working_at_vitec

Corporate Responsibility

Community & Charitable Donations

Our Vision

Support the communities in which we operate.

Our Approach

We emphasise initiatives and projects strongly backed by employees, that are relevant to what we do and can be supported for several years.

We have continued to support charitable and community based causes in 2015. The following are a few examples of the good work completed by our employees in the communities within which we operate.

The Stemettes

In September 2015 representatives from the Broadcast Division travelled to London to do a New Product Introduction presentation to 40 girls who were taking part in the Stemettes.

The Stemettes is a voluntary group formed in 2013 to encourage girls and women in the STEM subjects: Science, Technology, Engineering and Maths. Their mission is to inspire the next generation of females in STEM fields by showing them inspirational women already in STEM fields. Over the six-week summer holidays, girls aged 12 to 22 were selected to spend the summer in a house in London as part of the Outbox Incubator Programme. The programme started with a three-week germination period; a demo day where they pitched their ideas to a panel who offered support and pledged money; then a further four weeks where the ideas were refined with the ultimate goal of going live.

The Broadcast Division representatives presented to the girls on how to turn an idea into an actual product. They used one of the Group's current New Product Initiative projects and asked the girls to come up with ideas on how to improve it.

Continuing educational support

Vitec has continued its support of Kingston University's Television and Video Technology department. Further to financial donations made over several years, the Company agreed to provide the time and services of certain employees to provide training for students at the university in the use of broadcast equipment and other general broadcast training. This included giving over 200 students the opportunity to use the Company's broadcast and photographic equipment including Vinten, Manfrotto and Autoscript products.

The Camera Corps business provided six QBall cameras to Ravensbourne College for their Broadcast Engineering Degree Show in June 2015 to support further education in the broadcast industry. The Broadcast business based in Bury St Edmunds supported the William & Ellen Vinten Trust with employees offering their time at the Smallpiece Trust workshop for aspiring young engineers.

Cheru Cup

Manfrotto Italy held their fourth edition of the Cheru Cup in June 2015, an annual football event involving four teams of employees to mark the life of a former employee who passed away. The event raised money which was donated to "Citta della Speranza" a local Italian foundation helping children suffering from onco hematology diseases.

Picture of Life

In 2015, Manfrotto Italy won a Positive Business Award from Palo Alto School for their Picture of Life educational photography programme which was launched in 2014 for young people from underprivileged backgrounds. The 2015 programme saw participants from the Jonathan Rehabilitation Centre in Scisciano, Italy and from the Donna Chiama Donna association in Vicenza, Italy embark on a three month educational programme that led towards a professional qualification in theoretical and practical photography lessons provided by teachers from the Manfrotto School of Xcellence. The course provided each participant with photographic equipment including a camera, tripod, bag and lighting equipment and all of the creations were exhibited in Bassano during the international photography biennale, Bassano Fotografia. The programme has since been extended to the US with the NYC Salt organisation and the UK with the BID Association based in Birmingham.

Local Community Donations

The Broadcast Division's site in Cartago, Costa Rica invests many hours supporting the community including sponsoring the local Red Cross Committee and a nursery which is located in the same business park. Employees also volunteer their time at a local community residence and nursing home.

The Manfrotto business in New Jersey and the Broadcast Division's Shelton site both took part in the Toys for Tots campaign, collecting Christmas gifts for abused, underprivileged and institutionalised children in their local areas. Similarly, the Bexel business in Burbank held their own toy and supplies drive to support the Children's Hospital of Los Angeles and Glendale Humane Society.

The Group head office in Richmond in 2015 made a total donation of £10,000 to several charities including Alzheimer's Research UK, Blue Ventures, Combat Stress, Juvenile Diabetes Research Foundation, Live Life Give Life, Smile Train, The Brain Tumour Charity, Tommy's, West London Day Centre and Women for Women International.

Board of Directors




	John McDonough	Stephen Bird	Paul Hayes	Caroline Thomson
	CBE, BSc (Eng) & ACGI	MA	M.Eng & Man, ACA	BA and D.Univ
Role	Chairman	Group Chief Executive	Group Finance Director	Independent Non-Executive Director
Appointed	15 March 2012 (Chairman from 1 June 2012)	14 April 2009	13 June 2011	1 November 2015
Nationality	British	British	British	British
Age	64	55	49	61
Committee membership	Nominations (Chairman)	Nominations	-	Audit Nominations Remuneration (Chairman from 1 November 2015)
Skills & experience	John is also Chairman of Vesuvius plc, a Director of Cornerstone Property Assets Ltd and Sunbird Business Services Ltd. John was most recently Group Chief Executive of Carillion plc from January 2001 to December 2011. He was previously a non-executive director of Tomkins plc from June 2007 to September 2010, where he was also Chairman of the Remuneration Committee, and Excel plc from February 2004 to December 2005. Prior to Carillion, John worked for Johnson Controls and Massey Ferguson. He was awarded a CBE in 2011 for services to Industry.	Stephen is currently a Non-Executive Director and the Senior Independent Director of Dialight plc. He was formerly a Non-Executive Director of Umeco plc. Previously he was Divisional Managing Director of Weir Oil & Gas, part of Weir Group plc. Prior to this he worked in senior roles at Danaher Corporation, Black & Decker, Unipart Group, Hepworth PLC and Technicolor Group.	Paul was previously Group Financial Controller at Signet Jewelers Limited (formerly Signet Group plc) between 2007 and 2011. Prior to that, he held a senior role at RHM plc from 2004 to 2007, through its flotation in 2005 and subsequent sale to Premier Foods plc. Paul was with Smiths Group plc for over ten years from 1993, including a number of divisional and operating company finance director roles. He is a Chartered Accountant having qualified with EY, and has a first class Masters degree in Mechanical Engineering, Manufacture & Management.	Caroline is currently Chair of Digital UK, a Non-Executive Director of CN Group, Deputy Chair of the National Gallery, Executive Director of English National Ballet, a Trustee of Tullie House Gallery and a Non-Executive Director of the Advisory Board to the Shareholder Executive. Until September 2012 Caroline was Chief Operating Officer at the BBC, serving for 12 years as a member of the Executive Board. Caroline also worked at Channel Four for 11 years, including as Head of Corporate Affairs. Caroline received an honorary doctorate from York University in 2013 and was made an honorary Fellow of the University of Cumbria in July 2015.



Christopher Humphrey BA, MBA, FCMA	**Lorraine Rienecker** B.Eng, MBA	**Mark Rollins** B.Eng, ACA
Role Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director, Senior Independent Director (from 12 May 2015)
Appointed 1 December 2013	1 December 2013	2 October 2013
Nationality British	British	British
Age 58	52	53
Committee membership Audit (Chairman from 12 May 2015) Nominations Remuneration	Audit Nominations Remuneration	Audit Nominations Remuneration
Skills & experience Christopher was formerly Group Chief Executive Officer of Anite plc, holding that position from 2008 until August 2015. Previously he was their Group Finance Director between 2003 and 2008. He has held senior positions in finance at Conoco, Eurotherm International plc and Critchley Group plc. He was previously a Non-Executive Director of Alterian plc between 2011 and 2012. He is a Chartered Management Accountant and a Fellow of CIMA.	Lorraine is currently President, Meggitt Customer Services & Support, having previously held the role of Executive Vice President, Strategy, Sales & Marketing at Meggitt plc between 2005 and 2014. Previously she was Director of Strategy & Planning at BAE Systems and Marconi Electronic Systems (GEC) between 1998 and 2002 and has held several other senior roles at Booz Allen & Hamilton and Bombardier. Lorraine was made a Fellow of the Royal Aeronautical Society in April 2015.	Mark was Chief Executive of Senior plc until 1 June 2015, being appointed to that position in March 2008. He joined Senior plc in 1998 from Morgan Crucible plc, and became Group Finance Director in 2000. He is currently a Non-Executive Director of Tyman plc and was formerly a Non-Executive Director of WSP Group from 2006 to 2012. He is a Chartered Accountant and holds a degree in Engineering.

Corporate Governance

Chairman John McDonough, CBE describes Vitec's corporate governance framework and the work of the Board and its committees during 2015

Corporate Governance online
www.vitecgroup.com/corporate_governance

Your Board, under my Chairmanship, is responsible to all Vitec's stakeholders for providing strong leadership and effective decision-making to ensure the long-term success of the Group through the implementation of our strategy. This report explains how the Board and Operations Executive has operated in delivering this and setting the right tone from the top during 2015. We strive to work in accordance with best corporate governance practice and evolve those practices and procedures to deliver long-term sustainable shareholder value.

We appointed a new Non-Executive Director in 2015, Caroline Thomson, who has also been appointed as Chairman of the Remuneration Committee. This followed Carolyn Fairbairn standing down from the Board and as Chairman of the Remuneration Committee to take on the role as Director-General of the CBI. Caroline brings excellent skills and experience to the Board with her background working at the highest level in the BBC. She has undertaken a thorough induction with a focus on remuneration matters. Nigel Moore stood down as a Non-Executive Director, Senior Independent Director and Chairman of the Audit Committee at the conclusion of the 2015 AGM. Christopher Humphrey took on the role of Chairman of the Audit Committee and Mark Rollins as Senior Independent Director. Both role transitions proceeded smoothly, with no break in continuity. I would like to thank both Carolyn and Nigel for their important contributions to the Company during their tenures.

The Board visited operations in Italy during 2015 that included a detailed update from the Photographic management team on market trends, product development, innovation and operations. I also met with several major shareholders during 2015 to hear first-hand their views on the business, governance and remuneration matters, and to ensure we continue to maintain a clear and open dialogue.

To demonstrate the importance of good governance and setting the right standards within the Company, we launched an updated Code of Conduct to all employees setting out the values and standards we expect in the conduct of business. This covers issues such as health and safety, conduct of employees, diversity, financial controls and business integrity and is available on our website in seven languages, reflecting the importance of communicating our Code to all our people and stakeholders. We also undertook a recommunication of our whistleblowing service in 2015 to further strengthen the importance of our governance processes.

Building on the externally facilitated Board evaluation in 2014, the Board set itself objectives for 2015 which are set out in this report. We carried out an internal Board evaluation in 2015 reviewing progress against these objectives and the Board's overall performance against the agreed strategy, financial performance, governance, succession and Board dynamic. I am pleased to report that the Board continues to perform effectively and further detail can be found later in this section.

The Board continued to review and track progress against the Group's strategy and future prospects, following the detailed strategic review completed in 2014. We regularly consider the Group's principal risks, the associated processes and procedures to mitigate them and our risk appetite. We are required to include a statement on the Group's long-term viability as part of changes introduced by the UK Corporate Governance Code (the "Code"). The Audit Committee and Board were involved in its drafting and review and the statement, along with further detail on the Group's principal risks, can be found on pages 18 to 23.

Following the 2016 AGM, the Board will continue to comprise seven directors including myself as Chairman, four independent Non-Executive Directors and two Executive Directors. I believe this to be the right size for the Board given the scale of our operations. Each Director has skills in the areas of strategy, finance and technology to assist with the implementation of our strategy. They also enhance our diversity in terms of gender, professional and global experience. Three of our Directors are currently or have recently worked in other international companies, ensuring they have relevant and current global commercial experience of the fast-paced changing environment in which we operate.

All Directors will stand for reappointment at the 2016 AGM and their biographies are set out on pages 38 and 39.

My governance review has taken into account the Code as published in September 2014, and explains how we have applied its main principles. I confirm that the 2015 Annual Report has been drafted in full compliance with the latest version of the Code as it applies to financial years ending 31 December 2015 including its supporting principles and provisions. Each has been complied with throughout 2015, as required by the Listing Rules.

Leadership

The Board is responsible to shareholders for the creation and delivery of sustainable performance and long-term shareholder value. There are separate roles for each member of the Board and we have agreed a clear division of responsibilities between the Chairman and Group Chief Executive. Full details of our respective roles and responsibilities can be found on our website.

It is my responsibility to manage the Board, ensuring its effectiveness in all aspects of its role. I work closely with the Group Chief Executive and Group Company Secretary to achieve this by ensuring that all Directors: are kept advised of key developments; receive accurate, timely and clear information; and actively participate in the decision-making process. Board agendas are reviewed and agreed in advance to ensure each Board meeting utilises the Board's time most efficiently. I encourage all Board members to openly and constructively challenge the proposals made by executive management led by the Group Chief Executive. I ensure that each Director properly exercises the power vested in them and in accordance with the Company's Articles of Association, relevant law and any directions as provided by the Company in general meeting. Apart from the remuneration of Directors or Directors' fees there were no instances when a Director had to abstain from voting on a matter due to a conflict of interest during 2015. The Board has adopted a formal procedure for dealing with any such conflicts or potential conflicts of interest.

The Group Chief Executive is responsible for managing the day-to-day running of the business. The Operations Executive supports the Group Chief Executive in this duty, the five members of which are shown on page 6. The Group Chief Executive and I have a good working relationship, meeting and speaking regularly outside of scheduled Board meetings to discuss strategy and performance, and to ensure that Board meetings cover relevant matters. Our relationship and regular dialogue helps to underpin the working of the Board, providing for an open forum in which matters are discussed.

Mark Rollins was appointed Senior Independent Director at the conclusion of the 2015 AGM, the role previously having been held by Nigel Moore. A key task during 2015 was for Mark to lead the evaluation of my performance as part of the 2015 internal Board evaluation. Information on the outcome of my evaluation is provided later in this report.

The Board operates under a Schedule of Matters Reserved to it which includes: consideration and development of the Group's strategy; setting of annual operating budgets; regular review of progress against strategy and budgets; financial results; dividends; changes in Board composition including key roles; acquisitions and disposals; material litigation; capital structure; risk management strategy; and various statutory and regulatory approvals. During 2015, the Schedule of Matters Reserved to the Board was reviewed and updated to ensure compliance with best practice. The full Schedule of Matters Reserved to the Board is available on our website.

The Board has taken into account the Code requirement that it confirms that the Annual Report taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, and has retained this power for itself. To achieve this we have asked the Executive Directors and Operations Executive to provide us with clear documentary evidence around the content and process of the 2015 Annual Report. The Audit Committee has confirmed to us that: the financial statements as contained in the 2015 Annual Report are true and fair; the work of the external auditor has been effective; and the process supporting the Viability Statement was robust. As a consequence we are able to confirm that the 2015 Annual Report taken as a whole is fair, balanced and understandable through reliance on management and knowledge of the following processes:

- a detailed planning stage including drafting guidance and coordinated project management;
- a verification process dealing with the factual content of the Annual Report;
- comprehensive reviews undertaken at different levels in the Group that aim to ensure consistency and overall balance; and
- comprehensive review by the senior management team.

Corporate Governance

Board activities during 2015

The Board dealt with a diverse range of matters during 2015 which are summarised here.

At each scheduled meeting the following standing items are considered:

- Directors' duties and any new conflicts of interest
- Reviews minutes of previous meetings
- Reviews actions from previous meetings
- Reviews progress against agreed Board objectives
- Reviews reports from the Group Chief Executive, Group Finance Director, Group Company Secretary and Group Development and HR Director on key aspects of the business including health and safety, current trading, strategy, acquisitions and disposals, financial results, governance, HR and legal matters
- Reviews performance against KPIs

There were six scheduled Board meetings and one short notice Board meeting in 2015. Apart from the standing items described above, the following is a summary of the material items considered at each meeting in 2015:

January (short notice meeting held by conference call)

- Considered details of and approved expenditure on a strategic development matter

February (held in Richmond, UK)

- Annual Results, including review and approval, where appropriate, of:
  - Report from the Audit Committee Chairman
  - Report from the Remuneration Committee Chairman
  - Report from the Nominations Committee Chairman
  - Principal risks and mitigation
  - Report on going concern
  - Final dividend recommendation
  - Full year results announcement for the year ended 31 December 2014
  - 2014 Annual Report including an assessment that the Report is fair, balanced and understandable
  - Resolutions to be submitted to the AGM and content of Notice of AGM
  - Management Representation letter
- Approved the re-appointment of KPMG LLP as auditor
- Received an update on Group strategy
- Received presentation on the Broadcast Division's supports business
- Considered discretionary increases for the Vitec Group Pension Scheme
- Noted outcome of performance conditions for vesting of LTIP and DBP awards

May (held in central London, UK)

- Received a briefing on the business to be conducted at the AGM
- Considered the content of the Interim Management Statement (including re-forecast of 2015 performance)
- Reviewed Capital Markets Day held in April 2015 and agreed outline for strategy update to be provided to July meeting
- Received a post-acquisition review of the SIS business
- Received a presentation on the Broadcast Division's production services' specialty camera technology activities
- Approved a capital expenditure request for new Broadcast product development
- Received an update on investor relations from Investec
- Reviewed a revised draft of the Group's Code of Conduct
- Agreed an increase to the Chairman's fee
- Received a property update relating to the sale of the Bury St. Edmunds site

July (held in Bassano, Italy)

- Visited Manfrotto facilities and received presentations on market trends, product development, innovation and operations
- Received a strategic update from the Photographic Divisional Chief Executive
- Received an update on Group strategy including associated risks, mitigations and risk appetite
- Reviewed the re-forecast of 2015 performance
- Received a presentation on wireless technology
- Received an update on property matters
- Approved an internal re-structure of Group subsidiaries
- Reviewed the Group's 2014/15 insurance renewals
- Received a report from the Audit Committee Chairman
- Received a report from the Nominations Committee Chairman

August (held in Richmond, UK)

- Half year results, including review and approval, where appropriate, of:
  - Report from the Audit Committee Chairman
  - Principal risks and mitigation
  - Report on going concern
  - Interim dividend
  - Half year results announcement for the period ended 30 June 2015
  - Management Representation letter
- Received a presentation on markets and customers
- Received an update on property matters
- Received an update on the Modern Slavery Act 2015
- Approved the format of the 2015 internal Board evaluation
- Approved a proposal to offer Sharesave to employees

October (held in Richmond, UK)

- Received an update on Group strategy including a review of competitors
- Received a presentation on restructuring plans
- Considered a post-acquisition review of Autocue
- Reviewed the re-forecast of 2015 performance
- Received an update on the change of Audit Partner
- Approved a capital expenditure request for new equipment to support the 2016 Olympics
- Received an update on the Group's HR structure
- Received a litigation report
- Received a report from the Remuneration Committee Chairman
- Received a report from the Nominations Committee Chairman
- Noted the circulation of the revised Code of Conduct
- Received an update on property matters
- Received an update on the process and timing of the internal Board evaluation
- Received an update on various pension scheme matters relating to the defined benefit and defined contribution schemes, auto enrolment, and legislative changes
- Received a presentation from Rothschild on strategic matters
- Approved in principle the appointment of Caroline Thomson as a Non-Executive Director

December (held in Richmond, UK)

- Received an update on the Enterprise Video Market
- Considered and approved the 2016 budget
- Received an update on property matters
- Approved the circulation of a letter to shareholders regarding the adoption of FRS 101 Reduced Disclosure Framework
- Reviewed the outcome of the 2015 internal Board evaluation and approved 2016 Board objectives
- Received a report from the Audit Committee Chairman
- Received a report from the Remuneration Committee Chairman
- Received a report from the Nominations Committee Chairman
- Reviewed Board governance arrangements and key policies
- Approved the appointment of a new Company-Nominated Trustee Director to the Board of the Vitec Group Pension Scheme
- Reviewed the Chairman's and Non-Executive Directors' fees
- Received a legal update from Slaughter and May

We hold a dinner for the Board around scheduled Board meetings to enable Directors to informally discuss current business matters. It also gives an opportunity for senior management or external advisors to attend to give updates on trading, markets or wider industry matters. This is a very useful format enabling a less formal opportunity for the Board to get to know one another and executive management. It also gives the opportunity as required for the business to be discussed at the Board meeting to be introduced and for more time to consider matters.

At least twice a year we also hold Non-Executive Director only meetings, scheduled around the February and August Board meetings. These enable the Non-Executive Directors to raise any issues that they may wish to without executive management present. In my role as Chairman I feed back to the Executive Directors on these discussions and take any actions necessary to address matters raised. In December we also took the opportunity to hold a dinner with the Group Chief Executive and all of the Non-Executive Directors including myself, which allowed the Non-Executive Directors the opportunity to raise any issues that they may wish to directly with the Group Chief Executive and vice versa.

To monitor its ongoing performance during 2015, the Board set itself several objectives for the year which are detailed in the section on Board performance evaluation. Progress against each objective was tracked at each scheduled Board meeting during 2015. The key output from the 2015 Board evaluation has allowed us to set further objectives for 2016 that I will report on in next year's Annual Report.

In addition to the matters reserved to it, the Board delegates certain items to its principal Committees. I feel it is appropriate to ensure the Board has sufficient time to deal with strategic matters while retaining oversight on salient points by virtue of its Committees. The Board's three principal committees are the Audit, Remuneration and Nominations Committees. Each Committee operates under clear terms of reference which were updated during the year to reflect emerging best practice. Copies of each Committee's current terms of reference are available on our website.

Each Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties and to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference. Each Committee, at least once a year, reviews its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommends any changes it considers necessary to the Board for approval.

The Remuneration and Audit Committees each agreed their objectives for 2015 to monitor their progress and performance. Progress on each objective is set out in this report under the relevant section for that Committee. Objectives for these two Committees have been set for 2016 and an evaluation of progress against these objectives will be reported in next year's Annual Report.

Details of Directors' attendance at Board and Committee meetings is shown in the table on page 51. I confirm that all Directors attended each scheduled Board meeting and the one called at short notice. When any Director is unable to attend they continue to receive the necessary papers and I seek to contact them in advance of the meeting to obtain their views and decisions on the proposals to be considered.

The Board visited the Photographic Division's operations in Italy in July 2015. The visit included a detailed update from the Photographic management team on market trends, product development, innovation and operations. The Board was given a demonstration of new products, including those still under development. The Board intends to hold a meeting at an overseas business each year in the foreseeable future to allow Directors to demonstrate the right tone from the top and to deepen their knowledge and understanding of operations. Each Director is also encouraged to visit our operations at their own convenience to further build on their understanding of the business and meet operational management.

Christopher Humphrey visiting the Broadcast Division's Bury St Edmunds site in 2015

As part of the wider governance framework it is important to explain the workings of the Operations Executive. The Group Chief Executive chairs the monthly meetings of the Operations Executive which discusses ongoing business performance and enables the Group Chief Executive to manage the business with his direct reports. I receive an update from the Group Chief Executive on any salient matters resulting from each meeting.

I was pleased to welcome members of the Operations Executive to a number of Board and Committee meetings during 2015, along with the Group Risk Assurance Manager, Group Financial Controller, Group Head of Tax and a number of product specialists from each Division, each of whom provided the Board with technical knowledge about different parts of the business. Their attendance allows the Board to directly question those senior managers responsible for the business and to gain a better understanding of their respective businesses. We will continue to welcome members of the Operations Executive and other senior management to Board and Committee meetings in the future.

Corporate Governance

Effectiveness

A number of Board changes in 2015 have resulted in two new Committee Chairmen and to the Senior Independent Director role. Each change has required careful management to ensure seamless transitions and continuity in standards. We continue to spend time together outside of Board meetings to learn not only about the business but each other's skills and personalities, which helps facilitate effective and constructive Board and Committee meetings. I believe the Board has the right skills, talent and diversity to effectively deliver the Company's agreed strategy.

Each of the Non-Executive Directors bring independent character and judgement to bear on strategic matters, the performance of the Group, the adequacy of resources and standards of conduct. The Board considers that Christopher Humphrey, Lorraine Rienecker, Mark Rollins and Caroline Thomson are independent in accordance with the recommendations of the Code. Each Director brings a complementary set of skills and diversity to the Board, having served in companies of varying size, complexity and market sector. When combined, these skills give your Board the comprehensive skill set required to deliver the strategic objectives of the Group and to ensure its continued success.

On appointment, we provide each Director with a tailored and extensive induction to the Group. Caroline Thomson is making good progress with this process following her appointment in November 2015, including meeting all of her fellow Board members individually, the Operations Executive, key external advisors, receiving briefings on each area of the business and visiting the Group's principal operations in the UK and Italy. She will visit the US operations as part of the Board meeting in June 2016. Teach-ins were held on the products and services we offer and how each business operates in its chosen markets and segments, along with the internal governance processes and procedures that exist to support our operations. To gain a better understanding of the Group externally, she met with our Group auditor, KPMG, corporate advisors including Investec, Makinson Cowell (part of KPMG), Slaughter and May, and, importantly, Deloitte as the Group's remuneration advisor, to support her role as Chairman of the Remuneration Committee. Following the induction process, each Director is encouraged to continue visiting the Group's operations as their schedule permits.

All Directors, having notified me in the first instance, are able to take independent professional advice at the Company's expense in furtherance of their duties. During 2015 no Director felt the need to take such advice. They also have access to the advice and services of the Group Company Secretary, who is responsible for advising the Board, through the Chairman, on all governance matters.

Ongoing training for new and existing Directors is available at the request of the Director. Each Director receives details of relevant training and development courses from both the Group Company Secretary and from external bodies such as KPMG, Deloitte, and Slaughter and May, as the Company's appointed advisors. The requirement for training is discussed at meetings of the Board and of its Committees and I ensure that each Director has the required skills and knowledge to enable them to operate efficiently on the Board. The Group Company Secretary maintains a register of training undertaken by Directors to facilitate this discussion. During the year the Board collectively received training sessions on such matters as product technology, investor relations, Bribery Act 2010, Modern Slavery Act 2015, Health & Safety Deregulation Act 2015, Viability Statements, Market Abuse Regulation, cyber security issues, and Broadcast and Photographic market updates. The Board regularly receives written updates on governance, regulatory and financial matters as they are published.

Working with the Group Chief Executive and Group Company Secretary, I ensure that the Board receives papers for consideration so that it gives all Board members adequate time to read, prepare and, where appropriate, ask questions prior to the meeting about the information supplied. The information includes detailed budgets, forecasts, strategy papers, reviews of the Group's financial position and operating performance, and annual and half yearly reports. Each Board member receives a detailed monthly report from the Group Chief Executive, Group Finance Director, Group Company Secretary, Group Development and HR Director, and Group Legal Counsel, plus a Health and Safety Report covering the ongoing performance of the business. The Board receives further information from time to time as and when requested.

All meetings of the Board and its Committees are minuted by the Group Company Secretary or the Deputy Company Secretary. In the first instance, minutes are reviewed by the Chairman of that meeting before being circulated to all Directors in attendance and then tabled for approval at the next meeting. Any concerns raised by Directors are clearly recorded in the minutes of each meeting.

The Board has the power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, subject to a maximum number of 15 Directors as prescribed by the Company's Articles. Any Director so appointed shall hold office only until the next AGM and shall then put himself or herself forward to be reappointed by shareholders.

The Chairman and the other Non-Executive Directors are appointed for an initial period of three years which, with the approval of the Nominations Committee and the Board, would normally be extended for a further three years. If it is in the interests of the Group to do so, appointments of Non-Executive Directors may be extended beyond six years, with the approval of the Nominations Committee, the Board and the individual Director concerned. Under the Company's Articles, each Director is required to stand for annual reappointment. The table on the following page sets out the Chairman's and Non-Executive Directors appointment dates and scheduled renewal of terms.

Chairman or Non-Executive Director	Appointment date	First renewal of term due	Second renewal of term due	Annual renewal of term post two three year terms
John McDonough	15 March 2012	15 March 2015	15 March 2018	Annually from 15 March 2019 onwards
Mark Rollins	2 October 2013	2 October 2016	2 October 2019	Annually from 2 October 2020 onwards
Christopher Humphrey	1 December 2013	1 December 2016	1 December 2019	Annually from 1 December 2020 onwards
Lorraine Rienecker	1 December 2013	1 December 2016	1 December 2019	Annually from 1 December 2020 onwards
Caroline Thomson	1 November 2015	1 November 2018	1 November 2021	Annually from 1 November 2022 onwards

The annual renewals of terms for a Non-Executive Director will take into account ongoing performance, continuing independence and the needs and balance of the Board as a whole.

On making appointments to the Board, among other criteria, the issue of diversity is considered. The Board agreed its policy on diversity during 2011 which was reviewed during 2015 and deemed to remain appropriate. Our statement is set out below, as well as being published on our website:

Vitec recognises the importance of a fully diverse workforce in the successful delivery of its strategy. The effective use of all the skills and talents of our employees is encouraged and this extends to potential new employees. It is essential that the best person for the job is selected regardless of race, gender, religion, age, sexual orientation, physical ability or nationality. Vitec is fully committed to equal opportunity where talent is recognised. The Board will keep under regular review the issue of diversity including at Board level, senior management level and throughout the entire workforce, taking into account among other things Lord Davies' review Women on Boards. We will report upon this issue annually in our Annual Report.

The Employees section of the Corporate Responsibility Report contains further information on diversity, including the disclosure of gender diversity statistics at Board, Operations Executive and senior management level as well as throughout the organisation, in accordance with the requirements of the Companies Act 2006.

Board performance evaluation 2015

Last year we undertook an externally facilitated Board evaluation, coordinated by Lintstock and on which we reported in the 2014 Annual Report. The output from this evaluation assisted in the Board's 2015 objective setting, which is reported on later in this section. We conducted an internal Board evaluation in 2015 using the output from the work completed in 2014 to help shape the questions and analyse progress made during the year.

Four areas were covered by the 2015 process:

- Evaluation of the performance of the Board by each Director;
- Evaluation of the performance of the Committees of the Board by each member of the relevant committee;
- Evaluation of the Non-Executive Directors by the Chairman; and
- Evaluation of the Chairman led by the Senior Independent Director taking into account the views of the Board.

The Board evaluation took the following process:

Completion of questionnaires by each Director

↓

Analysis of responses and creation of output document

↓

Individual meetings with each Director led by the Chairman

↓

Collective Board discussion at the December 2015 Board meeting

Corporate Governance

The 2015 evaluation took the form of questionnaires, individual meetings and discussion at the Board meeting held in December 2015. The Group Company Secretary and I agreed the format of the questionnaire, which requested Directors to evaluate the performance of the Board, Board Committees, progress against strategy, monitoring performance, leadership, succession planning, customers, markets, technology, culture and corporate governance, taking into account the balance of skills, experience and knowledge of the Group by each Director. Content of the questionnaires was driven by the topics covered during the 2014 external evaluation, to ensure continuity in questioning.

I subsequently followed up with each Director on the content of their completed evaluation forms, allowing for a discussion to take place around any areas for improvement. Mark Rollins, as Senior Independent Director, co-ordinated the process for my evaluation. There followed a collective Board discussion at our December meeting to consider the outputs that had been identified.

I am pleased to report that all your Board members considered that the Board, its Committees and individual Directors have performed effectively during 2015, both individually and as a collective unit. Non-Executive Directors have demonstrated a willingness to devote sufficient time and effort to understand the Company and its businesses and have provided independent, rigorous and constructive challenge on strategy and operational performance. The processes, governance and controls around the Board and its Committees were also deemed to be effective and robust. Each Director was asked to report on the key items for the Board to focus on during 2016. As in previous years these key items have been incorporated into the Board's agreed objectives for 2016 and will focus on the areas of: Group strategy; performance; succession planning for the Executive Directors and senior management; technology; operations; trading performance and governance. I will report to you on progress against each of these objectives in the 2016 Annual Report.

Each of the key Board Committees were reviewed with individual outputs and actions created. As with the Board, the key areas of focus have helped to form the 2016 objectives that will be reported on by each Committee in the 2016 Annual Report. For the Audit Committee, 2016's focus will be on: induction process for the new Non-Executive Director; successful handover to the new KPMG audit partner; ensuring the Committee continues to regularly review the risk management framework, financial reporting and internal controls; receiving regular training on financial and governance changes; and review the process to support the drafting of the Viability Statement. The Remuneration Committee's primary focus for 2016 will be on: ensuring that governance disclosures meet best practice and changing standards; updating the Remuneration Policy in advance of the 2017 AGM; ensuring successful induction of Remuneration Committee Chairman; and consideration of performance conditions for LTIPs to be awarded in 2016 to senior management.

Finally, my review led by Mark Rollins highlighted that I have a good relationship with the Group Chief Executive, Board members and major shareholders, and my performance was rated highly by every Board member.

Following the external Board evaluation in 2014, the Board set itself several objectives for 2015. These are summarised to the right with an evaluation of performance against each:

2015 Board Objectives	Progress during 2015
Develop and monitor the Group's strategy against KPIs, analyse areas of low growth and ensure key risks relating to acquisitions are evaluated	• Received regular updates from each Division on progress against each of their strategic plans with Divisional Chief Executive Officers attending several Board meetings • Identified and reviewed key areas concerning strategy and agreed programme for ongoing review • Regular review of strategic objective KPIs • Completed acquisition of Paralinx • Reviewed corporate action opportunities • Post-acquisition reviews of SIS and Autocue
Closely monitor current financial performance and recommend actions as appropriate	• Received updates from the Group Chief Executive and Group Finance Director on trading and financial results at each meeting • Approved content of full and half year announcements and trading updates • Reviewed quarterly re-forecast of 2015 performance • Considered restructuring initiatives
Develop talent management processes and succession plans to ensure diversity and support delivery of strategy. Ensure appropriate structure of Group's HR organisation	• Received regular updates on talent and succession planning for senior management roles across the Group • Visited operations in Italy and met with senior management from the Photographic team • Met with senior HR team, ensured co-ordination across HR plans within the Group, received information on short and long term HR priorities • Reviewed people aspect of restructuring initiatives
Ensure transition between Audit Committee Chairman and Senior Independent Director is seamless. Evaluate Board succession plans	• Oversaw handover of roles for the Audit Committee Chairman and Senior Independent Director (see page 52 for further information on the induction of the Audit Committee Chairman) • Approved appointment of Caroline Thomson as a Non-Executive Director and Chairman of the Remuneration Committee • Comprehensive induction plan for Caroline Thomson including site visits, meeting with key employees and advisors and governance information • Reviewed Executive Director succession plans • Completed internal Board evaluation in 2015
Increase understanding and knowledge of underlying and developing technologies	• Received regular presentations from product specialists within the business on existing and developing technologies • Attended both the Management Conference in March 2015 and the Capital Markets Day in April 2015 where updates on product development were given • Considered capital expenditure requests for new products and acquisitions including Paralinx
Develop understanding of customers, key markets, emerging trends and emerging markets	• Attended both the Management Conference in March 2015 and the Capital Markets Day in April 2015 where updates on customers and markets were given • Received presentations from both Divisions on customers and performance • Received presentations on specific competitors and changes in key markets
Continue to develop the Group's risk management and oversee the Group's principal risks and uncertainties in light of development of Group strategy	• Reviewed detailed risk assessment and mitigation process and disclosed principal risks in 2014 Annual Report and 2015 half year results • Reviewed results of site governance reviews as conducted by the Group Company Secretary • Risk Management Strategy considered by the Audit Committee, including the risk appetite statement

Performance evaluations of each of the Executive Directors also took place against achievement of specific personal objectives, the detail of which can be found in the Remuneration Report in respect of the outcome of their 2015 annual bonus.

Overview of the Nominations Committee

The Board has appointed the Nominations Committee to oversee the composition of the Board, senior executive recruitment and succession, and the process for appointments of Directors. The Nominations Committee, that I chair, has agreed terms of reference that are available on the Company's website.

Chairman	Members
John McDonough	**Stephen Bird** **Christopher Humphrey** **Lorraine Rienecker** **Mark Rollins** **Caroline Thomson** (from 1 November 2015) Carolyn Fairbairn (until 31 October 2015) Nigel Moore (until 12 May 2015)
Current Committee members are in bold	

Duties

- Reviews and evaluates the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board
- Considers succession planning for Directors and other key senior executives
- Identifies and nominates to the Board candidates for Board vacancies
- Prepares descriptions of roles and capabilities required for Board appointments
- Reviews the executive and non-executive leadership needs of the Company
- Reviews time commitment of Non-Executive Directors
- Ensures that Non-Executive Directors receive a formal letter of appointment and appropriate induction training

During 2015 the Nominations Committee focused its attention on the roles of the current Non-Executive Directors to ensure that a handover plan was in place following the retirement of Nigel Moore at the 2015 AGM and his successors as Chairman of the Audit Committee and Senior Independent Director. As previously disclosed, taking into account the skills, experience and time commitment required for each of these roles, it was unanimously agreed by the Nominations Committee that Christopher Humphrey and Mark Rollins would assume the roles of Chairman of the Audit Committee and Senior Independent Director, respectively, given their experience, recent responsibilities and skills. The Nominations Committee also conducted a process to search for a replacement Non-Executive Director and Chairman of the Remuneration Committee. This followed Carolyn Fairbairn's appointment as Director-General of the CBI.

The Nominations Committee uses the support of external executive search consultants where necessary to facilitate searches for new Directors. During 2015 the Committee engaged with JCA Group in the selection and appointment of Caroline Thomson as a Non-Executive Director following the announcement that Carolyn Fairbairn would stand down from the Board. JCA Group does not have any other connection with the Group. JCA Group assisted in drafting a clear brief on the role, skills and personal attributes that the Board was looking for, taking into account Board diversity, and followed up with a search process to identify suitable candidates. Initial interviews were held with candidates with both myself and the Group Chief Executive, following which a shortlist was created taking into account the skills of each candidate and perceived fit with the Board and senior management. Following further meetings a preferred candidate was chosen and each member of the Board then met with or spoke to the preferred candidate individually to ensure that the correct person with the right skills and dynamic fit with the Board was appointed. This same process would occur whether the role was executive or non-executive in nature. The process for the appointment in 2015 was led by me as Chairman of the Committee. However, should a search for the role of Chairman be necessary, this would be conducted by the Senior Independent Director with the support of the Group Chief Executive. Subject to the outcome of each search, a formal recommendation on an appointment is made by the Nominations Committee to the full Board for approval.

Following the appointment made during 2015 and the change of roles that became effective following the 2015 AGM, I am confident that we have a good mix and balance of skills, personalities and diversity on the Board to meet the challenges the Group faces, deliver on strategy, monitor ongoing performance and discharge good corporate governance. I will remain mindful of the need to have the right balance on the Board and future Board changes will take this into consideration. The Nominations Committee will continue to monitor Board structure and succession plans, including talent and succession plans of senior management below Board level.

Nominations Committee activities during 2015

At each main meeting the Committee considers:
- Directors' duties and any new conflicts of interest
- Reviews minutes of previous meetings
- Reviews actions from previous meetings

The Committee had three scheduled meetings and one ad-hoc meeting in 2015 and covered the following matters:

February

- Recommended to the Board the appointment of Christopher Humphrey as Audit Committee Chairman and Mark Rollins as Senior Independent Director, to take effect following Nigel Moore's retirement at the 2015 AGM

July

- Reviewed Board composition and succession planning particularly for the Remuneration Committee Chairman following the announcement of Carolyn Fairbairn's role as Director-General of the CBI
- Reviewed a draft specification for the role of Remuneration Committee Chairman
- Reviewed a long list of candidates as provided by JCA Group
- Received an update on senior management talent and succession plans

October (called at short notice)

- Recommended to the Board the appointment of Caroline Thomson as a Non-Executive Director and Chairman of the Remuneration Committee

December

- Reviewed Board composition and succession planning for all Non-Executive Directors with a view to their tenure under the Code

Corporate Governance

Overview of the Remuneration Committee

The Remuneration Committee is chaired by Caroline Thomson, who took over the role on 1 November 2015 from Carolyn Fairbairn. The Remuneration Committee comprises exclusively independent Non-Executive Directors. The Chairman, Group Chief Executive, Group Finance Director, Group Development and HR Director, and Group Company Secretary have all been invited to attend meetings throughout 2015. The Committee met three times in 2015.

The Board has delegated to the Remuneration Committee the setting of a remuneration framework or broad policy for the Company's Group Chief Executive, other Executive Directors and members of the Operations Executive. The Committee's full terms of reference can be found on our website.

An overview of the work completed by the Remuneration Committee during the year is set out in the following table. The Remuneration Report for the year ended 31 December 2015 on pages 56 to 73 provides an introduction from the Committee Chairman. It sets out a summary of the Group's remuneration policy for Executive and Non-Executive Directors as approved by shareholders at the 2014 AGM and gives full details of Executive and Non-Executive Directors' remuneration during 2015.

Chairman	Members
Caroline Thomson (from 1 November 2015) Carolyn Fairbairn (until 31 October 2015) Current Committee members are in bold	**Christopher Humphrey** **Lorraine Rienecker** **Mark Rollins** Nigel Moore (until 12 May 2015)

Duties

- Determining and agreeing with the Board the broad framework and policies for Board and executive level remuneration
- Ensuring executive management are provided with appropriate incentives to encourage enhanced performance
- Reviewing performance-related pay schemes and ensuring their structure encourages long-term growth for the Company
- Reviewing ongoing appropriateness of remuneration policy
- Reviewing the design and targets for any performance related pay schemes
- Reviewing the design of all share incentive plans
- Ensuring that all payments to Directors are in line with the approved remuneration policy
- Operating the rules of malus and clawback in the long-term incentive plans and annual bonus plan
- Reviewing remuneration trends and major changes in employee benefits across the Group
- Reviewing termination arrangements in accordance with contractual terms
- Ensuring full disclosure is made regarding remuneration in the Company's Annual Report in accordance with prevailing regulations, including putting a policy report to shareholders for approval at least every three years
- Ensuring advice is obtained from appropriate sources
- Agreeing objectives and reviewing performance against each
- Considering draft personal objectives for Executive Directors and reviewing the outcome

Remuneration Committee activities during 2015

During 2015 the Remuneration Committee had three meetings, all of which were scheduled. None were held at short notice. At each scheduled meeting the Committee considers the following matters:

- Directors' duties and any new conflicts of interest
- Reviews minutes of previous meetings
- Reviews actions from previous meetings
- Reviews progress against objectives

The following specific business was dealt with at each meeting held in 2015:

February

- Approved a proposal to introduce clawback into the LTIP, DBP and Annual Bonus Plan with immediate effect
- Approved the 2014 Remuneration Committee Report including the Policy Report to be included in 2014 Annual Report
- Reviewed and agreed on outcome of personal objectives for Executive Directors for 2014
- Reviewed outcome of 2014 Annual Bonus Plan
- Reviewed satisfaction of performance conditions tied to LTIP and DBP awards made in 2012
- Reviewed and approved awards to be made under the LTIP and DBP in 2015

October

- Received an update on indicative outcome for the 2015 Annual Bonus Plan
- Received a market update on executive remuneration and 2015 AGM season from Deloitte

December

- Considered and agreed the outcome of 2015 objectives and set 2016 objectives for the Committee
- Received an update on indicative outcome for the 2015 Annual Bonus Plan
- Reviewed remuneration and proposed salary increases for 2016 for the Executive Directors and Operations Executive
- Reviewed structure of the 2016 Annual Bonus Plan
- Considered draft personal objectives for Executive Directors for 2016
- Reviewed output from the internal evaluation of the Committee

Strategic Report
Corporate Responsibility
Corporate Governance
Remuneration Report
Independent Auditor's Report
Financial Statements

The Remuneration Committee set itself several objectives for 2015, the detail and progress against which is detailed below:

2015 Remuneration Committee Objectives	Progress during 2015
Ensure Remuneration Policy remains fit for purpose and is aligned to delivery of Group strategy and shareholders' long-term interests	• Executive Director salaries and benefits increased in line with Policy at the start of 2015 and consistent with wider employee workforce • Executive Director incentive awards and annual bonus made in line with Policy during 2015 • 2014 bonus targets disclosed in Remuneration Report • Clawback provisions introduced for all long-term incentives and annual bonus plan • Five year holding periods introduced for LTIP awards for Executive Directors • 2014 Remuneration Report compliant with regulations and received over 98% support on the advisory resolution at the 2015 AGM
Introduce clawback in addition to malus for the operation of the Group's long-term incentives and annual bonus plan	• Clawback provisions drafted and operated on the same basis as malus provisions • Following approval, clawback provisions introduced for all long-term incentives and annual bonus plan for awards made from 2015 onwards
Introduce a five year holding period for the operation of the LTIP for Executive Directors	• Five year holding period introduced for the LTIP awards made in 2015 to Executive Directors • Five year period includes the three year performance period and associated dividend shares must also be held
Ensure best practice Annual Remuneration Report, that approved by shareholders at the 2015 AGM and continued engagement with shareholders on remuneration matters	• Agreed on the drafting of the revised Remuneration Report to be disclosed in the 2014 Annual Report; to include a Chairman's Statement, a policy report and an implementation report • Additional disclosures included five year holdings periods for LTIP awards, retrospective bonus target disclosures and clawback provisions • 2014 Remuneration Report compliant with regulations and received over 98% support on the advisory resolution at the 2015 AGM
Introduce a detailed and transparent disclosure of retrospective bonus targets for 2014 in relation to Executive Directors	• Disclosed retrospective bonus targets in the 2014 Remuneration Report covering achievement against financial targets and personal objectives • 2014 Remuneration Report compliant with regulations and received over 98% support on the advisory resolution at the 2015 AGM
Review policy around performance conditions for long-term incentives for participants below the Operations Executive	• Policy reviewed and performance conditions on the same basis as awards made to Executive Directors deemed appropriate for awards made in 2015
Continue to monitor performance of Remuneration Committee advisor in supporting the Remuneration Committee	• Advisor provided drafting guidance on the Remuneration Report in compliance with regulations • Advisor provided detailed benchmark data and analysis to support pay rises and the amendments to the LTIP and DBP for Executive Directors and senior executives

The Remuneration Committee has set itself objectives for 2016 and will report on progress against these in the 2016 Annual Report.

Accountability

Internal control and risk management

The Board has delegated responsibility to the Audit Committee for oversight of the Group's system of internal controls to safeguard shareholders' investments and the Company's assets. As part of its responsibility, the Audit Committee formally reviews the effectiveness of the Group's internal controls twice a year. There are systems and procedures in place for internal controls that are designed to provide reasonable control over the activities of the Group and to enable the Board and Audit Committee to fulfil their legal responsibility for the keeping of proper accounting records, safeguarding the assets of the Group and detecting fraud and other irregularities. The approach taken is designed to provide reasonable assurance against material misstatement or loss, although it is recognised that as with any successful company, business and commercial risks must be taken and enterprise, initiative and the motivation of employees must not be unduly stifled. It is not our intention to avoid all commercial risks and commercial judgements in the course of the management of the business.

The Board has adopted a risk-based approach to establishing the system of internal controls. The application and process followed by the Board in reviewing the effectiveness of the system of internal controls during the year were as follows:

Corporate Governance

- Each business unit is charged with the ongoing responsibility for identifying the risks it faces and for putting in place procedures to monitor and manage those risks.
- This system has been in place for the year under review and up to the date of approval of the Annual Report.
- The responsibilities of senior management at each business unit to manage risks within their businesses are periodically reinforced by the Operations Executive.
- Major strategic, operational, financial, regulatory, compliance and reputational risks are formally assessed during the annual long-term business planning process around mid-year. These plans and the attendant risks to the Group are reviewed and considered by the Board.
- Large financial capital projects, property leases, product development projects and all acquisitions and disposals require advance Board approval.
- The process by which the Board reviews the effectiveness of internal controls has been agreed by the Board and is documented. This involves regular reviews by the Board of the major business risks of the Group, together with the controls in place to manage those risks. In addition, every business unit conducts a self-assessment of its internal controls. Every year, the results of these assessments are reviewed by the Group Risk Assurance Manager who provides a report to the Group Finance Director and the Chairman of the Audit Committee. The Board is made aware of any significant matters arising from the self-assessments. The risk and control identification and certification process is monitored and periodically reviewed by Group financial management.
- A centralised database of risks facing the Group, as well as each individual business, and an evaluation of the impact and likelihood of those risks is maintained and updated regularly by the Group Risk Assurance Manager. The Group's principal risks and uncertainties and mitigation for them are set out on pages 18 and 19 of this Annual Report.
- The Board has established a control framework within which the Group operates. This contains the following key elements:
  - an organisational structure with clearly defined lines of responsibility, delegation of authority and reporting requirements;
  - defined expenditure authorisation levels;
  - an operational review process covering all aspects of each business conducted by Group executive management on a regular basis throughout the year;
  - a strategic planning process identifying key actions and initiatives to deliver the Group's long-term strategy; and
  - a comprehensive system of financial reporting including weekly flash reports, monthly reporting, quarterly forecasting and an annual budget process. The Board approves the overall Group budget, forecasts and strategic plans. Monthly actual results are reported against prior year, budget and latest forecasts and are circulated to the Board. These forecasts are revised where necessary but formally at least once every quarter. Any significant changes and adverse variances are reviewed by the Group Chief Executive and Operations Executive and remedial action is taken where appropriate. Group tax and treasury functions are coordinated centrally. There is regular cash and treasury reporting to Group financial management and monthly reporting to the Board on the Group's tax and treasury position.

The Group's internal audit function, led by the Group Risk Assurance Manager, conducted a number of internal audits and additional assurance reviews during 2015, the details of which were presented to the Audit Committee. The audits included reviews of the appropriateness and effectiveness of controls within the Group including, but not limited to: purchasing and payments, sales and cash collection, inventory management, accounting and reporting, and IT processes. An internal audit plan for 2016 has been prepared and agreed with the Audit Committee.

The Board considers that it has fully complied with the Code during the year and up to the date of approval of the 2015 Annual Report and that it accords with the publication by the Financial Reporting Council on Internal Control: Guidance to Directors in respect of internal controls. The Board and Audit Committee have reviewed the new FRC Guidance on Risk Management, Internal Control and related Financial and Business Reporting, as issued in 2014 and which has replaced the previous guidance, and have reported against the recommendations in the new guidance in this Annual Report.

Relations with shareholders

Maintaining regular contact with our shareholders remains an important part of our activities. During 2015, we continued our practice of the Group Chief Executive and Group Finance Director offering to hold a face to face meeting with each of our major shareholders tied into the publication of our full year and half year results. I have also met with several major shareholders in 2015 to discuss the Group's strategy, governance and remuneration matters. In April 2015 we held a Capital Markets Day for our major shareholders showcasing our key brands and strategy including allocating resources to the fast growing Independent Content Creator market and content sharing opportunities; increasing resources, brand presence and sales in APAC; and continuing to make strategic acquisitions. We aim to ensure that our business, strategy, governance and remuneration policies are clearly understood and that any concerns are addressed through constructive engagement. Establishing and maintaining reliable lines of communication is fundamental to good corporate governance.

I was pleased to meet some of our shareholders at the 2015 AGM and look forward to meeting shareholders again at the 2016 AGM. This offers an opportunity for you to meet with our Directors and to hear more about the Group's strategy. Shareholders are encouraged to attend the AGM and to ask questions about the business. I confirm that all Board members are scheduled to attend the forthcoming AGM, including each of the Committee Chairmen. Details of the AGM are included in the Notice of Meeting that accompanies this Annual Report and which is available on our website. Should the Company hold a general meeting during the year, all shareholders would be provided with details in advance and all Directors would attend unless prevented by a time conflict.

For the 2016 AGM we will continue with the practice of conducting voting on resolutions by way of a poll. This reflects best practice in terms of meeting administration and ensures that all the views of shareholders who submit proxy forms are taken into account in terms of the actual voting at the general meeting. The necessary procedures for a poll will be complied with in accordance with the Company's Articles. The outcome of the voting at the AGM will be announced by way of a Stock Exchange announcement and full details will be published on the Company's website shortly after the AGM. At the 2015 AGM over 72% of our shares were voted by way of proxies submitted. Separate resolutions are proposed for each substantive issue upon which shareholders are asked to vote. Shareholders attending the AGM will still have the opportunity to ask questions at the meeting. In the event that a resolution is opposed by a significant proportion of shareholders, the Company will endeavour to explain, as soon as practically possible following the meeting, the actions it intends to take to understand the detail and how best to address the concern being raised. The Board considers that a vote in excess of 20% of shareholders to be significant.

We publish an Annual Report each year usually in March following the end of the financial year on 31 December. To allow shareholders to review the Annual Report in advance of the AGM and create an informed view of the Group, we comply with the requirement set out in the Code in respect of shareholder meetings to send the Notice of Meeting and related papers at least 20 working days before the meeting and we will continue to comply with this requirement.

The Board communicates with its shareholders via a combination of public announcements through the London Stock Exchange, analyst briefings, roadshows and press interviews at the time of the announcements of the half year and full year results and, when appropriate, at other times in the year. The Executive Directors, Senior Independent Director, Chairman of the Remuneration Committee and I also meet with investors from time to time to discuss relevant matters.

Regular updates from the Executive Directors at Board meetings keep the Board advised of the views of major shareholders. We also receive monthly reports on market and investor sentiment along with a full shareholder analysis.

Copies of public announcements and financial results are published on the Company's website, along with a number of other investor relations tools, including information on how to invest in the Company's shares, a dividend chart, share prices and presentation materials used for shareholder presentations.

We will continue to evolve our investor relations arrangements to ensure that our shareholders and stakeholders remain informed on the Company's strategy and ongoing financial and business performance.

John McDonough CBE

Chairman

22 February 2016

Directors' Attendance table for 2015

	Board		Audit		Remuneration		Nominations	
	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice
Number of meetings	**6**	**1**	**4**	**-**	**3**	**-**	**3**	**1**
Directors								
John McDonough	6	1	-	-	-	-	3	1
Carolyn Fairbairn (until 31 October 2015)	5/5	1	3/3	-	2/2	-	2/2	1
Christopher Humphrey	6	1	4	-	3	-	3	1
Nigel Moore (until 12 May 2015)	2/2	1	1/1	-	1/1	-	1/1	-
Lorraine Rienecker	6	1	4	-	3	-	3	1
Mark Rollins	6	1	4	-	3	-	3	1
Caroline Thomson (from 1 November 2015)	1/1	-	1/1	-	1/1	-	1/1	-
Stephen Bird	6	1	-	-	-	-	3	1
Paul Hayes	6	1	-	-	-	-	-	-

Corporate Governance

Report from Christopher Humphrey, Chairman of the Audit Committee

Corporate Governance online
www.vitecgroup.com/corporate_governance

The Audit Committee is responsible for ensuring the financial integrity of the Group is effective, through the regular review of its financial performance. It is also responsible for ensuring that the Group has appropriate risk management processes and internal controls, and that audit processes are robust. I will explain in more detail the Committee's activities in my report.

The Audit Committee at the date of this report comprises four Non-Executive Directors, all of whom are considered independent. During 2015 the members were:

Chairman	Members
Christopher Humphrey (from 12 May 2015) Nigel Moore (until 12 May 2015) Current Committee members are in bold	**Lorraine Rienecker** **Mark Rollins** **Caroline Thomson** (from 1 November 2015) Carolyn Fairbairn (until 31 October 2015) Christopher Humphrey (until 12 May 2015)

The Audit Committee provides effective governance over external financial reporting, risk management and internal controls and reports its findings and recommendations to the Board. In my capacity as Chairman of the Audit Committee, I am pleased to report on the operations of the Committee during the past year, with emphasis on the specific matters we have considered, including compliance with the UK Corporate Governance Code ("the Code") and associated Guidance on Audit Committees. I confirm that we have fully complied with the requirements of the Code as issued in September 2014 and which applies to financial years beginning on or after 1 October 2014.

I was appointed Chairman of the Committee on 12 May 2015, succeeding Nigel Moore who stood down from the Board at the close of the 2015 AGM. I would like to thank Nigel for his work as Audit Committee Chairman since 2004 and also for his time in handing over this responsibility to me. The Board believes I have the necessary recent and relevant financial experience as required by the Code as I am a Chartered Management Accountant and a Fellow of CIMA, and have most recently held the role of Chief Executive Officer and previously Group Finance Director of Anite plc, a UK listed company. In my earlier career I held senior positions in finance at Conoco, Eurotherm International plc and Critchley Group plc. I have maintained an up to date understanding of financial and corporate governance best practice by attending many training sessions and updates presented by the major accounting firms. The Board also considers that the other members of the Committee have a broad range of appropriate skills and experiences covering financial, commercial and operational matters and their biographies are summarised on pages 38 and 39.

My induction process involved me shadowing Nigel for six months prior to his departure and I was closely involved with the full and half year reporting processes relating to 2014. I have since met with key internal employees and representatives of KMPG to learn more about the workings of the Group's financial reporting and audit process. During the year I chaired three meetings of the Audit Committee. The Board's evaluation of the Audit Committee and the handover between Nigel and myself confirmed that it had been a seamless transition. I have put in place a process whereby I meet individually with the Group Risk Assurance Manager twice a year, and on an ad-hoc basis as necessary, to discuss the findings of his work and to maintain an open line of communication.

The Committee has four scheduled meetings a year and I work closely with the Group Finance Director, Group Risk Assurance Manager and Deputy Company Secretary to ensure the Committee is provided with the necessary information it requires to discharge its duties. We operate with a rolling agenda programme, taking into account our terms of reference (which can be found on the Company's website), the Group's annual reporting requirements and any other matters which arise on an ad-hoc basis. The Committee sets aside appropriate time for the review of financial reporting and the risk assurance process to ensure they both receive robust consideration and challenge. Full details of the work we completed during 2015 is set out in the table on pages 54 and 55.

During the year we formally assessed the effectiveness of the external auditor, KPMG. We received a written report from the Group Risk Assurance Manager which summarised the results of interviews held with key finance employees who had interaction with KPMG during the 2014 and 2015 external audits. Questions covered areas such as: leadership and team structure; planning, approach and scope; execution and processes; risks; communication; independence and objectivity; adding value; and cost effectiveness. The results were shared with KPMG and have allowed the Audit Committee to conclude that the KPMG audit process is robust and effective, and in accordance with auditing standards.

We also took into account publications made by the Financial Reporting Council, including the Audit Quality Practice Aid for Audit Committees as published in May 2015. These provided the Committee with comfort that an external and independent review of the quality of KPMG's overall audit work had taken place. As a result, we recommend the reappointment of KPMG as auditor of the Company at the 2016 AGM for the forthcoming year. A separate resolution for the approval of the auditor's remuneration will be put to shareholders at the 2016 AGM.

As already explained by the Chairman, the Board takes responsibility for determining that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. At the request of the Board, the Audit Committee has concentrated its review of the full year results on the financial statements only and the process which has underpinned the drafting of the Viability Statement. Following a review of the process around the annual audit as described above, the content of the financial statements and the process underpinning the Viability Statement, the Audit Committee recommended to the Board at its meeting on 16 February 2016 the adoption of the financial statements as at 31 December 2015 and that they provide a true and fair view of the financial performance of the Group.

Significant issues

The Committee considered several significant accounting issues, matters and judgements in relation to the Group's financial statements and disclosures for the year ended 31 December 2015. As part of the half year and full year reporting process, management present an accounting paper to the Committee, and the external auditor is asked to also comment on the key significant areas of accounting judgement and disclosure. The information presented is used by the Committee to critically review and assess the key policies and judgements that have been applied, the consistency of policy application from year to year and the appropriateness of key disclosures made, together with compliance with the applicable accounting standards. The significant issues arising and a description of how each was addressed is shown in the following table.

Significant issue	How it was addressed
Working capital management	The Committee critically reviewed the carrying value of the Group's working capital. This took into account management's assessment of the appropriate level of provisioning including collectability of receivables and inventory obsolescence. Management presented to the Committee the experience of bad debts during the year, and the debtor concentration and days outstanding. With regard to inventory the gross levels held by inventory type, the provisions recorded against obsolescence, and inventory days analysis were also presented to the Committee. In addition, the external auditor presented their findings with regard to the key audit testing over working capital covering all the major locations. The Committee concurred with management's assessment of the Group's working capital position.
Provisions and other liabilities	The Committee considered the judgemental issues relating to the level of provisions and other liabilities. The more significant items include post-employment and taxation. For each area management presented to the Committee the key underlying assumptions and key judgements and, where relevant, the range of possible outcomes. The external auditor also presented on each of these areas and their assessment of these judgements. The Committee has used this information to review the position adopted in terms of the amounts charged and recorded as provisions, acknowledging the level of subjectivity that needs to be applied.
Restructuring costs and provisions	The Committee considered the presentation and accounting for the costs that arose in connection with the various restructuring activities that were announced during the year. Management presented an analysis of the types of costs incurred, the nature of the provisions held at the year end and the proposed presentation and disclosures. The external auditor reported on the findings from the audit work performed and commented on the accounting requirement with regard to recognising restructuring provisions at the year end. The Committee reviewed the analysis with consideration to how other similar companies present and disclose restructuring activities and concurred with the disclosures and presentations proposed.

Corporate Governance

I invite the audit partner from the Company's external auditor, KPMG, to attend meetings of the Committee on a regular basis and during 2015 they attended three of the four scheduled meetings, either in whole or for part of the meeting. The Chairman, Group Chief Executive, Group Finance Director, Group Risk Assurance Manager, Group Company Secretary and Deputy Company Secretary attend meetings by invitation and other members of the senior management team attend as required. At two of the meetings the Executive Directors and senior management were not present for part of the meeting so that members of the Committee could meet with the external auditor in private. The Committee will continue with the practice of meeting in private with the external auditor in the future.

KPMG has acted as the Company's external auditor since 19 July 1995 and we comply with the requirement to rotate the audit partner every five years. We reviewed the external audit arrangements in 2010 and as a result Robert Brent of KPMG was appointed and has been the audit partner since the audit of the 2011 results. As his term of appointment is due to end following the approval of the financial statements for the year ended 31 December 2015, we began a process during 2015 to identify a replacement audit partner. The Group Finance Director met with a number of candidates from KPMG and shortlisted two candidates with whom I also met. We then made a recommendation to the Audit Committee and Board on our preferred candidate. Adrian Wilcox will take over from Robert Brent as Audit Partner during 2016 and is expected to have a five year tenure. Adrian has shadowed Robert through the 2015 year end process and both will be in attendance at the 2016 AGM should shareholders wish to meet them. In accordance with the new Code, and acknowledging the Competition and Markets Authority's proposal that companies must put their statutory audit engagement out to tender at least every ten years, we expect to tender the audit process in 2020, to coincide with the rotation off the audit of Adrian Wilcox, or earlier if KPMG's performance falls short of the Audit Committee's expectations. In all events, we note that under recently published EU requirement on auditor rotation, we will be required to replace KPMG LLP as our external auditor by 2023 at the latest.

We have a policy on the use of the external auditor for non-audit services that has been in place for a number of years and which is reviewed annually. The use of the external auditor is determined by their demonstrable competence, knowledge of the Group, and competitive pricing, and monetary thresholds for the approval of non-audit work by KPMG have been set by the Committee. The policy ensures that the non-audit work provided by KPMG does not impair their independence or objectivity and is divided into three parts:

- *Work where use of the external auditor is deemed appropriate:* This type of work includes accounting advice in relation to acquisitions and divestments, corporate governance and risk management advice, defined audit related work and regulatory reporting.
- *Work requiring Audit Committee clearance:* This type of work includes services as reporting accountants, compliance services (including fraud and money laundering), transaction work (mergers, acquisitions and divestments), valuation and actuarial services, fairness opinions and contribution reports.
- *Work from which the external auditor is excluded:* This includes internal accounting or other internal financial services, design development or implementation of financial information or internal controls systems, internal audit services or their outsourcing, forensic accounting services, executive or management roles and functions, IT consultancy, litigation support services and other financial services such as broker, financial adviser or investment banking services.

I confirm that during 2015 the policy has been followed without exception and that no changes to the scope of the policy have been made. A report on the level of non-audit work provided by KPMG is given to the Committee half-yearly and the Committee is satisfied that the advice they received from KPMG (including Makinson Cowell) has been objective and independent. During 2015, £0.1 million was paid to KPMG in respect of non-audit work compared to an audit fee of £0.5 million. This non-audit work comprised primarily investor relations advice.

Our performance as a Committee was assessed through the internal Board performance evaluation, information on which has been provided earlier in the Governance Report. The Audit Committee was deemed to be working effectively and a number of suggestions for areas to focus on have been incorporated in our 2016 objectives.

To ensure that we continue to be an effective Committee, we set and measure our performance against specific objectives every year. These objectives vary annually and the details of our objectives for 2015 and the progress made is summarised below. I am pleased to confirm that we successfully achieved all of these objectives. Progress on achievement against our 2016 objectives will be reported in next year's Annual Report.

2015 Audit Committee Objectives	Progress during 2015
Ensure successful handover to new Audit Committee Chairman	• Christopher Humphrey shadowed Nigel Moore for six months prior to his appointment, including attending relevant meetings • Met with key internal employees and representatives of KMPG to learn more about the workings of the Group's financial reporting and audit process • Christopher Humphrey chaired three Audit Committee meetings in 2015
Receive updated governance materials and discuss any impact on the Committee's operations	• Received information on third parties' compliance with the Group's Code of Conduct • Received updates during the year on: the Group's tax strategy; FRC's Guidance on Risk Management, Internal Control and related Financial and Business Reporting; and publications from KPMG's Audit Committee Institute • Requirements of updated UK Corporate Governance Code applying for accounting periods beginning on or after 1 October 2014, including the publication of a Viability Statement
Ensure continued appropriateness of the Group's Risk Management processes and that internal audit actions are aligned with critical business risks	• Reviewed the approach taken to internal audit and risk assurance and provided support to the processes • Reviewed and approved the Principal Risks to be disclosed in the 2014 Annual Report • Reviewed regular Risk Assurance Reports from the Group Risk Assurance Manager

2015 Audit Committee Objectives (continued)	Progress during 2015
Ensure accounting policies and risk profile reflects changing nature and risk profile of business	• Reviewed a Risk Management Strategy paper and received updates on agreed actions to ensure compliance with best practice as issued by the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting • Reviewed regular Risk Assurance Reports from the Group Risk Assurance Manager, including an updated Risk Assurance Map • Reviewed and approved updates to the Group's inventory provisioning policy to ensure it appropriately addressed the higher technical content and anticipated life-cycles of the Group's products
Ensure the Group's tax strategy is fit for purpose	• Received a presentation on the Group's tax strategy including objectives, current position, risks and future projects
Plan the strategy around the tender of the external audit	• Noted that the Group's mandatory audit rotation will need to be in place no later than 2023 • Noted that KPMG's next five year audit partner rotation would end with the 31 December 2020 year end • Agreed to start the tender process in advance of the end of the next five year audit partner rotation date, or earlier if deemed appropriate

Audit Committee activities during 2015

During 2015 the Audit Committee had four scheduled meetings. At each scheduled meeting the Committee considers the following matters:

- Directors' duties and any new conflicts of interest
- Reviews minutes of previous meetings
- Reviews actions from previous meetings
- Reviews progress against current year objectives
- Reviews Risk Assurance Report covering risk, assurance, internal audit and internal controls
- Reviews progress against current year objectives
- Reviews whistleblowing reports and action plans to resolve matters reported

The following specific business was dealt with at each meeting held in 2015:

February

- Annual results for 31 December 2014, including reviews of:
  - Accounting issues report
  - Full year report from the external auditor including Auditor's Report to be included in the 2014 Annual Report
  - Consolidated financial statements for the year ended 31 December 2014
  - Principal risks and uncertainties
  - Report on internal controls
  - Separate report on the work of the Audit Committee
  - Performance, effectiveness and independence of the external auditor
  - Fees for non-audit services and professional fees

February (continued)

- Recommendations to the Board on:
  - The consolidated financial statements
  - The reappointment of and fees for the external auditor
  - Independence and objectivity of the external auditor
  - Management's representation letter to external auditor
- Reviewed results of enhanced controls self-assessment process
- Reviewed 2015 internal audit plan
- Reviewed progress against recommendations made during site risk surveys that had been conducted at each of the Group's main manufacturing sites
- Private meeting between the Committee and external auditor without executive management present

July

- Reviewed third party agreements to the Code of Conduct
- Reviewed detailed paper on Risk Management Strategy to support the recommendations made by the FRC on risk, including risk management framework, risk appetite and the long term viability statement
- Reviewed external audit strategy paper for the year ended 31 December 2015
- Received a presentation on the Group's tax strategy
- Discussed plans for the tender of the audit engagement

August

- Half year results for 30 June 2015, including reviews of:
  - Accounting issues report
  - Report from the external auditor
  - Half year results for the half year ended 30 June 2015
  - Fees for non-audit services and professional fees
  - Principal risks and uncertainties
- Recommendations to the Board on:
  - The half year results
  - Management's representation letter to external auditor

December

- Considered the outcome of 2015 objectives and agreed 2016 objectives
- Agreed the process by which the effectiveness of the external auditor would be assessed for the 2015 Annual Report
- Received an update on the actions arising from the Risk Management Strategy discussion in July 2015
- Reviewed the process around the drafting and approval of the Viability Statement
- Received an update on the rotation of the KPMG Audit Partner

Christopher Humphrey
Chairman, Audit Committee

22 February 2016

Remuneration Report

Remuneration Report online
www.vitecgroup.com/remuneration

Section 1:
Annual Statement by Caroline Thomson, Chairman of the Remuneration Committee

Dear Shareholder

This is my first annual statement on remuneration since I was appointed Chairman of the Remuneration Committee on 1 November 2015, succeeding Carolyn Fairbairn in that role. On behalf of the Committee, I would like to thank Carolyn for her work as Remuneration Committee Chairman and I wish her well in her new role as Director-General of the CBI. Since joining the Board I have undertaken a thorough induction, meeting the Committee's remuneration advisor, other external advisors and senior management. Along with the Chairman, I will be meeting the Company's shareholders over the coming months and also look forward to the opportunity to meet with as many as possible at the forthcoming 2016 AGM.

The Remuneration Report is split into three sections.

- Firstly, my annual statement summarising the work of the Remuneration Committee in 2015.
- Secondly, a summary of the Remuneration Policy Report that was approved by over 96% of shareholders who voted at the 8 May 2014 AGM and that sets out the Company's policy on Directors' remuneration. The approved policy governs the remit for Directors' remuneration for the period from the 2014 AGM up until the 2017 AGM. This summary is to aid shareholders and readers of the 2015 Annual Report in understanding the main principles of our Remuneration Policy. The Remuneration Policy Report is available in full on the Company's website and in the 2013 Annual Report. The Remuneration Policy Report will be put to shareholders for approval again at the 2017 AGM.
- Thirdly, the Annual Report on Remuneration sets out the remuneration paid to Directors in 2015 as well as details of how the Committee intends to implement our remuneration policy for 2016. Shareholders have the opportunity for an advisory vote on the Annual Report on Remuneration at the 2016 AGM.

2015 performance
Vitec's full year results reflect the non-repeat of the 2014 Sochi Winter Olympics and FIFA World Cup, and an anticipated negative impact from foreign exchange. There was growth in revenue and operating profit* over the prior period excluding these items. The results also reflect the benefit from acquisitions, new product launches and the disposal of the IMT business in 2014. Against the background of uncertain market conditions, the Group is making good progress in streamlining certain activities with lower growth prospects with some further actions being taken in 2016 to drive profitable growth.

Committee activities in 2015 and priorities for 2016
The Remuneration Committee in 2015 focused on the following matters:

- The Committee approved Executive Directors' salary increases with effect from 1 January 2016 of 2.5%, reflecting pay increases within the Group's workforce and current market conditions. Fees paid to Non-Executive Directors have also been increased by the same level. The Chairman's fee which has been in place since his appointment in 2012 was increased with effect from 1 July 2015 from £140,000 to £147,000 and with effect from 1 January 2016 to £150,000. This increase recognises the time commitment, complexity and market rates for such a role.
- Bonus payments for 2015 were 20% respectively of the maximum potential award for the Group Chief Executive and Group Finance Director. The 2015 Annual Bonus Plan did not pay out against the profit or operating cash# performance measures and this bonus payout is based solely on an assessment against personal objectives for 2015. Each Executive Director is required to defer half of their earned bonus into the Deferred Bonus Plan ("DBP") for three years ensuring focus on long-term growth.
- Long Term Incentive Plan ("LTIP") awards made in 2013 to Executive Directors did not achieve their performance conditions based upon Total Shareholder Return and adjusted basic earnings per share* growth and therefore will lapse on

* Before restructuring costs and charges associated with acquired businesses. Profit before tax and adjusted basic earnings per share are also before disposal of business.

\# Cash generated from operating activities in the financial year after net capital expenditure, before restructuring costs paid.

their third anniversary in April 2016. The Committee made LTIP awards to Executive Directors and senior managers in March 2015 with performance conditions based on Total Shareholder Return and earnings per share growth. From 2015, share awards made to Executive Directors under the LTIP have been subject to a further two year holding period following a three year performance period.

- The 2015 AGM approved the Company's 2014 Annual Report on Remuneration with over 98% of shareholders voting in favour of the Report which was in accordance with the Remuneration Policy Report approved by shareholders in 2014.
- The Remuneration Committee approved the structure of the 2016 Annual Bonus Plan to ensure that it motivates Executive Directors to deliver against challenging targets for 2016. Its structure is the same combination of both financial targets (Group profit before tax* and operating cash flow# generation) and personal objectives as was used in 2015. The Committee considers this split of performance measures will drive performance and behaviour in the right way and is aligned with the strategic objectives for the Company.
- Malus and clawback provisions were introduced in 2015 for the Annual Bonus Plan and Long-Term share incentives.

During 2016, I will lead the Committee in the process of reviewing the existing Remuneration Policy with the objective to submit a new Policy to shareholders for approval at the 2017 AGM.

Annual General Meeting
The Annual Remuneration Report will be put to the Company's shareholders for an advisory vote at the AGM to be held on Wednesday, 18 May 2016 and I look forward to the opportunity to meet shareholders then.

Caroline Thomson
Chairman, Remuneration Committee

22 February 2016

Remuneration Report

Section 2:
Summary of Remuneration Policy Report

Policy report
The following is a summary of the Policy Report that covers remuneration for Directors of the Company for a three year period from the Company's AGM on 8 May 2014 until the 2017 AGM. The full Policy Report, as approved by shareholders, is available on the Company's website and is in the 2013 Annual Report. Should there be a need to change the Company's remuneration policy ahead of the 2017 AGM, shareholders will be asked to approve a revised policy.

This Report contains further information required under the Listing Rules and the latest version of the UK Corporate Governance Code as published in September 2014.

Remuneration policy table for Executive Directors

	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	Base salary is set at a level to secure the services of talented Executive Directors with the ability to develop and deliver a growth strategy.	Fixed contractual cash amount usually paid monthly in arrears. Normally reviewed annually, with any increases taking effect from 1 January each year, although the Committee may award increases at other times of the year if it considers it appropriate. This review is dependent on continued satisfactory performance in the role of an Executive Director. It also includes a number of other factors, including experience, development and delivery of Group strategy and Group profitability, as well as external market conditions and pay awards across the Company.	While the Committee has not set a maximum level of salary, the Committee will usually award salary increases in line with average increases awarded across the Group. Larger increases may, in certain circumstances, be awarded where the Committee considers that there is a genuine commercial reason to do so, for example: • where there is a significant increase in the Executive Director's role and duties; • where an Executive Director falls significantly below market positioning; • where there is significant change in the profitability of the Company or material change in market conditions; and • where an Executive Director was recruited on a lower than market salary and is being transitioned to a more market standard package as he or she gains experience.	Not applicable.
Benefits	To provide Executive Directors with ancillary benefits to assist them in carrying out their duties effectively.	Executive Directors are entitled to a range of benefits including car allowance, private health insurance and life assurance. Other ancillary benefits may also be provided where relevant, such as expatriate travel or accommodation allowances. Executive Directors are entitled to participate on the same terms as all UK employees in the Sharesave Plan or any other relevant all-employee share plan.	There is no maximum level of benefits set, given that the cost of certain benefits will depend on the individual's particular circumstances. However, benefits are set at an amount which the Committee considers to be appropriate, based on individual circumstances and local market practice. Executive Directors' participation in the UK all-employee Sharesave Plan is capped at the individual entitlement levels set by the UK Government from time to time or as prescribed by the rules of the relevant all-employee share plan.	Not applicable.

	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus	To provide a material incentive to drive Executive Directors to deliver stretching strategic and financial performance and to grow long-term sustainable shareholder value. Half of the annual bonus is deferred into the DBP and focuses the Executive Director on long-term value delivery and growth.	Paid annually based on performance in the relevant financial year. The amount is determined based on published full year results after the year end. Award levels and performance measures are reviewed annually. The Committee ensures that performance measures remain aligned to the Company's business objectives and strategic priorities for the year. Half of the annual bonus paid is deferred into core awards under the DBP for a period of three years on a mandatory basis unless the Committee determines an alternative deferral period is appropriate. Awards may be granted in the form of conditional awards, nil-cost options, forfeitable shares or similar rights and may be settled in cash. For DBP awards granted prior to the 2014 AGM participants received a matching award over the same value of shares as are subject to the corresponding deferred bonus award, the vesting of which is subject to achievement of the same performance conditions as for the LTIP. Matching awards have not been made for awards granted after the 2014 AGM under the DBP. The Committee retains full discretion to amend the bonus payout (upwards or downwards), if in its opinion any calculation of payout does not produce a fair result for either the individual or the Company, taking into account the overall business performance of the Company. Any such use of discretion will be clearly reported in the next published remuneration report. Participants may also receive the value of any dividends which would have been paid on shares in respect of which the award vests, which may be calculated assuming reinvestment of the dividends in the Company's shares on a cumulative basis. In the event of any material misstatement of the Company's financial results or serious reputational damage to the Company caused by a breach of the Company's Code of Conduct or otherwise, the Committee may reduce or impose further conditions on awards.	An absolute maximum of 125% of base salary to be paid in each year.	Measures and targets for the annual bonus are set annually by the Committee. Currently, around half of the annual bonus is based on the achievement of annual targets set against the Group's profit before tax*, with the remainder based on the achievement of annual personal objectives and achievement of annual targets set against the Group's operating cash flow# generated as a percentage of operating profit*. The Committee reserves the right to annually vary these proportions and also the measures to ensure the annual bonus remains appropriate and challenging. Targets are measured over a one year period. Payments range between 0% and 125% of base salary for threshold and maximum performance. Awards granted under the DBP after the 2014 AGM are not subject to any performance conditions. Details of the performance conditions applicable to matching awards granted prior to the 2014 AGM are described on page 66 of this report.

Remuneration Report

Summary of Remuneration Policy Report continued

Remuneration policy table for Executive Directors continued

	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long Term Incentive Plan ("LTIP")	To provide a long-term performance and retention incentive for the Executive Directors involving the Company's shares. To link long-term rewards to the creation of long-term sustainable shareholder value by way of delivering on the Group's agreed strategic objectives.	Under the LTIP, awards are made over a fixed number of shares, which will vest based on the achievement of performance conditions over a performance period of, unless the Committee determines otherwise, at least three years. The performance conditions are set by the Committee at the start of the performance period. Awards can take the form of a conditional award of shares, a nil-cost option or similar rights. Awards may be settled in cash. Participants may also receive the value of any dividends which would have been paid on shares in respect of which the award vests, which may be calculated assuming reinvestment of the dividends in the Company's shares on a cumulative basis. In the event of any material misstatement of the Company's financial results or serious reputational damage to the Company caused by a breach of the Company's Code of Conduct or otherwise the Committee may reduce or impose further conditions on awards.	The maximum value of shares over which awards may be granted in respect of each year is 150% of base salary (although 200% is permitted in exceptional circumstances determined by the Committee). Awards to Executive Directors in 2016 will be at a level representing 125% of base salary.	LTIP awards may be based on both financial and share price based performance conditions as determined from time to time by the Committee. It is currently the intention for awards granted to have 50% of the award subject to the Company's Total Shareholder Return compared to a comparator group measured over a three year performance period and 50% of the award subject to targets set against growth (adjusted by the Committee as it considers appropriate) in the Company's adjusted basic earnings per share* over the same performance period. However the Committee reserves the right to change the balance of the measures as it deems appropriate, such that no measure accounts for less than 25% of the total award. At threshold, 25% of the award will vest, increasing on a straight-line basis up to 100% for performance in line with maximum. The Committee also reserves the right to impose an underpin condition on awards such that any level of vesting in the opinion of the Committee is justified by the underlying performance of the Company.
Pension contribution	To provide a benefit comparable with market rates, helping with the recruitment and retention of talented Executive Directors able to deliver a long-term growth strategy.	Usually paid monthly in arrears. Executive Directors may receive a contribution into the Company's Defined Contribution Plan, a personal pension arrangement and/or a payment as a cash allowance.	20% of base salary. Salary is the only pensionable element of Executive Director remuneration.	Not applicable.

Notes to the summary of the remuneration policy table for Executive Directors

Under the Company's share plans the Committee may: (1) in the event of any variation of the Company's share capital, demerger, delisting, special dividend or other event which may affect the price of shares, adjust or amend awards in accordance with the terms of the plan; and (2) amend a performance condition if an event occurs which causes it to consider an amended condition would be more appropriate and not materially less difficult to satisfy.

Legacy plans

The Committee reserves the right to make any remuneration payments and payments for loss of office notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed: (1) before the policy came into effect; or (2) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes payments include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Performance measures

The annual bonus plan is based on both personal and financial measures. Typically, the majority of the bonus will be based on financial measures such as Group profit before tax*. The measures have been chosen to provide a balance between incentivising the delivery of the Group's key financial priorities in any particular year and important individual strategic objectives. The Committee may vary the specific measures and targets year-on-year to ensure that they reflect the key financial and strategic priorities for the Company in any given year.

The LTIP is currently based 50 per cent on Total Shareholder Return performance against a specific comparator group, and 50 per cent on absolute adjusted basic earnings per share* growth. The Committee considers these to be important measures of performance for the Company over the longer term. While Total Shareholder Return links a portion of the LTIP to the creation of value for shareholders, adjusted basic earnings per share* growth is a key performance indicator for the Group. Any changes to these measures will be aligned with the long-term strategy of the business.

Provisions for the withholding and recovery of sums from the Directors are as set out in the table above and on page 72.

Remuneration policy table for the Chairman and Non-Executive Directors

The table below sets out a description of the operation of the Chairman and Non-Executive Directors' remuneration for the period through to the 2017 AGM. Neither the Chairman nor the Non-Executive Directors participate in any annual bonus plan or the Company's share plans:

Role	Purpose	Operation
Chairman	To recruit and retain an independent Non-Executive Chairman reflecting the responsibilities and time commitment for the role. To lead an effective Board enabling the delivery on the Group's growth strategy and creation of long-term sustainable shareholder value.	While the Board has not set a maximum level of fee payable to the Chairman, the Board will review the level of fee paid usually on an annual basis and determine whether that is sufficient in terms of market conditions and also the time commitment for the role. The Chairman's fee is an all inclusive consolidated amount. The Chairman's fee is paid in cash usually on a monthly basis in arrears and not in shares. Fees are benchmarked against other FTSE-listed companies of a similar size and complexity to Vitec. Any future increases will take into account the need to ensure that the fee remains competitive and reflects the time commitment for the role. The Chairman's remuneration also covers his chairmanship of the Nominations Committee.
Non-Executive Director	To recruit and retain independent Non-Executive Directors reflecting the responsibilities and time commitment for the role to contribute to an effective Board and to deliver on the Group's growth strategy and creation of long-term sustainable shareholder value.	Fees paid to Non-Executive Directors of the Company consist of the following: • A base fee; • An additional fee for the role of the Senior Independent Director; and • An additional fee for chairing Board Committees. Fees are usually reviewed annually and are benchmarked against other FTSE-listed companies of a similar size and complexity to Vitec and are typically increased in line with annual salary increases for the Executive Directors. All fees above are usually paid in cash and not in shares and are paid monthly in arrears. Any future increases will take into account the need to ensure that the fee remains competitive and reflects the time commitment for the role. The Board has not imposed a maximum level of fee payable.
Benefits	To reimburse Non-Executive Directors for reasonable expenses and bear any costs associated with tax, where relevant.	Expenses are reimbursed as and when incurred (including travel and hotel accommodation).

Remuneration Report
Summary of Remuneration Policy Report continued

Policy on outside appointments
The Committee believes that it is beneficial both for the individual and the Company for an Executive Director to take up one external non-executive appointment. Remuneration received by an Executive Director in respect of such an external appointment would be retained by the Director. Stephen Bird is an independent Non-Executive Director of Dialight plc. In this role he receives a basic fee of £40,800 per annum and an additional £5,000 per annum in the role of Senior Independent Director. Under the terms of his service contract, Paul Hayes, with the agreement of the Chairman and Group Chief Executive, may take up one external non-executive appointment of a listed company. As of the date of this report he has not taken up any such external non-executive appointment.

Executive Directors' service contracts
The Executive Directors' service contracts are as follows:

	Date of Contract	Notice period from the Company to the Executive	Notice period from the Executive to the Company
Stephen Bird, Group Chief Executive – appointed on 14 April 2009	28 January 2009	12 months	6 months
Paul Hayes, Group Finance Director – appointed on 13 June 2011	3 June 2011	12 months	6 months

Details of the Committee's approach and policy on payment for loss of office are given in full in the 2013 Remuneration Policy Report.

Chairman and Non-Executive Directors
The Chairman and Non-Executive Directors do not have service contracts but serve under letters of appointment. The initial period of their appointments is three years but their appointments may, by mutual consent and with the approval of the Nominations Committee and the Board, be extended for a further three years. Appointments may be extended beyond six years by mutual consent and with the approval of the Nominations Committee and the Board, if it is in the interest of the Company to do so. Under the letters of appointment notice can be given by either party upon one month's written notice. Apart from the disclosure under the Remuneration policy table for the Chairman and Non-Executive Directors there are no further obligations which could give rise to a remuneration or loss of office payment under the letters of appointment. All the Non-Executive Directors and Chairman (as well as the Executive Directors) are subject to annual re-election by the shareholders at the AGM.

Copies of the Executive Directors' service contracts, Chairman's and each Non-Executive Director's letters of appointment are available from the Group Company Secretary at the Company's registered office during normal business hours at Bridge House, Heron Square, Richmond, TW9 1EN and are also available on the Company's website www.vitecgroup.com.

Consideration of shareholder views
The Committee has continued to take into account the views of its shareholders concerning the policy on remuneration of Directors.

The Company received over 96% support for the 2013 Remuneration Policy Report and over 98% support for the 2014 Annual Report on Remuneration at the 2015 AGM indicating a strong level of support for the structure of Directors' remuneration.

The Committee has further continued to engage with its major shareholders in 2015 on Directors' remuneration. The Committee will be reviewing the Remuneration Policy Report in mid-2016 with the objective to submit it to shareholders for approval at the 2017 AGM. As part of this process, the Committee will take into account the views of its shareholders to ensure that the policy is aligned with their expectations, supports the delivery of strategic objectives and is aligned with best practice.

Section 3:
Annual Report on Remuneration

This Annual Report on Remuneration will be put to an advisory vote at the AGM to be held on Wednesday, 18 May 2016.

Directors' single figure of total remuneration (audited)
The following table sets out the single figure of total remuneration for Directors for the financial years ended 31 December 2015 and 2014:

	Base salary / fees		Benefits		Pension		Annual bonus		Long-term incentives		Total	
	2015 £	2014 £	**2015 £**	2014 £	**2015 £**	2014 £	**2015 £**	2014 £	**2015 £**	2014 £	**2015 £**	2014 £
Executive Directors												
Stephen Bird	**419,503**	409,271	**28,095**	27,885	**83,900**	81,854	**104,876**	226,378	**-**	-	**636,374**	745,388
Paul Hayes	**288,391**	281,357	**23,099**	22,630	**57,678**	56,271	**72,098**	160,022	**-**	-	**441,266**	520,280
Non-Executive Directors												
John McDonough	**143,500**	140,000	**-**	-	**-**	-	**-**	-	**-**	-	**143,500**	140,000
Nigel Moore (left 12 May 2015)	**21,184**	57,000	**-**	-	**-**	-	**-**	-	**-**	-	**21,184**	57,000
Carolyn Fairbairn (left 31 October 2015)	**42,521**	50,000	**-**	-	**-**	-	**-**	-	**-**	-	**42,521**	50,000
Christopher Humphrey	**48,374**	41,000	**-**	-	**-**	-	**-**	-	**-**	-	**48,374**	41,000
Lorraine Rienecker	**42,025**	41,000	**-**	-	**-**	-	**-**	-	**-**	-	**42,025**	41,000
Mark Rollins	**45,835**	41,000	**-**	-	**-**	-	**-**	-	**-**	-	**45,835**	41,000
Caroline Thomson (appointed 1 November 2015)	**8,504**	-	**-**	-	**-**	-	**-**	-	**-**	-	**8,504**	-
Total	**1,059,837**	1,060,628	**51,194**	50,515	**141,578**	138,125	**176,974**	386,400	**-**	-	**1,429,583**	1,635,668

Notes:

1. Taxable benefits includes car allowance, healthcare cover and income protection.
2. Each Executive Director receives a pension contribution of 20% of base salary into a pension arrangement of their choice (including the Company's defined contribution scheme) or a cash allowance of 20% of base salary. Both Executive Directors currently take this contribution in the form of a cash payment.
3. For the Annual Bonus 2015, both Stephen Bird and Paul Hayes' bonus potential was 125% of base salary. Further details are set out in the "Further notes" section on the following page.
4. Long Term Incentives comprise LTIP and matching awards under the DBP awards. Awards made in 2013 and 2012 did not achieve performance conditions based on Total Shareholder Return and growth in adjusted basic earnings per share* and therefore will lapse or have lapsed on the third anniversary of their awards respectively.
5. Each Director has confirmed in writing to the Company that the information in the single figure remuneration table is correct and that they have not received from the Company any other items of remuneration other than disclosed.

Remuneration Report
Annual Report on Remuneration continued

Further notes to the Directors' single figure of total remuneration table

(1) Base salary
The table below shows base salaries for 2015:

Executive Director	2015 Salary
Stephen Bird	£419,503
Paul Hayes	£288,391

(2) Benefits
The single figure of total remuneration table sets out the total value of benefits received by each Executive Director in 2015. The table below sets out details of these.

Executive Director	Car allowance	Healthcare cover	Income Protection
Stephen Bird	£20,969	£2,326	£4,800
Paul Hayes	£15,973	£2,326	£4,800

(3) Pension allowance
The table below sets out the value of the cash payment in lieu of pension for each Executive Director in 2015:

Executive Director	Pension allowance
Stephen Bird	£83,900
Paul Hayes	£57,678

(4) Annual bonus
In 2015, each Executive Director was entitled to receive subject to performance a maximum bonus of up to 125% of base salary, half of which is deferred into the Deferred Bonus Plan.

The financial elements of the annual bonus plan for each Executive Director were based upon actual financial results achieved for Group profit before tax* and Group conversion of operating profit* into operating cash flow# (over a quarterly and full year average target) measured against financial targets set by the Board. The Group profit before tax* financial element represents 50% of the maximum bonus that could be earned and the Group conversion of operating profit* into operating cash flow# represents 25% of the maximum bonus that could be earned.

Under the rules of the annual bonus plan there is a link between the two financial performance conditions so that the conversion of operating profit* into operating cash flow# element will only pay out if the Group profit before tax* element has at least achieved threshold performance.

The Remuneration Committee considered that these two financial performance conditions are key financial measures for the Group driving the right behaviour in terms of achieving profit* and operating cash flow# generation and had the most direct impact upon shareholder value for the year ended 31 December 2015.

The personal objective element of the 2015 annual bonus plan for each Executive Director, representing 25% of the maximum bonus that could be earned, is based upon individual performance measured against stretching personal objectives set by the Board and Remuneration Committee, as set out below:

Stephen Bird - 2015 Personal Objectives

- Continue to build a world class organisation – ensuring the right senior management team is in place to deliver on the strategic plan; improve succession planning and talent development Group-wide including continuing progress on diversity; embed personal development plans for senior management in the organisation; and ensure a fit for purpose HR organisation to support delivery on strategic objectives.
- Execution on growth strategy – deliver on growth strategy including communication with key stakeholders; develop KPIs to track progress; develop growth in the APAC market; ensure fit for purpose product development process; continue to develop cross Group capability in support of growth strategy; develop the Board's understanding of the Group's key technologies and businesses; and assess market dynamics particularly in traditional markets and opportunities for growth in those or new emerging markets.
- Drive strategic growth opportunities with preparation of a budget for growth for 2016.
- Develop and implement restructuring plans in light of challenging market conditions.
- Identify and deliver on M&A opportunities allied to the strategic plan.

Paul Hayes - 2015 Personal Objectives

- Support the Group Chief Executive in reviewing the Group's strategy and communication to stakeholders.
- Drive strategic growth opportunities with preparation of a budget for growth for 2016.
- Develop and implement restructuring plans in light of challenging market conditions.
- Support the identification and delivery on M&A opportunities allied to the strategic plan including financing arrangements, financial due diligence and integration plans.
- Continue to develop a world-class Group-wide finance function maintaining strong financial controls and good reporting with focus on profit and cash.
- Lead an effective tax strategy with clearly defined objectives agreed by the Board.
- Personal development plan supported by the Chairman and Group Chief Executive.

2015 Annual Bonus Outcome

The table below sets out the annual bonus awards made to Executive Directors in respect of the year ended 31 December 2015 including the financial trigger points used in determining whether a bonus was payable.

Name	Bonus potential	Elements of bonus potential	Threshold	Target	Maximum	Actual Group Performance/ Assessment of personal objective performance	Pay-out and % of maximum
Stephen Bird Group Chief Executive	125% of annual salary	50% Group PBT*	£35.3m	£36.0m	£39.6m	£31.5m	£0 (0%)
		25% Group conversion of operating profit* into operating cash flow#	69%	77%	85%	52%	£0 (0%)
		25% Personal objectives				80%	£104,876
						TOTAL	**£104,876 (20%)**
Paul Hayes Group Finance Director	125% of annual salary	50% Group PBT*	£35.3m	£36.0m	£39.6m	£31.5m	£0 (0%)
		25% Group conversion of operating profit* into operating cash flow#	69%	77%	85%	52%	£0 (0%)
		25% Personal objectives				80%	£72,098
						TOTAL	**£72,098 (20%)**

A straight line sliding scale operates between each of the above trigger points for both financial targets. The Remuneration Committee considered that these trigger points were appropriate and sufficiently stretching for 2015 given the uncertain macroeconomic environment and challenging markets that the Company faced.

Under the rules of the annual bonus plan the Remuneration Committee retains a full and absolute discretion as to whether a bonus is payable or not, and that discretion may only be used in exceptional circumstances, taking into account the overall financial performance of the Company. Any use of this discretion in connection with an Executive Director will be clearly explained in the Remuneration Report.

Half of the 2015 annual bonus will be deferred into the Deferred Bonus Plan. The 2015 deferred bonus will be used to purchase core award shares to be held in trust for a three year period. In accordance with the approved Remuneration Policy Report, no matching award shares can be earned under the Deferred Bonus Plan. After three years, the core award shares are released from the Trust to the Executive Directors.

Remuneration Report
Annual Report on Remuneration continued

(5) Long-Term Incentives – Long Term Incentive Plan ("LTIP") and Deferred Bonus Plan ("DBP")

The long-term incentive awards value shown in the single figure of total remuneration table relate to the following awards:

Awards made in 2013 and vesting in respect of performance to 31 December 2015

These relate to awards made in 2013 under the LTIP and matching awards under the DBP. Awards are measured based 50% upon the Company's Total Shareholder Return ("TSR") measured against a comparator group and 50% subject to growth in the Company's adjusted basic earnings per share* ("EPS"). Each performance condition is entirely independent from the other performance condition and there is no re-testing of either performance condition. The detail of each performance condition for each award is set out below.

For that part of an award made in 2013 under the LTIP measured against TSR, if the Company's TSR performance is at the median of the comparator group at the end of the three year performance period, 25% of that element of an award may vest. The full element of an award may vest if the Company's TSR performance is in the top 25% of the comparator group. There is a pro-rata straight line vesting between these two points. The comparator group comprises the constituents of the FTSE 250 index (excluding financial services companies and investment trusts) over a three year performance period. The Remuneration Committee considered that this index has a greater level of complexity and internationality and was most comparable to Vitec's business operations where approximately 90% of revenues are generated outside of the UK.

For that part of an award made in 2013 under the LTIP measured against EPS growth, if the percentage growth in the EPS of the Company exceeds 6% per annum (Compound Average Annual Growth Rate), 25% of that element of an award may vest. Full vesting of an award occurs if the growth in EPS over the performance period exceeds growth by 12% (Compound Average Annual Growth Rate) or greater. There is a pro-rata straight line vesting between these two points.

The same performance conditions applied to matching awards made in 2013 under the DBP as for the LTIP except that at median performance for TSR or 6% EPS growth one matching share vests for every three core award shares and at the upper quartile point for TSR and 12% EPS growth one matching share vests for every one core award share.

An award lapses if the lower point under both performance conditions is not achieved during the performance period.

The Remuneration Committee also considered the underlying financial performance of the Company before it confirmed vesting.

Performance out-turn

The table below summarises the value of awards vesting for the 2013 award.

2013 Awards	Actual performance	Vesting as a % of award
TSR	Below median	0%
EPS	Less than 6% per annum	0%
Total vesting		**0%**

TSR is calculated on the basis of growth in the Company's share price over a three year performance period plus dividends paid during that period and is expressed as a percentage of average compound annual growth. Share price performance is averaged over three months at the start and end of a performance period to eliminate volatility that may result in anomalous outcomes. The TSR performance is independently verified by Deloitte on behalf of the Committee and is ranked against the comparator group companies' TSR performance to determine the outcome.

EPS is determined in accordance with note 2.5 of the Financial Statements on page 94.

Awards made in 2012 and vesting in respect of performance to 31 December 2014

These relate to awards made in 2012 under the LTIP and DBP. The performance conditions for these awards are the same as those made in 2013. The EPS growth targets were 6% growth per annum (Compound Average Annual Growth Rate) for 25% of that element of an award to vest and 12% or more growth per annum for full vesting respectively. The Remuneration Committee also considered the underlying financial performance of the Company before it confirmed vesting.

Both performance conditions were measured to 31 December 2014 and the final outcome resulted in 0% of the TSR and EPS elements vesting. As a consequence the 2012 LTIP awards lapsed on 16 April 2015 and the DBP matching award shares lapsed on 12 April 2015.

Other outstanding awards

Awards made in 2014 and vesting in respect of performance to 31 December 2016

For awards made in 2014, 50% of an award is subject to TSR with the Company's TSR performance ranked against the constituents of the FTSE 250 index (excluding financial services companies and investment trusts) over a three year performance period. Threshold performance for the TSR performance condition will be at the median point of the comparator group and will result in 25% of an award vesting. Full vesting for the TSR element will be at the upper quartile point of the comparator group. A straight line sliding scale will operate between each of the above points. Below threshold performance none of the award will vest.

50% of the award will be subject to EPS growth over a three year performance period. For awards made in 2014 the EPS absolute growth figures were set at 6% per annum for 25% vesting and 12% plus per annum for full vesting. A straight line sliding scale will operate between each of the above points and below 6% EPS absolute growth none of the award will vest. Subject to satisfaction of performance conditions to 31 December 2016, these awards will vest in April 2017.

Awards made in 2015 and vesting in respect of performance to 31 December 2017

The table below provides details of the awards made under the LTIP on 8 April 2015. Performance for these awards is measured over the three financial years from 1 January 2015 to 31 December 2017. They are subject to the same performance conditions as for the 2014 award.

The performance required for threshold vesting (25% of this part of the award) is Adjusted EPS growth of 6% per annum. Full vesting of this part of the award required Adjusted EPS growth of 12% plus per annum, with a straight line sliding scale between these two points. None of this part of the award will vest for Adjusted EPS absolute growth lower than 6% per annum.

Dividends that would have been paid on shares vesting under the LTIP during the performance period are re-invested in additional shares for each of the above awards.

There is no re-testing of any performance condition under any of the above awards and the Remuneration Committee will also consider the underlying financial performance of the Company before it confirms vesting of any of the above awards.

TSR is calculated on the basis of growth in the Company's share price over a three year performance period plus dividends paid during that period and is expressed as a percentage of average compound annual growth. Share price performance is averaged over three months at the start and end of a performance period to eliminate volatility that may result in anomalous outcomes. The TSR performance is independently verified by Deloitte on behalf of the Committee and is ranked against the comparator group companies' TSR performance to determine the outcome.

Long Term Incentive Plan 2015 awards

Director	Type of award	Number of shares awarded	Face value* (£)	Face value (% of salary)	Threshold vesting (% of face value)	Maximum vesting (% of face value)	End of performance period
Stephen Bird	Performance shares	64,838	£419,503	100%	25%	100%	31 December 2017
Paul Hayes	Performance shares	44,573	£288,391	100%	25%	100%	31 December 2017

* Face value has been calculated using the Company's share price at the date of the award of 647 pence.

Deferred Bonus Plan 2015 awards

The following table provides details of the awards made under the DBP on 16 April 2015. There are no performance conditions or matching shares associated with these awards. The core shares are held in an Employee Trust on behalf of the Directors for three years and will be released to the individuals on 16 April 2018.

Director	Type of award	Number of core shares awarded	Face value* (£)	End of holding period
Stephen Bird	Core award shares using deferred annual cash bonus	9,240	£59,990	16 April 2018
Paul Hayes	Core award shares using deferred annual cash bonus	6,531	£42,405	16 April 2018

* Face value has been calculated using the Company's share price at the date of the award of 649.22 pence.

Remuneration Report
Annual Report on Remuneration continued

Payments to Past Directors
There were no payments in 2015 to past directors of the Company.

Chairman and Non-Executive Directors
The Chairman and Non-Executive Directors were paid the following fees in 2015:

Role	2015 Annual Fee	Comment
Chairman	£140,000 from 1 January to 30 June 2015 and £147,000 from 1 July to 31 December 2015	The fee of £140,000 per annum was agreed upon the Chairman's appointment to the Board on 15 March 2012. The fee was increased on 1 July 2015 to reflect time commitment for the role.
Non-Executive Director	£42,025	Base fee paid to Non-Executive Directors. Fee effective from 1 January 2015.
Chairman of Audit Committee	£10,000	Fee was last increased on 1 January 2014.
Chairman of Remuneration Committee	£9,000	Fee was last increased on 1 January 2014.
Senior Independent Director	£6,000	Fee was last increased on 1 January 2014.

Fees for the Chairman, Non-Executive Directors, Committee Chairmen and Senior Independent Director roles are reviewed annually by the Board with the support of Deloitte providing market data to ensure that fees remain appropriate given time commitment and the need to attract the right experience for the role. There is no commitment to increase fees annually. The Chairman and Non-Executive Directors do not receive any other benefits from the Company.

Directors' Shareholding Requirements and Share Interests
The Board has determined that Executive Directors of the Company are required to build up, over a reasonable period of time, a substantial holding of shares in the Company of at least one times base salary. A reasonable period is considered to be the life of a performance period tied to an award vesting under the Company's LTIP or DBP. Both Executive Directors satisfied this requirement throughout the whole of 2015 and up to the date of this report. Other members of the Operations Executive are encouraged to do the same up to a level of 50% of base salary. Each member of the Operations Executive had achieved this level of shareholding by 31 December 2015.

The Chairman and Non-Executive Directors of the Company have no such requirement and have discretion as to whether to hold shares in the Company or not. The following table sets out the interests in the Ordinary Shares of the Company held by each Director (or connected persons) of the Company during the year ended 31 December 2015:

Executive Director's shareholdings as at 31 December 2015

Executive Director	Share ownership requirement (% of salary)	Number of shares owned outright (including connected persons)	Number of shares beneficially owned (DBP core award shares)	Number of shares unvested and subject to performance (DBP matching and LTIP shares)	Ownership requirements met (based on shares owned outright and core award shares)
Stephen Bird	100%	202,092	53,522	236,911	367%
Paul Hayes	100%	40,405	37,724	163,616	163%

Chairman's and Non-Executive Directors' shareholdings as at 31 December 2015

Director	1 January 2015 (or date of appointment if later)	31 December 2015
John McDonough, Chairman	50,000	50,000
Caroline Thomson	-	-
Mark Rollins	4,900	4,900
Christopher Humphrey	5,000	5,000
Lorraine Rienecker	-	-

1. The closing mid-market share price on 31 December 2015 was £6.025 and the calculation of the percentage shareholding requirement achieved for the Executive Directors is based on this closing mid-market share price.
2. The shares shown in the beneficial holdings table above were acquired by the Directors using their own funds and not through any share incentive scheme (or similar) with the exception of the following disclosures in notes 3 and 4 below.
3. Stephen Bird's share interests include 53,522 shares (at 31 December 2015) purchased in the market using deferred annual cash bonus and held by the Employee Benefit Trust, the trust used to hold shares in respect of awards made under the Vitec Group Deferred Bonus Plan. These shares will vest out of the Deferred Bonus Plan in 2016, 2017 and 2018 respectively. Neither these shares nor any of the other shares held by Stephen Bird have any performance conditions attached to them. During the year ended 31 December 2015 Stephen Bird acquired 25,296 shares through the exercise of awards under the Deferred Bonus Plan arising from awards made in 2012. Stephen Bird also acquired in the year ended 31 December 2015 1,657 shares through the exercise of a share option under the Sharesave Scheme granted in 2012. During the year, Stephen Bird also acquired 1,635 shares through the reinvestment of dividends into the Dividend Reinvestment Plan operated by the Company.
4. Paul Hayes' share interests include 37,724 shares (at 31 December 2015) purchased in the market using deferred annual cash bonus and held by the Employee Benefit Trust, the trust used to hold shares in respect of awards made under the Vitec Group Deferred Bonus Plan. These shares will vest out of the Deferred Bonus Plan in 2016, 2017 and 2018 respectively. Neither these shares nor any of the other shares held by Paul Hayes have any performance conditions attached to them. During the year ended 31 December 2015 Paul Hayes acquired 9,748 shares through the exercise of awards under the Deferred Bonus Plan arising from awards made in 2012. Paul Hayes also acquired in the year ended 31 December 2015 1,657 shares through the exercise of a share option under the Sharesave Scheme granted in 2012.
5. There has been no change to the Directors' shareholdings described in the table above in the period from 31 December 2015 to 22 February 2016.

Strategic Report
Corporate Responsibility
Corporate Governance
Remuneration Report
Independent Auditor's Report
Financial Statements

Sharesave

The Group operates an all-employee savings-related share option scheme in the UK (Sharesave) and a similar international plan in respect of overseas employees in certain countries (US, Italy, Costa Rica, Japan, France and Germany). The scheme and plan are open to all the Group's employees in those countries, including the Executive Directors. Both Stephen Bird and Paul Hayes participate in the UK scheme and the details are shown below.

Director	Date of grant	At 1 January 2015 (shares)	Options exercised during the year	Options lapsed during the year	Options granted during the year	At 31 December 2015 (shares)	Exercise price (pence)	Market price at date of grant (pence)	Date from which exercisable [4]	Expiry date
Stephen Bird	26 September 2012	1,657	1,657	-	-	-	543	678.5[1]	1 November 2015	30 April 2016
	25 September 2015	-	-	-	2,560	2,560	492	614[3]	1 November 2018	30 April 2019
Paul Hayes	26 September 2012	1,657	1,657	-	-	-	543	678.5[1]	1 November 2015	30 April 2016
	25 September 2014	743	-	-	-	743	484	604.75[2]	1 November 2017	30 April 2018
	25 September 2015	-	-	-	1,829	1,829	492	614[3]	1 November 2018	30 April 2019

(1) The market price for the grant of shares under option was calculated on the basis of a three day average of the closing mid-market share price from 29 August 2012 to 31 August 2012 inclusive. A 20% discount was applied to this price under this HMRC approved Sharesave plan.

(2) The market price for the grant of shares under option was calculated on the basis of a three day average of the closing mid-market share price from 27 August 2014 to 29 August 2014 inclusive. A 20% discount was applied to this price under this HMRC approved Sharesave plan.

(3) The market price for the grant of shares under option was calculated on the basis of a three day average of the closing mid-market share price from 27 August 2015 to 1 September 2015 inclusive. A 20% discount was applied to this price under this HMRC approved Sharesave plan.

(4) There is no performance condition attached to the exercise of the Sharesave plan which is an all-employee plan.

Long Term Incentive Plan

Each year the Executive Directors are made a conditional award of shares in the Company. Up until 2015 this has been at a level representing 100% of annual base salary, based on the three day average closing mid-market share price of the Company in the period just prior to the award. From 2015, awards to Executive Directors have been increased to a level representing 125% of annual base salary to partly compensate for the removal of the matching share award element under the Deferred Bonus Plan (as disclosed in the 2014 Annual Report). Both Executive Directors agreed to waive this increase in 2015 and so awards in 2015 were at a level representing 100% of annual base salary. The award is subject to satisfaction of performance conditions over a three year performance period. The following table sets out the outstanding awards under the LTIP as at 31 December 2015 for each of the Executive Directors:

Director	Date of award	Awards at 1 January 2015	Award exercised during the year	Associated dividend shares with the exercised award	Awards lapsed during the year	Awards made during the year	At 31 December 2015	Market price on which award made (pence)	Market price at exercise date (pence)	Face value of award	Percentage of interest that vests if threshold performance achieved	End of performance period
Stephen Bird	16 April 2012	58,124	-	-	58,124	-	-	674	-	100% of annual salary	25%	31 December 2014
	21 March 2013[1]	61,833	-	-	-	-	61,833	645	-	100% of annual salary	25%	31 December 2015
	2 April 2014	65,958	-	-	-	-	65,958	620.5	-	100% of annual salary	25%	31 December 2016
	8 April 2015	-	-	-	-	64,838	64,838	647	-	100% of annual salary	25%	31 December 2017
Total		**185,915**	**-**	**-**	**58,124**	**64,838**	**192,629**					
Paul Hayes	16 April 2012	39,958	-	-	39,958	-	-	674	-	100% of annual salary	25%	31 December 2014
	21 March 2013[1]	42,507	-	-	-	-	42,507	645	-	100% of annual salary	25%	31 December 2015
	2 April 2014	45,343	-	-	-		45,343	620.5	-	100% of annual salary	25%	31 December 2016
	8 April 2015	-	-	-	-	44,573	44,573	647	-	100% of annual salary	25%	31 December 2017
Total		**127,808**	**-**	**-**	**39,958**	**44,573**	**132,423**					

(1) The LTIP award made on 21 March 2013 did not achieve either of its performance conditions based on EPS growth and TSR performance compared to a comparator group. As a consequence the award will lapse on its third anniversary of 21 March 2016.

Remuneration Report

Annual Report on Remuneration continued

Deferred Bonus Plan

Each year, Executive Directors are required to defer a proportion of their annual bonus into the DBP. Bonuses deferred up until the 2014 AGM and used to purchase core award shares could attract matching award shares subject to satisfaction of performance conditions over a three year performance period. Following consultation with shareholders and in line with best practice, the matching award element has been removed from the DBP for awards from the 2014 AGM onwards.

Director	Date of award	Awards at 1 January 2015 (shares)	Awards exercised during the year	Associated dividend shares with the exercised awards	Awards lapsed during the year	Awards made during the year	At 31 December 2015	Market price on which award made (pence)	Market price at exercise date (pence)	Face value of award	Percentage of interest that vests if threshold performance achieved	End of performance period
Stephen Bird	12 April 2012 (core award)	22,946	22,946	2,350	-	-	-	677	-	100% of annual bonus	Not applicable	31 December 2014
	12 April 2012 (matching award)	22,946	-	-	22,946	-	-	677	-	100% of annual bonus	33.30%	31 December 2014
	8 April 2013 (core award)[1]	15,969	-	-	-	-	15,969	641	-	50% of annual bonus	Not applicable	31 December 2015
	8 April 2013 (matching award)[1]	15,969	-	-	-	-	15,969	641	-	50% of annual bonus	33.30%	31 December 2015
	31 March 2014 (core award)	28,313	-	-	-	-	28,313	628	-	50% of annual bonus	Not applicable	31 December 2016
	31 March 2014 (matching award)	28,313	-	-	-	-	28,313	628	-	50% of annual bonus	33.30%	31 December 2016
	16 April 2015 (core award)	-	-	-	-	9,240	9,240	649	-	50% of annual bonus	Not applicable	Shares held in Employee Trust to 3rd anniversary of award date
Total		**134,456**	**22,946**	**2,350**	**22,946**	**9,240**	**97,804**					

Director	Date of award	Awards at 1 January 2015 (shares)	Awards exercised during the year	Associated dividend shares with the exercised awards	Awards lapsed during the year	Awards made during the year	At 31 December 2015	Market price on which award made (pence)	Market price at exercise date (pence)	Face value of award	Percentage of interest that vests if threshold performance achieved	End of performance period
Paul Hayes	12 April 2012 (core award)	8,843	8,843	905	-	-	-	677	-	100% of annual bonus	Not applicable	31 December 2014
	12 April 2012 (matching award)	8,843	-	-	8,843	-	-	677	-	100% of annual bonus	33.30%	31 December 2014
	8 April 2013 (core award)[1]	11,046	-	-	-	-	11,046	641	-	50% of annual bonus	Not applicable	31 December 2015
	8 April 2013 (matching award)[1]	11,046	-	-	-	-	11,046	641	-	50% of annual bonus	33.30%	31 December 2015
	31 March 2014 (core award)	20,147	-	-	-		20,147	628	-	50% of annual bonus	Not applicable	31 December 2016
	31 March 2014 (matching award)	20,147	-	-	-		20,147	628	-	50% of annual bonus	33.30%	31 December 2016
	16 April 2015	-	-	-	-	6,531	6,531	649	-	50% of annual bonus	Not applicable	Shares held in Employee Trust to 3rd anniversary of award date
Total		**80,072**	**8,843**	**905**	**8,843**	**6,531**	**68,917**					

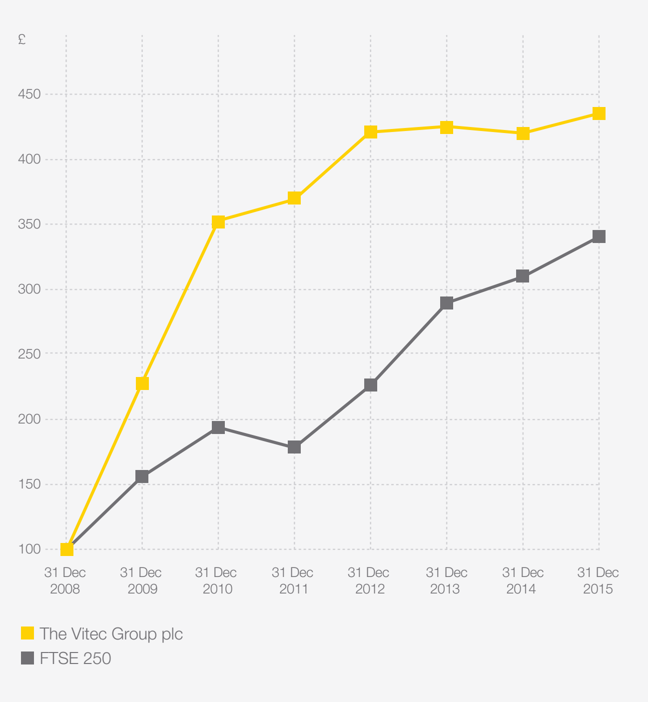
Note: The DBP award made on 8 April 2013 did not achieve either of its performance conditions based on EPS growth and TSR performance compared to a comparator group. As a consequence the matching award will lapse on its third anniversary of 8 April 2016.

Performance graph of the Company's ordinary shares compared to comparator group

From 2013, the Company is required to include a line graph showing the Company's ordinary share performance compared to an appropriate index initially over a five year period, but building up to a ten year performance period over subsequent years. The graph below illustrates the Company's annual Total Shareholder Return (TSR) (share price growth plus dividends that have been declared, paid and re-invested in the Company's shares) relative to the FTSE 250 for the preceding seven year period, assuming an initial investment of £100. This index has been chosen since it is the comparator group (excluding financial services companies and investment trusts) for one of the performance conditions tied to awards under the LTIP. The Committee notes that the FTSE 250 index is a recognised broad market equity index, relatively complex and international in nature and is comparable to the Company's business operations where approximately 90% of revenues are generated outside the UK.

Each point is a 30 trading day average of the indices. TSR data is taken from Datastream.

TSR comprises share price growth plus dividends paid over a three year period and is expressed as a percentage of average compound annual growth.



Performance table setting out the total remuneration of the Group Chief Executive

The following table sets out the single figure of total remuneration paid and the amount vesting under short-term and long-term incentives (as a percentage of the maximum that could have been achieved) to the Group Chief Executive for each of the seven years ended 31 December 2015.

Year (ended 31 December)	Group Chief Executive	CEO single figure of total remuneration	Annual Bonus payout against maximum opportunity % (including actual amount paid)	Long-term incentive vesting rates against maximum opportunity %
2015	Stephen Bird	£636,374	20% (£104,876)	-
2014	Stephen Bird	£745,388	44.25% (£226,378)	-
2013	Stephen Bird	£1,057,407	71% (£355,616)	28.55% (£195,634)
2012	Stephen Bird	£1,697,841	79.4% (£386,434)	92.4% (£817,428)
2011	Stephen Bird	£2,053,828	87.3% (£323,816)	100% (£1,259,398)
2010	Stephen Bird	£812,946	98.75% (£355,994)	-
2009	Stephen Bird (from 14 April 2009)	£487,087	68.7% (£172,069)	-
2009	Alastair Hewgill (from 1 January 2009 to 14 April 2009)	£151,634	42% (£51,911)	-

Percentage change in remuneration of the Group Chief Executive

The table below sets out a comparison of the following elements of remuneration paid to the Group Chief Executive, Stephen Bird, in the year ended 31 December 2015 compared to the year ended 31 December 2014 and compared to that of UK based employees: Annual Salary; Taxable Benefits; and Annual Bonus. The Remuneration Committee has selected this comparator group on the basis that the Group Chief Executive is UK based and this provides a local market reference, is a sizeable population and a fair representation of the Group's employee base.

	Annual Salary (% change in 2015 compared to 2014)	Taxable benefits (% change in 2015 compared to 2014)	Annual Bonus (% change in 2015 compared to 2014)
Stephen Bird, Group Chief Executive	2.5%	2.5%	-53%
UK based employees	2.5%	2.5%	-34%

Relative importance of spend on pay

The following table sets out for the year ended 31 December 2015 compared to the year ended 31 December 2014 the actual expenditure of the Company in terms of remuneration paid to or receivable by all employees of the Vitec Group and distributions to shareholders by way of dividends. There have been no share buybacks or other significant distributions and payments required to be disclosed that would assist in understanding the relative importance of spend on pay.

	Year ended 31 December 2015	Year ended 31 December 2014	% change
Total remuneration paid to all Vitec Group employees	£92.6m	£90.7m	2%
Total dividends paid to shareholders	£10.7m	£10.3m	4%

Remuneration Report
Annual Report on Remuneration continued

Statement of Implementation of Remuneration Policy in the Year Ending 31 December 2016
This section provides an overview of how the Committee is proposing to implement the Remuneration Policy in 2016.

(1) Base salary
The table below sets out the 2016 base salary for each Executive Director, together with the percentage increase from 2015:

Executive Director	2016 Salary	Increase
Stephen Bird	£429,990	2.5%
Paul Hayes	£295,601	2.5%

In determining the increases for 2016, the Committee took into account a number of factors, including Company and individual performance, the executive's responsibilities and experience, pay increases for the Company's employees, market rates for Executive Director remuneration, the need for retention of a talented executive team and prevailing economic conditions.

(2) Benefits
The car allowance taxable benefit has been increased in line with base salary increases for 2016. The other taxable benefits of private healthcare and income protection are respectively premium based and contractually based.

(3) Pension allowance
The pension allowances remain unchanged from 2015 representing 20% of base salary. Both Executive Directors currently take this contribution in the form of a cash payment. The table below shows the value of the cash allowance in 2016:

Executive Director	Pension allowance
Stephen Bird	£85,998
Paul Hayes	£59,120

(4) Annual Bonus
The maximum opportunity remains unchanged since 2015 at 125% of base salary. Half of any annual bonus earned for the year ended 31 December 2016 will be deferred into the DBP for a period of three years and held in the form of shares in the Company. There will be no matching award that can be earned on this deferred bonus. The table below provides information on the performance measures against which performance for the 2016 annual bonus plan will be measured:

Core measures for 2016 annual bonus plan	Weighting (% of overall opportunity)
Group profit before tax*	50%
Group percentage of operating profit* converted to operating cash flow#	25%
Role specific personal objectives set by the Board and Remuneration Committee for the Executive Director	25%

The performance measures selected reflect the strategic and operational objectives of the Group. The Committee considers that the specific targets and personal objectives for 2016 are commercially sensitive and therefore has not disclosed them. The Committee will disclose these targets and objectives once a bonus has been paid and subject to the Committee considering that they are no longer commercially sensitive.

(5) Long Term Incentive Plan
Executive Directors will receive an award of shares under the LTIP equivalent to 125% of base salary in 2016. These awards will be made in the 42 day period following the announcement of the full year results for the year ended 31 December 2015 that will be announced on 23 February 2016. There will be no changes to the performance conditions from the awards granted in 2015, namely: 50% of the award will be subject to TSR with the Company's TSR performance ranked against the constituents of the FTSE 250 index (excluding financial services companies and investment trusts) over a three year performance period; and 50% of the award will be subject to adjusted basic earnings per share* growth over a three year performance period. The Remuneration Committee has determined that the EPS targets for minimum and maximum vesting levels for 2016 will be 5% and 12% absolute growth per annum reflecting general market conditions. Both Executive Directors have further agreed that any awards vesting under the LTIP 2016, after deduction of taxes, will be subject to a further two year holding period, thereby more closely aligning their interests with the long-term interests of shareholders.

Malus and clawback
Under the rules of the Annual Bonus Plan, Long Term Incentive Plan and Deferred Bonus Plan, awards up until 2015 have been subject to a malus rule whereby the Remuneration Committee has the power to reduce, cancel or impose further conditions upon a bonus or award in circumstances that the Committee determines such action is appropriate including circumstances where a material misstatement of the Company's audited financial results has occurred or serious reputational damage to the Company has occurred as a result of a participant having breached the Company's Code of Conduct. Under the UK Corporate Governance Code that was published in 2014, which applies to financial periods commencing on or after 1 October 2014 companies are expected to include both clawback and malus provisions for all incentive awards from that date.
The Remuneration Committee took the decision to amend the rules of the LTIP, DBP and Annual Bonus Plan with effect from February 2015, to include a clawback provision where in the same circumstances as for malus, any future award that is paid out can be clawed back from a participant for a period of up to three years from it vesting or being paid out. All awards from February 2015 are on the basis that malus and clawback applies to them.

(6) Chairman and Non-Executive Directors' remuneration
The fee structure for the Chairman and Non-Executive Directors for 2016 is set out in the table on the next page:

Role	2016 fee	2015 fee
Chairman	£150,000	£140,000 for the period 1 January 2015 to 30 June 2015 and £147,000 for the period from 1 July 2015 to 31 December 2015
Non-Executive Director's Base fee	£43,075*	£42,025
Chairman of Audit Committee	£10,000**	£10,000
Chairman of Remuneration Committee	£9,000**	£9,000
Senior Independent Director	£6,000**	£6,000

* The Non-Executive Director's base fee was increased by 2.5% with effect from 1 January 2016.

** The Chairman of the Audit Committee, Chairman of the Remuneration Committee and Senior Independent Director fees are reviewed annually to ensure that they remain appropriate taking into account the nature of each role, the time commitment, performance of the respective individuals, market conditions for the complexity of the roles and the calibre of individuals. The last increases for each of these roles were with effect from 1 January 2014.

The Board has agreed that the basic Non-Executive Director fee will typically be increased in line with the level of salary increases given to Executive Directors on an annual basis in future years and that the fees paid to the Chairman, Senior Independent Director and Chairman of the Audit and Remuneration Committee will be reviewed annually to ensure that they remain appropriate.

Voting at Annual General Meeting

At the Company's last AGM held on 12 May 2015, the Directors' Annual Remuneration Report for the year ended 31 December 2014 was put to an advisory vote by way of an ordinary resolution that set out the detail of remuneration paid to Directors during 2014. The resolution was voted and approved by shareholders on a poll. The table below sets out the proxy votes voted for, against and withheld against the resolution.

Resolution	For proxy votes and % of votes cast	Against proxy votes and % of votes cast	Withheld proxy votes
Advisory vote on the Remuneration Report for the year ended 31 December 2014	33,585,546 (98.2%)	624,907 (1.8%)	12,230

As at the date of the Company's AGM on 12 May 2015 the Company had 44,336,516 Ordinary Shares in issue. The Remuneration Committee considers that an against or withheld vote of 20% or more of the votes cast is deemed to be significant in connection with a resolution on Directors' remuneration. Based on the level of support to both resolutions on remuneration at the 2015 AGM, the Committee did not consider that there were any significant issues of concern. In the event that a significant level of concern is raised at future AGMs, both the Chairman of the Board and the Chairman of the Remuneration Committee will contact the Company's major shareholders following an AGM to understand the precise detail of the concern being raised. Subject to that, the Committee and the Board as a whole will consider how best to address the concern being raised. This may involve a revision to the Company's Policy on Directors' Remuneration at a subsequent AGM or some other change which can be implemented without further shareholder consultation. The Committee and the Board are committed to an open and transparent dialogue with shareholders on material matters of concern.

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration Committee comprised the following members during 2015:

Carolyn Fairbairn – Member and Chairman until 31 October 2015, Nigel Moore – until 18 May 2015, Mark Rollins, Lorraine Rienecker, Christopher Humphrey and Caroline Thomson – Member and Chairman from 1 November 2015.

All of the Committee members are independent Non-Executive Directors.

The Committee, on behalf of the Board, determines the policy base salaries, annual cash bonus arrangements, participation in incentive schemes, pension arrangements and all other benefits received by the Executive Directors.

The Committee also oversees the framework of remuneration, for the Operations Executive, including terms of service, pay structure, annual cash bonus, pensions, share incentive arrangements and all other benefits.

The Committee invites individuals to attend meetings, as it deems necessary, to assist with consideration of remuneration matters. The Chairman, John McDonough, the Group Chief Executive, Stephen Bird, the Group Finance Director, Paul Hayes, the Group Company Secretary, Jon Bolton and the Group Development and HR Director, Martin Green, attended meetings by invitation in the year ended 31 December 2015. The Executive Directors or members of the Operations Executive are not present when their own remuneration is being considered.

The remuneration of the Chairman and the Non-Executive Directors is determined by the Board as a whole, with the Chairman or the relevant Non-Executive Director abstaining when his or her remuneration is considered.

For further information regarding governance for the Remuneration Committee see pages 48 and 49 of this Annual Report.

External advisors

The Committee received independent advice from Deloitte LLP as the Committee's appointed remuneration advisor during the year ended 31 December 2015. Deloitte have a wide range of experience and knowledge on executive remuneration for multinational companies such as the Company and are able to provide detailed background and context to enable the Committee to come to an informed decision on executive remuneration. This advice related to disclosures in the 2014 Directors' Remuneration Report, measurement of performance conditions associated with long-term incentive arrangements and general remuneration advice. Deloitte's total fees for 2015 work and advice relating to executive remuneration was £15,500 (2014: £26,350). Deloitte also provided other services to the Company during the year, including work and advice relating to expatriate tax, international relocations and corporate finance. Deloitte is a member of the Remuneration Consultants Group and operates under that group's voluntary code of practice for remuneration consultants in the UK. The Committee is satisfied that the advice they have received from Deloitte during 2015 has been objective and independent. The Committee also received advice and administrative support during 2015 from the Group Company Secretary, Jon Bolton, and the Group Development and HR Director, Martin Green.

This Annual Remuneration Report has been approved by the Remuneration Committee and signed on its behalf by:

Caroline Thomson
Chairman, Remuneration Committee

22 February 2016

Directors' Report

Strategic Report

The statements and reviews on pages 1 to 39 comprise the Strategic Report which contains certain information, outlined below, that is incorporated into this Directors' Report by reference:

- an indication of the Group's likely future business developments;
- an indication of the Group's research and development activities;
- information on the Group's policies for the employment of disabled persons and employee involvement; and
- the Group's disclosures regarding greenhouse gas emissions.

Directors

The Directors who held office at 31 December 2015 and up to the date of this report are set out on pages 38 and 39 along with their photographs and biographies.

Changes to the Board during the year and up to the date of this report were as follows:

Name	Date	Position
Nigel Moore	Resigned on 12 May 2015	Independent Non-Executive Director; Senior Independent Director and Chairman of the Audit Committee
Christopher Humphrey	Appointed on 12 May 2015	Chairman of the Audit Committee
Mark Rollins	Appointed on 12 May 2015	Senior Independent Director
Carolyn Fairbairn	Resigned on 31 October 2015	Independent Non-Executive Director and Chairman of the Remuneration Committee
Caroline Thomson	Appointed on 1 November 2015	Independent Non-Executive Director and Chairman of the Remuneration Committee

All current Directors will be standing for reappointment at the forthcoming AGM to be held on Wednesday, 18 May 2016. The remuneration of the Directors including their respective shareholdings in the Company is set out in the Remuneration Report on pages 56 to 73.

Directors' and Officers' liability insurance and indemnification of Directors

The Company maintains Directors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Directors. The Company has also granted indemnities to each of its Directors to the extent permitted by law. Qualifying third party indemnity provisions (as defined in Section 324 of the Companies Act 2006) have been adopted for each Director and indemnify in relation to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors of the Company.

Share capital

The Company has only ordinary shares of 20 pence nominal value in issue. Note 4.3 to the consolidated financial statements on page 114 summarises the rights of the ordinary shares as well as the number issued during 2015. An analysis of shareholdings is shown on page 132. The closing middle market price of a share of the Company on 31 December 2015, together with the range during the year, is also shown on page 132. For details of own shares held by the Company see note 4.3 to the consolidated financial statements.

Substantial shareholdings

As at 22 February 2016, the Company had been advised under the Disclosure and Transparency Regime, or had ascertained from its own analysis, that the following held interests of 3% or more of the voting rights of its issued share capital:

Shareholder	Number of voting rights	% of voting rights
Aberforth Partners	4,836,307	10.87
Manfrotto	4,788,102	10.76
Fidelity Investments	4,558,551	10.24
Delta Lloyd NV	4,050,211	9.10
JO Hambro Capital Management	3,813,805	8.57
M&G Investment Management	3,349,420	7.53
Nmás1	2,591,503	5.82
Heronbridge Investment Management	2,306,645	5.18
Royal London Asset Management	2,219,186	4.99
Schroder Investment Management	2,125,886	4.78

Committees of the Board

The Board has established Audit, Nominations and Remuneration Committees. Details of these Committees, including membership and their activities during 2015 are contained in the Corporate Governance section of this Annual Report and in the Remuneration Report.

Corporate responsibility

The Group's report on corporate responsibility is set out on pages 28 to 37. The Group has a Code of Conduct which has been communicated to all employees and is available on the Company's website and intranet. The Group has also adopted specific policies which cover the following key areas: health and safety; risk and fraud; employment; whistleblowing; the environment; human rights; community impact and involvement; and relationships with suppliers, customers and other stakeholders. It regularly reviews these policies and revises them as and when necessary.

Corporate governance

The Group's report on Corporate Governance is on pages 40 to 55 and forms part of this Directors' Report.

Companies Act 2006 disclosures

In accordance with Section 992 of the Companies Act 2006 the Directors disclose the following information:

- The Company's capital structure and voting rights are summarised on page 114, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- There exist no securities carrying special rights with regard to the control of the Company;
- Details of the substantial shareholders and their shareholdings in the Company are listed above;
- Shares awarded under the core award of the Company's Deferred Bonus Plan are held in a nominee capacity by the Employee Benefit Trust (EBT). The Trustees of the EBT do not seek to exercise voting rights on shares held in the EBT. No voting rights are exercised in relation to shares unallocated to individual beneficiaries;
- The rules concerning the appointment and replacement of Directors, amendment to the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006;

- There exist no agreements to which the Company is party that may affect its control following a takeover bid; and
- There exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur because of a takeover bid.

Articles of Association
The Company's Articles of Association set out the rights of shareholders including voting rights, distribution rights, attendance at general meetings, powers of directors, proceedings of directors as well as borrowing limits and other governance controls. A copy of the Articles of Association can be requested from the Group Company Secretary.

Conflicts of interest
During the year no Director held any beneficial interest in any contract significant to the Company's business, other than a contract of employment. The Company has procedures set out in the Articles of Association for managing conflicts of interest. Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they are required to notify the Board as soon as reasonably practicable.

Political donations
Further to shareholder approval at the 2013 AGM empowering the Directors to make political donations, it is confirmed that no such donations were made in the year ended 31 December 2015. The Company's policy is not to make political donations and a resolution to renew this authority on its expiry will be put to the 2017 AGM.

Financial instruments
The financial risk management objectives and policies of the Group and the exposure of the Group to foreign currency risk, interest rate risk, and liquidity risk is outlined in note 4.2 to the consolidated financial statements in page 112.

Going concern
The Directors have made appropriate enquiries and consider that the Group has adequate resources to continue in operational existence for the foreseeable future, which comprises the period of at least 12 months from the date of approval of the financial statements. There are no material uncertainties that would prevent the Directors from being unable to make this statement. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements
The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- For the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- For the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy, at any time, the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In addition, each of the Directors considers that the Annual Report, taken as a whole, is fair, balanced and understandable and that it provides all the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Disclosure of information to the auditor
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information (as defined in Section 418(2) of the Companies Act 2006) of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting (AGM)
The 2016 AGM will be held at 10.00am on Wednesday, 18 May 2016 at The Academy of Medical Sciences, 41 Portland Place, London W1B 1QH.

The Chairmen of the Board and of each of its Committees will be in attendance at the AGM to answer questions from shareholders. All Directors will be standing for reappointment at the AGM.

The Company will be making use of the electronic voting facility provided by its registrars, Capita Asset Services. The facility includes CREST voting for members holding their shares in uncertificated form. For further information, please refer to the section on online services and electronic voting set out in the notes to the Notice of Meeting.

The notice of the AGM and an explanation of the resolutions to be put to the meeting are set out in the Notice of Meeting accompanying this Annual Report. The Board fully supports all the resolutions and encourages shareholders to vote in favour of each of them as they intend to in respect of their own shareholdings.

Auditor
KPMG LLP has expressed its willingness to continue in office as auditor and separate resolutions will be proposed at the forthcoming AGM concerning their reappointment and to authorise the Board to agree their remuneration.

By order of the Board

Jon Bolton
Group Company Secretary

22 February 2016

Independent Auditor's Report to the members of The Vitec Group plc only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of The Vitec Group plc for the year ended 31 December 2015 set out on pages 79 to 131. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit are shown in the table below.

For further reference to these risks, refer to pages 52 and 55 (Report from Christopher Humphrey, Chairman of the Audit Committee) and page 86 (Significant judgements, key assumptions and estimates).

	The risk	Our response included the following audit procedures
Carrying value of inventory (£58.9 million) Refer to note 3.3 of the financial statements	• The inventory held at the year end covers a wide range of products and the demand for these and the ability of the Group to sell this inventory in the future may be adversely affected by many factors including changes in customer and consumer preferences, competitor activity including pricing and the introduction of new products and technology. • Each operating company is required to apply a methodology to calculate an inventory provision that is appropriate to the specific business and nature of products held in inventory. • The level of judgement involved in determining whether a provision should be recognised and how it should be measured, coupled with the fact that provision movements impact earnings, results in inventory provisions being one of the key judgemental areas that our audit is concentrated on.	• Inspecting the ageing of inventory, the accuracy of which was tested, to identify any slow moving inventory lines, and critically assessing whether appropriate provisions had been established for slow moving and obsolete items. • Comparing most recent prices achieved on sales across the range of product lines to test whether these exceeded the book value of inventory at year end. • Comparing the methodology and assumptions used by the Group in calculating the inventory provisions to those used in the prior years and, as part of this, considering whether we would expect a change to the methodology and assumptions based on any changes to the current markets that the Group serves, noting the demand factors highlighted opposite. • Assessing the historical accuracy of provisions recorded by examining the utilisation or release of previously recorded provisions. • Considering the adequacy of the Group's disclosures (see note 3.3) in relation to inventory.
Recoverability of trade receivables (£38.3 million) Refer to note 3.3 of the financial statements	• The calculation of the bad debt provision requires a significant level of judgment as Vitec sells products to a wide customer base located across numerous countries each with different macroeconomic environments. This spread of customers worldwide requires significant judgement to assess the financial health of each. • The recoverability of trade receivables is dependent on the credit worthiness of customers and their ability to settle the amounts due.	• Testing the adequacy of the provisions for bad debt recorded against trade receivable balances by taking into account the ageing of receivables at year end and cash received after year end, as well as the controls over its calculation. • Assessing the historical accuracy of provisions for bad debt recorded by examining the utilisation or release of previously recorded provisions. • Considering the adequacy of the Group's disclosures (see note 3.3) in relation to provisions for risks concerning recoverability of trade receivables.

	The risk	Our response included the following audit procedures
Restructuring provision (£3.2 million) Refer to note 3.6 of the financial statements	• The Group has implemented various restructuring activities for which significant costs have been recorded during the year. This includes costs that are committed at the year end and for which provisions have been recorded. The determination of the amount of these provisions requires estimations concerning final redundancy settlements and other associated restructuring costs, and as such are inherently subjective. • The estimations require judgement to determine if the programmes and commitments are sufficiently advanced to trigger the requirement for a provision and there is a risk that the amounts recorded may be materially incorrect.	• Critically assessing whether the restructuring programmes and commitments were sufficiently advanced to meet the requirements for a provision in accordance with relevant accounting standards. • Considering the commitments made via public announcements and other communications with those to be affected. • Testing the appropriateness of provisions through agreeing individual provisions to supporting information. • Considering the adequacy of the Group's disclosure in respect of the restructuring activities and provision (see note 3.6).
Current tax liability (£6.6 million) Refer to note 2.4 of the financial statements	• This is one of the key judgemental areas that our audit is concentrated on due to the Group operating in a number of tax jurisdictions, the complexities of transfer pricing and other international tax legislation and the time taken for tax matters to be agreed with the tax authorities. The complexity is increased as a result of acquisitions and restructuring activities in the current year. • The Group has a number of open enquiries and where tax positions are not settled with tax authorities, the Directors take into account precedent and the advice of experts.	• Challenging the appropriateness of the assumptions applied and estimates made in relation to current tax liabilities by considering the range of possible outcomes that may be assessed under the applicable tax laws. • Assessing the impact of recent acquisitions and restructuring of certain activities on the level of provisions and the judgements as to the likely outcomes of decisions made by the relevant tax authorities. • Involving our own tax specialists to assist in critically assessing the assumptions used by reference to international and local tax legislation in different jurisdictions. • Assessing whether the Group's tax disclosures set out in note 2.4 are appropriate and in accordance with relevant accounting standards.

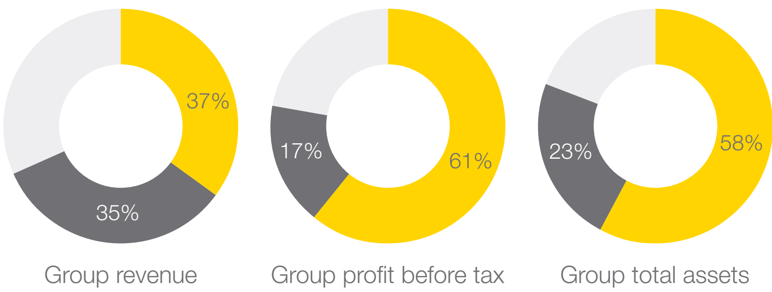
3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £1.5 million, determined with reference to a benchmark of Group profit before tax[(1)], (of which it represents 5%).

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £75,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group has 49 reporting components. The components within the scope of our work accounted for the percentages of the Group's results as shown in the chart below:

Audits for group reporting purposes of component financial information	22 in the UK, Italy and France
Specified risk-focused audit procedures	5 in the US



(1) Excluding restructuring costs, charges associated with acquired businesses and disposal of business

Independent Auditor's Report to the members of The Vitec Group plc only

Components for which specified risk focused audit procedures were performed were not individually financially significant enough to require an audit for Group reporting purposes, but did present specific individual risks that needed to be addressed. The remaining 28% of total Group revenue, 22% of Group profit before tax and 19% of total Group assets is represented by 22 reporting components, none of which individually represented more than 15% of any of total Group revenue, Group profit before tax or total Group assets. For the remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks and the information to be reported back. The audits undertaken for Group reporting purposes at the key reporting components of the Group were all performed to a materiality level of £0.8 million set by the Group audit team, having regard to the mix of size and risk profile of the Group across the components. The Group audit team visited reporting components in the following locations: UK, US and Italy. Telephone conference meetings were also held with these component auditors and others that were not physically visited. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor. The work on 7 of the 27 components was performed by component auditors and the rest by the Group audit team.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5. We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' Viability Statement on page 23, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Group continuing in operation over the 3 years to 2018; or
- the disclosures in Section 1 of the financial statements concerning the use of the going concern basis of accounting.

6. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the Corporate Governance section does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the Directors' statements, set out on pages 23 and 75, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 40 to 55 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of the report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 75, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Robert Brent (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square, London, E14 5GL

22 February 2016

Table of Contents

The notes are grouped under the following sections:

Each section sets out the accounting policies applied in producing these notes together with any key judgements and estimates used. Text boxes provide an introduction to each section.

Consolidated Income Statement

For the year ended 31 December 2015

	Notes	2015 £m	2014 £m
Revenue	2.1	**317.8**	309.6
Cost of sales	2.2	**(188.9)**	(181.7)
Gross profit		**128.9**	127.9
Operating expenses	2.1 / 2.2	**(106.5)**	(100.3)
Operating profit	2.1	**22.4**	27.6
Comprising			
- Operating profit before restructuring costs and charges associated with acquired businesses		**35.4**	38.8
- Restructuring costs	2.2	**(4.9)**	(2.7)
- Charges associated with acquired businesses	2.2	**(8.1)**	(8.5)
		22.4	27.6
Net finance expense	2.3	**(3.9)**	(3.5)
Loss on disposal of business		**-**	(4.0)
Profit before tax		**18.5**	20.1
Comprising			
- Profit before tax, excluding restructuring costs, charges associated with acquired businesses and disposal of business		**31.5**	35.3
- Restructuring costs		**(4.9)**	(2.7)
- Charges associated with acquired businesses		**(8.1)**	(8.5)
- Loss on disposal of business		**-**	(4.0)
		18.5	20.1
Taxation	2.4	**(5.5)**	(7.1)
Profit for the year attributable to owners of the parent		**13.0**	13.0
Earnings per share	2.5		
Basic earnings per share		**29.3p**	29.4p
Diluted earnings per share		**29.2p**	29.3p
Average exchange rates			
Euro		**1.38**	1.24
US$		**1.53**	1.65

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	2015 £m	2014 £m
Profit for the year	**13.0**	13.0
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit obligation	**1.5**	1.1
Related tax	**(0.5)**	(0.2)
Items that are or may be reclassified to profit or loss:		
Foreign exchange gain recycled to the Income Statement on disposal of business	**-**	(5.2)
Currency translation differences on foreign currency subsidiaries	**4.2**	4.5
Net investment hedges - net loss	**(1.5)**	(2.0)
Cash flow hedges - reclassified to the Income Statement, net of tax	**0.6**	(2.2)
Cash flow hedges - effective portion of changes in fair value	**(1.5)**	(2.0)
Related tax	**0.5**	1.3
Other comprehensive income/(expense), net of tax	**3.3**	(4.7)
Total comprehensive income for the year attributable to owners of the parent	**16.3**	8.3

Consolidated Balance Sheet

As at 31 December 2015

	Notes	2015 £m	2014 £m
Assets			
Non-current assets			
Intangible assets	3.1	**90.7**	87.1
Property, plant and equipment	3.2	**53.8**	54.8
Trade and other receivables	3.3	**0.6**	0.5
Derivative financial instruments	4.2	**0.1**	-
Deferred tax assets	2.4	**15.2**	14.2
		160.4	156.6
Current assets			
Assets held for sale	3.2	**1.0**	-
Inventories	3.3	**58.9**	55.0
Trade and other receivables	3.3	**50.7**	51.1
Derivative financial instruments	4.2	**0.5**	1.5
Current tax assets	2.4	**0.9**	1.0
Cash and cash equivalents	4.1	**13.6**	9.2
		125.6	117.8
Total assets		**286.0**	274.4
Liabilities			
Current liabilities			
Bank overdrafts	4.1	**1.1**	1.3
Interest-bearing loans and borrowings	4.1	**0.2**	0.1
Trade and other payables	3.3	**43.5**	46.3
Derivative financial instruments	4.2	**1.7**	2.5
Current tax liabilities	2.4	**6.6**	6.1
Provisions	3.6	**8.1**	9.2
		61.2	65.5
Non-current liabilities			
Interest-bearing loans and borrowings	4.1	**88.6**	78.7
Derivative financial instruments	4.2	**0.5**	-
Post-employment obligations	5.2	**6.1**	7.7
Provisions	3.6	**1.2**	2.1
Deferred tax liabilities	2.4	**2.1**	1.8
		98.5	90.3
Total liabilities		**159.7**	155.8
Net assets		**126.3**	118.6
Equity			
Share capital		**8.9**	8.9
Share premium		**14.3**	13.4
Translation reserve		**(4.3)**	(7.0)
Capital redemption reserve		**1.6**	1.6
Cash flow hedging reserve		**(1.0)**	(0.6)
Retained earnings		**106.8**	102.3
Total equity	4.3	**126.3**	118.6
Balance Sheet exchange rates			
Euro		**1.36**	1.29
US$		**1.48**	1.56

Approved by the Board on 22 February 2016 and signed on its behalf by:

Paul Hayes
Group Finance Director

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Translation reserve £m	Capital redemption reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2015	**8.9**	**13.4**	**(7.0)**	**1.6**	**(0.6)**	**102.3**	**118.6**
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	**13.0**	**13.0**
Other comprehensive income/(expense) for the year	-	-	**2.7**	-	**(0.4)**	**1.0**	**3.3**
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	**(10.7)**	**(10.7)**
Share-based payment charge	-	-	-	-	-	**1.1**	**1.1**
Related tax	-	-	-	-	-	**0.1**	**0.1**
New shares issued	-	**0.9**	-	-	-	-	**0.9**
Balance at 31 December 2015	**8.9**	**14.3**	**(4.3)**	**1.6**	**(1.0)**	**106.8**	**126.3**
Balance at 1 January 2014	8.8	12.1	(4.3)	1.6	2.3	99.7	120.2
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	13.0	13.0
Other comprehensive income/(expense) for the year	-	-	(2.7)	-	(2.9)	0.9	(4.7)
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(10.3)	(10.3)
Own shares purchased	-	-	-	-	-	(1.5)	(1.5)
Share-based payment charge, net of tax	-	-	-	-	-	0.5	0.5
New shares issued [1]	0.1	1.3	-	-	-	-	1.4
Balance at 31 December 2014	8.9	13.4	(7.0)	1.6	(0.6)	102.3	118.6

[1] In 2014, the contingent consideration of Teradek was satisfied by the issue of new Vitec Group ordinary shares worth £0.5 million.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 £m	2014 £m
Cash flows from operating activities			
Profit for the year		13.0	13.0
Adjustments for:			
Taxation		5.5	7.1
Depreciation		13.8	14.2
Amortisation of intangible assets		7.8	5.3
Impairment losses on intangible assets		0.2	-
Net gain on disposal of property, plant and equipment and software		(1.2)	(2.1)
Fair value losses on derivative financial instruments		0.1	0.2
Share-based payment charge		1.1	0.5
Fair value adjustment to contingent consideration since date of acquisition		2.6	4.2
Disposal of business		-	4.0
Net finance expense		3.9	3.5
Operating profit before changes in working capital and provisions		46.8	49.9
(Increase)/decrease in inventories		(3.0)	(2.1)
(Increase)/decrease in receivables		0.8	(2.7)
(Decrease)/increase in payables		(3.0)	(2.1)
(Decrease)/increase in provisions		0.1	(1.0)
Cash generated from operating activities		41.7	42.0
Interest paid		(4.0)	(3.3)
Tax paid		(5.6)	(3.5)
Net cash from operating activities		32.1	35.2
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and software		4.7	5.2
Purchase of property, plant and equipment		(16.4)	(17.5)
Capitalisation of software and development costs		(4.2)	(4.7)
Acquisition of businesses, net of cash acquired	3.4	(9.0)	(13.3)
Disposal of business		(0.7)	(1.3)
Net cash used in investing activities		(25.6)	(31.6)
Cash flows from financing activities			
Proceeds from the issue of shares		0.9	0.9
Own shares purchased		-	(1.5)
Proceeds from interest-bearing loans and borrowings		8.5	2.4
Dividends paid		(10.7)	(10.3)
Net cash used in financing activities		(1.3)	(8.5)
Increase/(decrease) in cash and cash equivalents	4.1	5.2	(4.9)
Cash and cash equivalents at 1 January		7.9	12.9
Effect of exchange rate fluctuations on cash held		(0.6)	(0.1)
Cash and cash equivalents at 31 December		12.5	7.9

Section 1 – Basis of Preparation

This section lays out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

The Vitec Group plc (the "Company") is a company domiciled in the United Kingdom. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group").

As required by EU law (IAS Regulation EC 1606/2002) the Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), and have been approved by the Directors.

The financial statements are principally prepared on the basis of historical cost. Areas where other bases are applied are identified in the accounting policy outlined in the relevant note.

The Company has elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition, note 4.2 "Financial Instruments" includes the Group's financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to foreign currency risks, interest rate risks and liquidity risk.

The Group has considerable financial resources, including undrawn borrowing facilities at the end of the year of £55.5 million (see note 4.2 "Financial Instruments"). The Directors believe that the Group is well placed to manage its business risks.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next twelve months. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Basis of consolidation

Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists when the Group has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The results of subsidiaries sold or acquired during the year are included in the accounts up to, or from, the date that control exists.

Foreign Currencies

The consolidated financial statements are presented in Sterling with the reporting currency of the Group's subsidiaries generally being that of the local country.

Transactions in foreign currencies are translated at the exchange rate on that day.

Foreign currency monetary assets and liabilities are translated at the year end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year end, a currency translation gain or loss may arise. Any such differences are recognised in the Income Statement.

Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate on the day of the transaction, unless they are stated at fair value in which case they are translated at the exchange rate of the day the fair value was determined.

The assets and liabilities of overseas companies, including goodwill and fair value adjustments arising on consolidation, are translated at the year end exchange rate.

The revenues and expenses of these companies are translated at the weighted average exchange rate for the year. Where differences arise between these rates, they are recognised in the translation reserve within equity and other comprehensive income.

The cash flows of these companies are translated at the weighted average exchange rate for the year.

In the consolidated financial statements, currency translation gains and losses on external loans and borrowings and on long-term inter-company loans that form part of the net investment in the subsidiaries are recognised directly in the translation reserve within equity and other comprehensive income.

In respect of all overseas companies, only those translation differences arising since 1 January 2004, the date of transition to IFRS, are presented as a separate component of equity. On disposal of such a company, the related translation reserve is released to the Income Statement as part of the gain or loss on disposal.

Section 1 – Basis of Preparation

Significant judgements, key assumptions and estimates
The following provides information on those policies that the Directors consider critical because of the level of judgement and estimation required which often involves assumptions regarding future events which can vary from what is anticipated. The Directors review the judgements and estimates on an ongoing basis with revisions to accounting estimates recognised in the period in which the estimates are revised and in any future periods affected. The Directors believe that the consolidated financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Group's performance and financial position.

Working capital
Provisions over trade receivables are maintained to reflect expected credit losses based on collection history and specific risks identified on a customer-by-customer basis. Provisions against slow-moving, excess and obsolete inventory are estimated to reflect its net realisable value. See note 3.3 "Working Capital".

Restructuring
A restructuring provision is recorded when a present obligation arises in respect of committed restructuring activities, and when a reliable estimate of the probable value of the obligation can be made. Management is required to make judgements and estimates in determining the value of this provision such as asset residual values, and employee termination costs. Details of the restructuring provision are set out in note 3.6 "Provisions".

Pension benefits
The actuarial valuations associated with the pension schemes involve making assumptions about discount rates, future salary increases, future pension increases and mortality rates. All assumptions are reviewed at each reporting date. Further details about the assumptions used are set out in Note 5.2 "Pensions".

Impairment testing
Goodwill is tested annually for impairment. Tests for impairment are based on discounted cash flows and assumptions (including discount rates, timing and growth prospects) which are inherently subjective. Details about the assumptions used are set out in note 3.1 "Intangible assets".

Acquisitions
Acquisitions are accounted for under the acquisition method, based on the fair value of the consideration paid. Assets, liabilities and assumed contingent considerations are measured at fair value and the purchase price is allocated to assets and liabilities based on these fair values. IFRS 3 requires the identification of acquired intangible assets as part of a business combination. The methods used to value such intangible assets require the use of estimates including forecast performance. Accordingly, determining the fair values of assets and liabilities acquired and assumed contingent considerations involves the use of significant estimates and assumptions (including discount rates, asset lives and recoverability and forecast performance). Details concerning the acquisition made in the year are set out in note 3.4 "Acquisitions".

Tax
The Group is subject to income taxes in a number of jurisdictions. Management is required to make judgements and estimates in determining the provisions for income taxes, deferred tax assets and liabilities recognised in the consolidated financial statements. Tax benefits are recognised to the extent that it is probable that sufficient taxable income will be available in the future against which temporary differences and unused tax losses can be utilised. Details on the tax charge and assets and liabilities recorded are set out in note 2.4 "Tax".

New standards and interpretations not yet adopted
There are no new standards, amendments to standards or interpretations which are expected to have a significant impact on the financial statements of the Group for the year ended 31 December 2015 or in the foreseeable future.

Section 2 – Results for the Year

This section focuses on the profitability of the Group. On the following pages you will find disclosures relating to the following:

2.1 Profit before tax (including segmental information)

This shows the analysis of the Group's Profit before tax by reference to its two Divisions. Further segmental information and an analysis of key operating expenses are also shown here.

Accounting policies

Revenue recognition
Revenue is stated exclusive of sales tax and consists of sales to third parties after an allowance for returns, trade discounts and volume rebates.

Goods and services sold
Revenue from the sale of goods is recognised when both the significant risks and rewards of ownership have been transferred to the customer and the amount of revenue can be measured reliably. This is normally when title passes to the customer.

Revenue from rental of assets is recognised over the duration of the rental contract, on a straight line basis, at the amount billed to the customer.

Section 2 – Results for the Year

2.1 Profit before tax (including segmental information)

Segment reporting

The Group has two reportable segments which are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker (considered to be the Board). Further details on the nature of these segments and the products and services they provide are contained in the Strategic Report.

	Broadcast		Photographic		Corporate and unallocated		Consolidated	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Revenue from external customers:								
Sales	**160.3**	146.1	**128.8**	130.9	**-**	-	**289.1**	277.0
Services	**28.7**	32.6	**-**	-	**-**	-	**28.7**	32.6
Total revenue from external customers	**189.0**	178.7	**128.8**	130.9	**-**	-	**317.8**	309.6
Inter-segment revenue [1]	**0.9**	1.7	**0.2**	0.3	**(1.1)**	(2.0)	**-**	-
Total revenue	**189.9**	180.4	**129.0**	131.2	**(1.1)**	(2.0)	**317.8**	309.6
Segment result	**20.3**	19.9	**15.1**	18.9	**-**	-	**35.4**	38.8
Restructuring costs	**(4.1)**	(1.4)	**(0.8)**	(1.3)	**-**	-	**(4.9)**	(2.7)
Fair value adjustment to contingent consideration since date of acquisition	**(2.6)**	(4.2)	**-**	-	**-**	-	**(2.6)**	(4.2)
Transaction costs relating to acquisitions	**(0.1)**	(0.9)	**-**	-	**-**	-	**(0.1)**	(0.9)
Amortisation of acquired intangible assets	**(4.8)**	(3.0)	**(0.6)**	(0.4)	**-**	-	**(5.4)**	(3.4)
Operating profit	**8.7**	10.4	**13.7**	17.2	**-**	-	**22.4**	27.6
Net finance expense							**(3.9)**	(3.5)
Loss on disposal of IMT business							**-**	(4.0)
Taxation							**(5.5)**	(7.1)
Profit for the year							**13.0**	13.0
Segment assets	**172.2**	162.0	**82.7**	84.9	**1.4**	3.1	**256.3**	250.0
Unallocated assets								
Cash and cash equivalents					**13.6**	9.2	**13.6**	9.2
Current tax assets					**0.9**	1.0	**0.9**	1.0
Deferred tax assets					**15.2**	14.2	**15.2**	14.2
Total assets							**286.0**	274.4
Segment liabilities	**28.1**	32.1	**26.0**	25.2	**7.0**	10.5	**61.1**	67.8
Unallocated liabilities								
Bank overdrafts					**1.1**	1.3	**1.1**	1.3
Interest-bearing loans and borrowings	**-**	-	**0.4**	0.9	**88.4**	77.9	**88.8**	78.8
Current tax liabilities					**6.6**	6.1	**6.6**	6.1
Deferred tax liabilities					**2.1**	1.8	**2.1**	1.8
Total liabilities							**159.7**	155.8
Cash flows from operating activities	**19.4**	18.2	**15.2**	14.6	**(2.5)**	2.4	**32.1**	35.2
Cash flows from investing activities	**(21.7)**	(27.0)	**(3.9)**	(4.4)	**-**	(0.2)	**(25.6)**	(31.6)
Cash flows from financing activities	**-**	-	**0.4**	0.9	**(1.7)**	(9.4)	**(1.3)**	(8.5)
Capital expenditure								
Property, plant and equipment	**14.1**	15.0	**2.3**	2.5	**-**	-	**16.4**	17.5
Software and development costs	**2.6**	2.7	**1.6**	2.0	**-**	-	**4.2**	4.7

[1] Inter-segment pricing is determined on an arm's length basis.

No individual customer accounted for more than 10% of external revenue in either 2015 or 2014.

Geographical segments

	2015 £m	2014 £m
Analysis of revenue from external customers, by location of customer		
United Kingdom	**31.5**	27.6
The rest of Europe	**64.0**	69.7
North America	**150.2**	143.3
Asia Pacific	**55.9**	53.3
The rest of the World	**16.2**	15.7
Total revenue from external customers	**317.8**	309.6

The Group's operations are located in several geographical locations, and sell products and services on to external customers in all parts of the world.

Operating expenses

	2015 £m	2014 £m
Analysis of operating expenses		
- Restructuring costs [1]	**4.0**	1.8
- Charges associated with acquired businesses	**8.1**	8.5
- Other administrative expenses	**40.5**	39.8
Administrative expenses	**52.6**	50.1
Marketing, selling and distribution costs	**42.5**	41.5
Research, development and engineering costs	**11.4**	8.7
Operating expenses	**106.5**	100.3

[1] Of the total £4.9 million (2014: £2.7 million) restructuring costs, £4.0 million (2014: £1.8 million) is included in operating expenses and £0.9 million (2014: £0.9 million) in cost of sales.

Operating profit

	2015 £m	2014 £m
The following items are included in operating profit		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**0.1**	0.1
Fees payable to the Company's auditor and its associates for other services		
- The audit of the Company's subsidiaries pursuant to legislation	**0.4**	0.4
- Transaction and other services	**0.1**	0.2

Section 2 – Results for the Year

2.2 Restructuring costs and charges associated with acquired businesses

Restructuring costs and charges associated with acquired businesses are excluded from key performance measures in order to more accurately show the underlying current business performance of the Group in a consistent manner. This also reflects how the business is managed and measured on a day-to-day basis. Restructuring costs include employment termination and other rationalisation costs. Charges associated with acquired businesses include non-cash charges such as amortisation of acquired intangible assets, and cash charges such as transaction costs and fair value adjustments to contingent consideration since date of acquisition.

	2015 £m	2014 £m
Restructuring costs [1]	(4.9)	(2.7)
Fair value adjustment to contingent consideration since date of acquisition [2]	(2.6)	(4.2)
Transaction costs relating to acquisitions [3]	(0.1)	(0.9)
Amortisation of acquired intangible assets	(5.4)	(3.4)
Charges associated with acquired businesses	(8.1)	(8.5)

[1] One-off restructuring costs of £4.9 million primarily relate to the Group streamlining certain operations by downsizing selected activities mainly in the UK, US and Europe. This includes employment termination costs of £3.6 million and other rationalisation costs of £1.3 million. These actions have better positioned the Group for the future.

[2] A charge of £2.6 million (US$4.0 million) has been recorded in relation to the fair value adjustment to contingent consideration payable to Teradek, acquired in 2013. This was as a result of Teradek's performance for the year ending 31 December 2015 exceeding management's assessment at acquisition date. See note 3.4 "Acquisitions" and note 3.6 "Provisions".

[3] Transaction costs of £0.1 million were incurred in relation to the acquisitions of Paralinx and Panlight in the year. See note 3.4 "Acquisitions".

2.3 Net finance expense

This note details the finance income and expense generated from the Group's financial assets and liabilities.

Accounting policies

Net finance expense comprises:
- interest payable on borrowings and interest receivable on funds invested;
- the amortisation of loan costs;
- other interest receivable;
- foreign exchange gains and losses on cash and inter-company loans that are not net investment hedges; and
- net interest expense on net defined benefit scheme liabilities.

Net finance expense

	2015 £m	2014 £m
Finance income		
Other interest receivable	-	0.3
Net currency translation gains	0.3	0.1
	0.3	0.4
Finance expense		
Interest payable on interest-bearing loans and borrowings	(4.0)	(3.6)
Net interest expense on net defined benefit pension scheme liabilities [1]	(0.2)	(0.3)
	(4.2)	(3.9)
Net finance expense	(3.9)	(3.5)

[1] See note 5.2 "Pensions".

2.4 Tax

This note lays out the tax accounting policies, the total tax charge or credit in the Income Statement, and tax assets and tax liabilities in the Balance Sheet. This includes amounts relating to deferred tax.

Accounting policies

Income tax

The tax expense in the Income Statement represents the sum of tax currently payable and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised for all deductible temporary differences and carried forward unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and increased or reduced to the extent of the probable level of taxable profit that would be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities are not recognised for the following temporary differences:

- Goodwill not deductible for tax purposes on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- Differences relating to investments in subsidiaries to the extent that the timing of the reversal is controlled by the Company and they will probably not reverse in the foreseeable future.

Tax - Income Statement

	2015 £m	2014 £m
The total taxation charge/(credit) in the Income Statement is analysed as follows:		
Before restructuring costs, charges associated with acquired businesses and disposal of business		
Current tax	7.5	7.0
Deferred tax	2.1	3.6
	9.6	10.6
Restructuring costs, charges associated with acquired businesses and disposal of business		
Current tax (1)	(1.2)	(0.7)
Deferred tax (2)	(2.9)	(2.8)
	(4.1)	(3.5)
Summarised in the Income Statement as follows		
Current tax	6.3	6.3
Deferred tax	(0.8)	0.8
	5.5	7.1

(1) Current tax credits of £1.2 million (2014: £0.7 million) were recognised in the period of which £0.2 million (2014: £0.4 million) related to restructuring costs and £1.0 million (2014: £0.3 million) related to amortisation of intangible assets.

(2) Deferred tax credits of £2.9 million (2014: £2.8 million) were recognised in the period of which £1.1 million (2014: £0.3 million) related to restructuring costs, £1.0 million (2014: £1.6 million) to acquisitions (including the Teradek earnout) and £0.8 million (2014: £0.9 million) to amortisation of intangible assets.

Section 2 – Results for the Year

2.4 Tax

	2015 £m	2014 £m
Current tax expense		
Charge for the year	6.0	7.3
Adjustments in respect of prior years	0.3	(1.0)
Total current tax expense	6.3	6.3

The UK current tax charge represents £0.1 million (2014: £0.1 million) of the total Group current tax charge of £6.3 million (2014: £6.3 million), with the remaining £6.2 million (2014: £6.2 million) charge relating to overseas tax.

	2015 £m	2014 £m
Deferred tax expense		
Origination and reversal of temporary differences	(0.8)	0.8

The UK deferred tax credit represents £0.8 million (2014: £0.1 million charge) of the total Group deferred tax credit of £0.8 million (2014: £0.8 million charge), with £nil (2014: £0.7 million charge) relating to overseas tax. Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly. The UK deferred tax asset at 31 December 2015 has been calculated based on these rates.

	2015 £m	2014 £m
Tax charge/(credit) recognised in the Statement of Changes in Equity (SOCIE)		
Current tax recognised in SOCIE [(1)]	-	(0.2)
Deferred tax recognised in SOCIE [(2)]	0.4	(0.9)
	0.4	(1.1)

[(1)] No current tax deductions have been reflected in the SOCIE. The 2014 current tax deductions of £0.2 million related to share-based payments on exercised options.

[(2)] A deferred tax charge relating to the UK and German defined benefit pension schemes of £0.5 million, partially offset by a £0.1 million credit due to the impact of share-based payments on outstanding options, has been reflected in the SOCIE.

Reconciliation of Group tax charge	2015 £m	2014 £m
Profit before tax	18.5	20.1
Income tax using the domestic corporation tax rate at 20.25% (2014: 21.50%)	3.7	4.3
Effect of tax rates in foreign jurisdictions	0.7	(0.3)
Non-deductible expenses	0.3	0.7
Impact of tax credits in respect of prior years	0.4	(1.0)
Impact of tax losses not recognised	1.2	3.6
Other	(0.8)	(0.2)
Total income tax expense in Income Statement	5.5	7.1

Tax - Balance Sheet

Current tax

The current tax liability of £6.6 million (2014: £6.1 million) represents the amount of income taxes payable in respect of current and prior periods. The current tax assets of £0.9 million (2014: £1.0 million) mainly relate to income tax receivable in the UK, the US, Italy and France.

Deferred tax assets and liabilities

	2015 £m	Recognised in income £m	Recognised on acquisitions £m	Recognised in reserves £m	Exchange movements £m	2014 £m
Assets						
Inventories	2.7	0.3	-	-	(0.1)	2.5
Intangible assets	(3.0)	2.2	-	-	(0.1)	(5.1)
Tax value of loss carry-forwards recognised	4.8	(1.8)	-	-	0.3	6.3
Property, plant, equipment & other	10.7	0.3	-	(0.4)	0.3	10.5
	15.2	1.0	-	(0.4)	0.4	14.2
Liabilities						
Intangible assets	(2.1)	(0.2)	-	-	(0.1)	(1.8)
	(2.1)	(0.2)	-	-	(0.1)	(1.8)
Net	13.1	0.8	-	(0.4)	0.3	12.4

	2014 £m	Recognised in income £m	Recognised on acquisitions £m	Recognised in reserves £m	Exchange movements £m	2013 £m
Assets						
Inventories	2.5	(0.4)	-	-	-	2.9
Intangible assets	(5.1)	(2.2)	(0.7)	-	(0.1)	(2.1)
Tax value of loss carry-forwards recognised	6.3	1.9	-	-	0.3	4.1
Property, plant, equipment & other	10.5	0.3	-	0.9	0.2	9.1
	14.2	(0.4)	(0.7)	0.9	0.4	14.0
Liabilities						
Intangible assets	(1.8)	(0.4)	-	-	(0.1)	(1.3)
	(1.8)	(0.4)	-	-	(0.1)	(1.3)
Net	12.4	(0.8)	(0.7)	0.9	0.3	12.7

Deferred tax assets have been offset against liabilities where assets and liabilities arise in the same jurisdiction and there is a legal right of offset.

Deferred tax assets totalling £9.8 million (2014: £9.5 million) have been recognised in the US on the basis that future profits are expected to be made in the US businesses such that it is probable that these assets will be utilised in the foreseeable future.

Deferred tax assets have not been recognised in respect of losses of £16.1 million (2014: £14.5 million) because it is not sufficiently probable that these assets will reverse in the foreseeable future.

No taxes have been provided for liabilities which may arise on the distribution of unremitted earnings of subsidiaries on the basis of control, except where distributions of such profits are planned. Cumulative unremitted earnings of overseas subsidiaries and associates totalled approximately £23.3 million at 31 December 2015 (2014: £15.9 million). It is not practical to calculate the tax which would arise on remittance of these amounts and, as dividends remitted from overseas subsidiaries to the UK should be exempt from additional UK tax, no significant tax charges would be expected.

Section 2 – Results for the Year

2.5 Earnings per share

Earnings per share ("EPS") is the amount of post-tax profit attributable to each share.

Basic EPS is calculated on the profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Diluted EPS is calculated on the profit for the year divided by the weighted average number of ordinary shares in issue during the year, but adjusted for the effects of dilutive share options. The key features of share option contracts are described in note 5.3 "Share-based payments".

The Adjusted EPS measure is used by management to assess the underlying performance of the ongoing business and therefore excludes restructuring costs, charges associated with acquired businesses and disposal of business, all net of tax.

The calculation of basic, diluted and adjusted EPS is set out below:

Profit	2015 £m	2014 £m
Profit for the financial year	13.0	13.0
Add back:		
Restructuring costs and charges associated with acquired businesses, net of tax	8.9	7.7
Loss on disposal of IMT business, net of tax	-	4.0
Earnings before restructuring costs, charges associated with acquired businesses and disposal of business	21.9	24.7

	Weighted average number of shares '000		Adjusted earnings per share		Earnings per share	
	2015 Number	2014 Number	2015 pence	2014 pence	2015 pence	2014 pence
Basic	44,364	44,190	49.4	55.9	29.3	29.4
Dilutive potential ordinary shares	133	68	(0.1)	(0.1)	(0.1)	(0.1)
Diluted	44,497	44,258	49.3	55.8	29.2	29.3

Section 3 – Operating Assets and Liabilities

This section shows the assets and liabilities used to generate the Group's trading performance. Liabilities relating to the Group's financing activities are addressed in Section 4. Current tax and deferred tax assets and liabilities are shown in Section 2.4 "Tax".

On the following pages, there are disclosures covering the following:

3.1 Intangible assets

3.2 Property, plant and equipment

3.3 Working capital

3.4 Acquisitions

3.5 Disposals

3.6 Provisions

3.1 Intangible assets

This shows the non-physical assets used by the Group to generate revenues and profits. These assets include the following:

- **Goodwill**
- **Acquired intangible assets**
- **Software**
- **Capitalised development costs**

Accounting policies

Goodwill

The goodwill recognised by the Group has all arisen as a result of acquisitions and is stated at cost less any accumulated impairment losses. Goodwill is allocated on acquisition to cash-generating units that are anticipated to benefit from the combination, and is not subject to amortisation but is tested annually for impairment. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. This estimate of recoverable amount is determined at each Balance Sheet date.

The estimate of recoverable amount requires significant assumptions to be made and is based on a number of factors such as the near-term business outlook for the cash-generating unit, including both its operating profit and operating cash flow performance. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses on goodwill are not reversed.

All acquisitions that have occurred since 1 January 2010 are accounted for by applying the acquisition method. Goodwill on these acquisitions represents the excess of the fair value of the acquisition over the fair value to the Group of the identifiable net assets acquired, all measured at the acquisition date. Subsequent adjustments to the fair values of net assets acquired can be made within twelve months of the acquisition date where original fair values were determined provisionally. These adjustments are accounted for from the date of acquisition. Transaction costs that the Group incurs in connection with an acquisition, such as legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

Other intangible assets

The other intangible assets are either acquired or internally generated (such as capitalised development costs).

Acquired intangible assets

Other intangible assets acquired as part of a business combination are shown at fair value at the date of acquisition less accumulated amortisation at the rates indicated below:

Order backlog	up to 2 years
Brand	3 to 15 years
Customer relationships	3 to 10 years
Technology	3 to 10 years

Software

The cost of acquiring software (including associated implementation and development costs where applicable) is classified as an intangible asset. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are assessed as likely to generate economic benefits exceeding costs beyond one year, are also capitalised and recognised as intangible assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Software expenditure is amortised over its estimated useful life of between 3 to 5 years, and is stated at cost less accumulated amortisation and impairment losses.

Capitalised development costs

Research and development costs are charged to the Income Statement in the year in which they are incurred unless development expenditure meets the criteria for capitalisation. Once detailed and strict criteria have been met that confirm that the product or process is both technically and commercially feasible and the Group has sufficient resources to complete the product, any further expenditure incurred on the project is capitalised. The capitalised expenditure includes the cost of materials, direct labour and an appropriate portion of overheads. Capitalised expenditure is amortised over the life of the product, and is stated at cost less accumulated amortisation and impairment losses.

Section 3 – Operating Assets and Liabilities

3.1 Intangible assets

Impairment tests for cash-generating units (CGUs) containing goodwill

In accordance with the requirements of IAS 36, Impairment of Assets, goodwill is allocated to the Group's CGUs which are identified by the way goodwill is monitored for impairment. The most significant elements of the Group's total consolidated goodwill of £66.7 million at 31 December 2015 are allocated to: Vitec Videocom: £27.7 million (2014: £27.0 million); Photographic: £13.3 million (2014: £12.9 million); and Haigh-Farr: £13.9 million (2014: £13.3 million). The Vitec Videocom and Haigh-Farr CGUs sit within the Broadcast segment and the Photographic CGU sits within the Photographic segment. The remaining goodwill relates to CGUs which are not individually significant. Each CGU is assessed for impairment annually and whenever there is a specific indication of impairment. The carrying value of the remaining CGUs exceed their recoverable amounts.

As part of the annual impairment test review, the carrying value of goodwill has been assessed with reference to value in use over a projected period of five years together with a terminal value. This reflects the projected cash flows of each CGU based on the actual operating results, the most recent Board approved budget, strategic plans and management projections.

The key assumptions on which the value in use calculations are based relate to business performance over the next five years, long-term growth rates beyond 2020 and the discount rates applied. The key judgements are the level of revenue and operating margins anticipated and the proportion of operating profit converted into cash flow in each year. Forecasts are based on past experience and take into account current and future market conditions and opportunities.

Growth rates for the period beyond 2020 are assumed to be 2% (2014: 2%), which is considered to be at or below long-term market trends for significant CGUs.

The cash flow projections have been discounted to present value using the Group's post-tax weighted average cost of capital adjusted for economic and CGU-specific risk factors including markets and size of business. Pre-tax rates of 9% to 11% (2014: 9% to 11%) reflecting different geographies have been used for impairment testing (9% (2014: 9%) applied to the Haigh-Farr CGU and 11% (2014: 11%) applied to the Vitec Videocom and Photographic CGUs).

The following specific individual sensitivities of reasonable possible change have been considered for each CGU in relation to the value in use calculations, resulting in the carrying amount not exceeding the recoverable amount:

- if the long-term growth rate assumption was reduced to 1%; and
- a 1% point increase in the discount rate applied.

Intangible assets

	Total £m	Goodwill £m	Acquired intangible assets £m	Software £m	Capitalised development costs £m
Cost					
At 1 January 2014	137.9	68.9	50.7	13.6	4.7
Currency translation adjustments	4.5	2.8	2.0	(0.4)	0.1
Additions	4.7	-	-	1.3	3.4
Disposals	(0.1)	-	-	(0.1)	-
Disposals - on divestment of business	(28.5)	(8.7)	(17.9)	-	(1.9)
Acquisitions	8.9	3.1	5.8	-	-
At 31 December 2014	127.4	66.1	40.6	14.4	6.3
At 1 January 2015	**127.4**	**66.1**	**40.6**	**14.4**	**6.3**
Currency translation adjustments	**3.8**	**2.4**	**1.5**	**(0.2)**	**0.1**
Additions	**4.2**	**-**	**-**	**1.3**	**2.9**
Disposals	**(0.4)**	**-**	**-**	**(0.4)**	**-**
Acquisitions [1]	**4.6**	**3.2**	**1.4**	**-**	**-**
At 31 December 2015	**139.6**	**71.7**	**43.5**	**15.1**	**9.3**
Amortisation					
At 1 January 2014	61.6	12.9	35.6	11.1	2.0
Currency translation adjustment	1.7	0.6	1.4	(0.3)	-
Amortisation in the year	5.3	-	3.4	1.1	0.8
Disposals	(0.1)	-	-	(0.1)	-
Disposals - on divestment of business	(28.2)	(8.7)	(17.9)	-	(1.6)
At 31 December 2014	40.3	4.8	22.5	11.8	1.2
At 1 January 2015	**40.3**	**4.8**	**22.5**	**11.8**	**1.2**
Currency translation adjustment	**1.0**	**0.2**	**0.9**	**(0.2)**	**0.1**
Amortisation in the year	**7.8**	**-**	**5.4**	**1.0**	**1.4**
Impairment charge	**0.2**	**-**	**-**	**-**	**0.2**
Disposals	**(0.4)**	**-**	**-**	**(0.4)**	**-**
At 31 December 2015	**48.9**	**5.0**	**28.8**	**12.2**	**2.9**
Carrying amounts					
At 1 January 2014	76.3	56.0	15.1	2.5	2.7
At 31 December 2014 and 1 January 2015	87.1	61.3	18.1	2.6	5.1
At 31 December 2015	**90.7**	**66.7**	**14.7**	**2.9**	**6.4**

[1] See note 3.4 “Acquisitions”.

Section 3 – Operating Assets and Liabilities

3.2 Property, plant and equipment

This shows the physical assets used by the Group to generate revenues and profits. These assets include the following:

- **Land and buildings**
- **Plant, machinery and vehicles**
- **Equipment, fixtures and fittings**

Accounting policies

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Certain land and buildings that had been revalued to fair value prior to 1 January 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of transition.

Rental assets are recorded as plant and machinery.

Non-current assets held for sale
Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. They are measured at the lower of carrying amount and fair value less costs to sell.

Depreciation
Depreciation is provided to write off the cost of property, plant and equipment, less estimated residual value, on a straight line basis over their estimated useful lives. The annual depreciation charge is sensitive to the estimated useful life of each asset and expected residual value at the end of its life. The major categories of property, plant and equipment are depreciated as follows:

Freehold land	not depreciated
Freehold and long leasehold buildings	up to 50 years
Leasehold improvements	shorter of estimated useful life or remaining period of the lease
Plant and machinery	4 to 10 years
Motor vehicles	3 to 4 years
Equipment, fixtures and fittings	3 to 10 years
Rental assets	3 to 6 years

Impairment of assets
Property, plant and equipment that is subject to depreciation is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include changes in technology and market conditions.

Property, plant and equipment

	Total £m	Land and buildings £m	Plant, machinery and vehicles £m	Equipment, fixtures and fittings £m
Cost				
At 1 January 2014	142.6	31.1	95.8	15.7
Currency translation adjustments	(0.3)	(0.7)	0.6	(0.2)
Additions	17.5	0.3	16.3	0.9
Disposals	(16.8)	-	(16.0)	(0.8)
Disposals - on divestment of business	(2.4)	-	(0.6)	(1.8)
Acquisitions	1.5	-	1.5	-
At 31 December 2014	142.1	30.7	97.6	13.8
At 1 January 2015	**142.1**	**30.7**	**97.6**	**13.8**
Currency translation adjustments	**0.5**	**(0.4)**	**1.0**	**(0.1)**
Re-classified as current assets [(1)]	**(2.6)**	**(2.6)**	**-**	**-**
Transfers between asset categories	**-**	**-**	**(0.2)**	**0.2**
Additions	**16.4**	**0.4**	**15.0**	**1.0**
Disposals	**(17.2)**	**(0.4)**	**(13.4)**	**(3.4)**
Fair value adjustments on previous acquisitions	**(0.2)**	**-**	**(0.2)**	**-**
At 31 December 2015	**139.0**	**27.7**	**99.8**	**11.5**
Depreciation				
At 1 January 2014	89.1	14.4	63.2	11.5
Currency translation adjustment	(1.1)	(0.5)	(0.4)	(0.2)
Depreciation charge in the year	14.2	1.4	11.8	1.0
Disposals	(13.7)	-	(12.9)	(0.8)
Disposals - on divestment of business	(1.2)	-	(0.6)	(0.6)
At 31 December 2014	87.3	15.3	61.1	10.9
At 1 January 2015	**87.3**	**15.3**	**61.1**	**10.9**
Currency translation adjustment	**(0.6)**	**(0.3)**	**(0.1)**	**(0.2)**
Re-classified as current assets [(1)]	**(1.6)**	**(1.6)**	**-**	**-**
Depreciation charge in the year	**13.8**	**1.1**	**11.8**	**0.9**
Disposals	**(13.7)**	**(0.2)**	**(10.4)**	**(3.1)**
At 31 December 2015	**85.2**	**14.3**	**62.4**	**8.5**
Carrying amounts				
At 1 January 2014	53.5	16.7	32.6	4.2
At 31 December 2014 and 1 January 2015	54.8	15.4	36.5	2.9
At 31 December 2015	**53.8**	**13.4**	**37.4**	**3.0**

Plant, machinery and vehicles includes equipment rental assets with an original cost of £51.5 million (2014: £47.2 million) and accumulated depreciation of £26.0 million (2014: £24.1 million).

Capital commitments at 31 December 2015 for which no provision has been made in the accounts amount to £1.1 million (2014: £0.2 million).

[(1)] During the year freehold land and buildings of a net book value of £1.0 million were re-classified as non-current assets held for sale. These were disposed in 2016.

Section 3 – Operating Assets and Liabilities

3.3 Working capital

Working capital represents the assets and liabilities the Group generates through its trading activities. The Group therefore defines working capital as inventory, trade and other receivables, and trade and other payables.

Careful management of working capital is vital as it ensures that the Group can meet its trading and financing obligations within its ordinary operating cycle.

Accounting policies

Inventories
Inventories and work in progress are carried at the lower of cost and net realisable value. Inventory acquired as part of business combinations is valued at fair value. Cost represents direct costs incurred and, where appropriate, production or conversion costs and other costs to bring the inventory to its existing location and condition. In the case of manufacturing inventory and work in progress cost includes an appropriate share of production overheads based on normal operating capacity. Inventory is accounted for on an average cost or first-in, first-out method as appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Provisions for inventories are recognised when the book value exceeds its net realisable value.

In the ordinary course of business, the Group makes provision for slow-moving, excess and obsolete inventory as appropriate.

Trade and other receivables
Trade and other receivables are recognised at the invoice value less provision for impairment. The carrying value of trade receivables is considered to approximate fair value.

A provision for impairment is established when there is objective evidence that amounts due will not be collected according to the original terms of the receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired.

Amounts recoverable on contracts are included in trade receivables and represent revenue recognised in excess of payments on account.

Trade and other payables
Trade payables are recognised at the value of the invoice received from a supplier.

Inventories

	2015 £m	2014 £m
Raw materials and components	**15.9**	15.0
Work in progress	**6.7**	8.6
Finished goods	**36.3**	31.4
Inventories, net of impairment provisions	**58.9**	55.0

During the year £2.4 million (2014: £3.3 million) was recognised as an expense resulting from the write-down of inventory.

Trade and other receivables

	2015 £m	2014 £m
Short-term receivables		
Trade receivables, net of impairment provisions	38.3	37.2
Other receivables	7.0	8.5
Prepayments and accrued income	5.4	5.4
	50.7	51.1
Long-term receivables		
Other receivables	0.6	0.5
Total receivables	51.3	51.6

	2015 £m	2014 £m
Gross trade receivables - days overdue [1]		
Current	33.6	31.2
1-30 days	4.1	5.7
31-60 days	1.3	1.4
61-90 days	0.3	0.3
Over 90 days	1.0	1.4
Gross trade receivables	40.3	40.0

[1] Days overdue are measured from the date an invoice was due to be paid.

	Total £m	Overdue debts £m	Sales returns and discounts £m
Impairment provisions against trade receivables			
Balance at 1 January 2015	2.8	1.8	1.0
Net increase/(decrease) during the year	2.3	(0.3)	2.6
Utilised during the year	(3.1)	(0.3)	(2.8)
Balance at 31 December 2015	2.0	1.2	0.8

Trade and other payables

	2015 £m	2014 £m
Current trade and other payables		
Trade payables	24.9	26.5
Other tax and social security costs	2.9	2.7
Other non-trade payables, accruals and deferred income	15.7	17.1
	43.5	46.3

Section 3 – Operating Assets and Liabilities

3.4 Acquisitions

This note outlines how the Group has accounted for businesses that it has acquired.

Acquisitions are accounted for under the acquisition method of accounting. As part of the acquisition accounting the Group has adopted a process to identify the fair values of the assets and liabilities acquired, including contingent considerations assumed. This includes the separate identification of intangible assets and the allocation of the consideration paid. This process continues as information is finalised, and accordingly the fair value adjustments presented in the tables below are provisional. In accordance with IFRS 3 until the assessment is complete the allocation period will remain open up to a maximum of 12 months from the acquisition date so long as information remains outstanding. Acquisition-related costs are recognised in the Income Statement as incurred in accordance with IFRS 3.

Acquisitions provide opportunities for further development of the Group's activities and create enhanced returns. Such opportunities and the workforces inherent in each of the acquired businesses represent much of the assessed value of goodwill.

Acquisition of Paralinx

On 27 February 2015, the Broadcast Division of the Group acquired the assets of Paralinx, LLC ("Paralinx"), based in the US, through a business combination for a net cash consideration of US$6.2 million (£4.0 million) after taking account of US$0.3 million (£0.2 million) of cash in the business at acquisition date. The fair value of the assets acquired excluding cash in the business at acquisition date was £1.9 million resulting in goodwill of £2.1 million. Paralinx is a leading provider of high quality wireless video transmission systems. The acquisition complements the Group's existing video activities, including Teradek and SmallHD, which serve a similar customer base and its products will be marketed through the Group's global distribution network.

A summary of the effect of the acquisition of Paralinx is detailed below:

	Book value at acquisition £m	Provisional fair value adjustments £m	Fair value of net assets acquired £m
Net assets acquired			
Intangible assets	-	1.4	1.4
Inventories	0.6	(0.2)	0.4
Trade and other receivables	0.3	(0.1)	0.2
Provisions	-	(0.1)	(0.1)
Cash	0.2	-	0.2
	1.1	1.0	2.1
Goodwill			2.1
Consideration satisfied from existing cash resources			4.2

The trade receivables acquired had a gross contractual value of £0.2 million and a fair value of £0.1 million. No net deferred tax asset or liability has arisen on the net assets acquired.

Acquisition of Panlight

On 2 November 2015, the Group acquired the whole of the issued share capital of Panlight Limited ("Panlight"), a private company based in the UK, for a consideration of £0.1 million. The fair value of the net assets acquired was £nil resulting in goodwill of £0.1 million. No net deferred tax asset or liability has arisen on the net assets acquired.

Panlight has developed a remote controlled light weight pan and tilt device which gives full directional control of speedlight flashes, LED lighting and Wi-Fi controlled mirrorless cameras. The acquisition complements the Group's existing range of photographic products. Panlight operates within the Photographic Division.

The results of the acquisitions made during the period comprise the following:

	Paralinx £m	Panlight £m
Revenue	3.4	-
Operating profit [1]	1.2	-

Had the acquisitions been made at the beginning of the year (i.e. 1 January 2015), they would have contributed £4.0 million (Paralinx: £4.0 million, Panlight: £nil million) to revenue and £1.3 million (Paralinx: £1.3 million, Panlight: £nil million) to the operating profit [1] of the Group.

[1] Operating profit is stated before amortisation of intangible assets and after allocation of Head Office costs.

An analysis of the cash flows relating to acquisitions is provided below:

	2015 £m
Net outflow of cash in respect of acquisitions	
Cash consideration	4.3
Cash acquired	(0.2)
Transaction costs	0.1
Net cash outflow in respect of 2015 acquisitions	4.2
Cash paid in relation to Teradek, acquired in August 2013	5.2
Cash received in relation to SmallHD, acquired in December 2014	(0.3)
Cash paid in 2015 in respect of prior year acquisitions	4.9
Net cash outflow in respect of acquisitions [1]	9.1

[1] Of the £9.1 million net cash outflow in respect of acquisitions, transaction costs of £0.1 million are included in cash flows from operating activities and the net cash consideration paid of £9.0 million is included in cash flows from investing activities.

SIS and SmallHD, acquired in 2014

In the period, the process to identify the fair values of the assets and liabilities acquired was completed in respect of 2014 acquisitions. An increase in goodwill of £1.0 million (SIS: £0.1 million, SmallHD: £0.9 million) was recognised in the period as a result of fair value adjustments mainly to plant and machinery, inventory and onerous contracts.

Teradek, acquired in August 2013

Under the terms of the acquisition, there was a total potential contingent consideration of US$15.5 million that was dependent on the performance against demanding EBIT targets over the three year period to 31 December 2015. In 2014 the Group paid £2.0 million (US$3.2 million) in relation to Teradek's performance in 2013, of which £1.5 million was paid in cash and the remaining £0.5 million was satisfied by the issue of 72,933 new Vitec Group ordinary shares. In 2015 an amount of £5.2 million (US$8.0 million) was paid in cash in relation to Teradek's performance in 2014. A further £2.6 million (US$4.0 million) has been charged to the Income Statement relating to Teradek's performance in 2015 and is subject to final agreement. This is payable in 2016. See note 2.2 "Charges associated with acquired businesses" and note 3.6 "Provisions".

Section 3 – Operating Assets and Liabilities

3.4 Acquisitions

Acquisitions in 2014

Acquisition of SIS

On 24 March 2014, the Broadcast Division of the Group acquired the assets of the Speciality Cameras division of SIS Outside Broadcasts Limited (SIS) through a business combination for a cash consideration of £1.8 million. The fair value of the net assets acquired was £1.6 million (Intangible assets: £0.4 million, Property, plant and equipment: £1.2 million) resulting in goodwill of £0.2 million. No net deferred tax asset or liability has arisen on the net assets acquired.

Under the terms of the acquisition, there is a potential contingent consideration of up to £1.4 million that is dependent on the performance against demanding revenue targets for certain future events by the year 2017. £nil was paid in the year ending 31 December 2015.

Acquisition of Autocue

On 6 October 2014, the Group acquired the whole of the issued and to be issued share capital of Autocue Group Limited (Autocue), a private company based in the UK, for a net cash consideration of £6.1 million after taking account of £2.4 million of cash in the business at acquisition date.

A summary of the effect of the acquisition of Autocue is detailed below:

	Book value at acquisition £m	Provisional fair value adjustments £m	Fair value of net assets acquired £m
Net assets acquired			
Intangible assets	-	3.6	3.6
Inventories	0.3	-	0.3
Trade and other receivables	0.5	-	0.5
Trade and other payables	(0.5)	-	(0.5)
Corporation tax receivable	0.1	-	0.1
Cash	2.4	-	2.4
Deferred tax	-	(0.7)	(0.7)
	2.8	2.9	5.7
Goodwill			2.8
Consideration satisfied from existing cash resources			8.5

The trade receivables acquired had a fair value and a gross contractual value of £0.4 million.

Acquisition of SmallHD

On 10 December 2014, the Group acquired the net assets of SmallHD, based in the US, through a business combination for an initial cash consideration of US$4.6 million (£2.9 million).

Under the terms of the acquisition, there is a potential contingent consideration of up to US$25.4 million (£16.3 million) that is dependent on the performance against demanding EBITDA targets over the two and a half year period to 30 June 2017. No amount has been paid or charged to the Income Statement in the year ending 31 December 2015.

A summary of the effect of the acquisition of SmallHD is detailed below:

	Book value at acquisition £m	Provisional fair value adjustments £m	Fair value of net assets acquired £m
Net assets acquired			
Intangible assets	-	1.8	1.8
Property, plant and equipment	0.3	-	0.3
Inventories	1.3	-	1.3
Trade and other receivables	0.2	-	0.2
Trade and other payables	(0.8)	-	(0.8)
	1.0	1.8	2.8
Goodwill			0.1
Consideration satisfied from existing cash resources			2.9

The trade receivables acquired had a fair value and a gross contractual value of £0.1 million. No net deferred tax asset or liability has arisen on the net assets acquired.

The 2014 results of the acquisitions made were included in the Broadcast Division and comprise the following:

	SIS £m	Autocue £m	SmallHD £m
Revenue	**0.5**	**0.7**	**0.2**
Operating profit [(1)]	-	-	-

Had the acquisitions been made at the beginning of the year (i.e. 1 January 2014), they would have contributed £10.7 million (SIS: £0.6 million, Autocue: £3.9 million, SmallHD: £6.2 million) to revenue and £0.7 million (SIS: £0.1 million, Autocue: £0.6 million, SmallHD: £nil) to the operating profit [(1)] of the Group.

[(1)] Operating profit is stated before amortisation of intangible assets and after allocation of Head Office costs.

An analysis of the cash flows relating to acquisitions is provided below:

	2014 £m
Net outflow of cash in respect of acquisition	
Cash consideration	13.2
Cash acquired	(2.4)
Transaction costs	0.9
Net cash outflow in respect of 2014 acquisitions	11.7
Cash paid in relation to Haigh-Farr, acquired in December 2011	0.7
Cash paid in relation to Teradek, acquired in August 2013 [(1)]	1.8
Cash paid in 2014 in respect of contingent consideration for prior year acquisitions	2.5
Net cash outflow in respect of acquisitions [(2)]	14.2

[(1)] In 2014, US$2.9 million (£1.8 million) was paid in cash and a further US$0.8 million (£0.5 million) was satisfied by the issue of 72,933 new Vitec Group ordinary shares.

[(2)] Of the £14.2 million net cash outflow in respect of acquisitions, transaction costs of £0.9 million are included in cash flows from operating activities and the net cash consideration paid of £13.3 million is included in cash flows from investing activities.

Section 3 – Operating Assets and Liabilities

3.5 Disposals

On 3 November 2014 the Group sold its IMT business, which was based in the US and was included in the Broadcast Division. The disposal has enabled Management to place greater focus on opportunities in its core activities in the Broadcast and Photographic Divisions.

A loss of £4.0 million arose on disposal after taking into account impairment and exit costs together with the net assets disposed (£9.5 million including £4.6 million of inventories) offset by cash consideration (£0.3 million) and the previously recorded foreign exchange gain that has been recycled to the Income Statement (£5.2 million). The net cash outflow in the period was £0.7 million (2014: £1.3 million). A further amount of £1.9 million, of which £1.4 million ($2.1 million) relates to the onerous lease provision, is expected to be paid by 2017.

3.6 Provisions

A provision is recognised by the Group where an obligation exists, relating to events in the past, and it is probable that an outflow of economic benefits will be required to settle it.

Accounting policies

Provisions

Provisions are recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle it. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate discount rate.

Provisions for warranties, based on historical warranty data, are recognised when the underlying products or services are sold.

Obligations arising from restructuring plans are recognised when detailed formal plans have been established and the restructuring has either commenced or has been announced.

Provisions for onerous contracts are recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

	Total £m	Warranty £m	Restructuring £m	Onerous lease and other £m	Deferred and contingent consideration £m
At 1 January 2015	11.3	1.0	2.2	3.0	5.1
Charged to the Income Statement	7.7	0.5	4.9	(0.3)	2.6
Provisions utilised during the year	(10.6)	(0.5)	(3.9)	(1.0)	(5.2)
Acquisition of subsidiary undertaking	0.6	-	-	0.6	-
Currency translation adjustments	0.3	-	-	0.1	0.2
At 31 December 2015	9.3	1.0	3.2	2.4	2.7
Current	8.1	0.7	3.2	1.5	2.7
Non-current	1.2	0.3	-	0.9	-
	9.3	1.0	3.2	2.4	2.7

Warranty provisions
Warranties over the Group's products typically cover periods of between one and five years. The provision represents management's best estimate of the Group's liability based on past experience.

Restructuring
The restructuring provision is in relation to the Group streamlining certain operations by downsizing selected activities mainly in the UK, US and Europe. These planned actions are intended to better position the Group for the future. The restructuring provision which principally relates to committed redundancy costs is expected to be utilised by the end of 2016.

Onerous lease contracts and other
The onerous lease contracts provision of £1.4 million is in relation to non-cancellable leases on vacant property that the Group entered into in previous years. Utilisation of the provision will be over the anticipated lives of the leases of up to two years.

The other provision of £1.0 million is in relation to potential exit costs on the termination of leases on occupied property that the Group entered into in previous years.

Deferred and contingent consideration
The Group paid £5.2 million (US$8.0 million) of deferred and contingent consideration provided for at 31 December 2014 in relation to Teradek, acquired in 2013.

The deferred and contingent consideration provision at 31 December 2015 of £2.7 million ($4.0 million) after currency translation adjustments is in respect of Teradek. See note 2.2 "Charges associated with acquired businesses" and note 3.4 "Acquisitions".

Section 4 – Capital Structure

This section outlines the Group's capital structure. The Group defines its capital structure as its equity and non-current interest-bearing loans and borrowings, and aims to manage this to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, it may return capital to shareholders through dividends and share buy backs, issue new shares or sell assets to reduce debt. The Group considers its dividend policy at least twice a year ahead of announcing results in the context of its ability to continue as a going concern and deliver its business plan. The Group focuses on leverage, credit ratings and interest cost, particularly when considering investment.

On the following pages there are disclosures concerning the following:

4.1 Net debt

4.2 Financial instruments

4.3 Share capital and reserves

4.1 Net debt

The Group's net debt comprises the following:

- **Interest-bearing loans and borrowings**
- **Cash and cash equivalents (cash on hand and demand deposits at banks)**
- **Bank overdrafts that are payable on demand**

Accounting policies

Cash and cash equivalents
Cash and cash equivalents in the Balance Sheet represent cash on hand and demand deposits at banks. Demand deposits are short-term highly liquid investments that are readily convertible to known amounts of cash without penalty and that are subject to an insignificant risk of changes in value.

Cash and cash equivalents in the Statement of Cash Flows includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Interest-bearing loans and borrowings
Interest-bearing borrowings are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these transaction costs are recognised in the Income Statement over the term of the related borrowings.

Analysis of net debt

The table below analyses the Group's components of net debt and their movements in the year:

	2015 £m	2014 £m
Increase/(decrease) in cash and cash equivalents	5.2	(4.9)
Proceeds from interest-bearing loans and borrowings	(8.5)	(2.4)
Increase in net debt resulting from cash flows	(3.3)	(7.3)
Effect of exchange rate fluctuations on cash held	(0.6)	(0.1)
Effect of exchange rate fluctuations on debt held	(1.5)	(2.0)
Effect of exchange rate fluctuations on net debt	(2.1)	(2.1)
Movements in net debt in the year	(5.4)	(9.4)
Net debt at 1 January	(70.9)	(61.5)
Net debt at 31 December	(76.3)	(70.9)
Cash and cash equivalents in the Balance Sheet	13.6	9.2
Bank overdrafts	(1.1)	(1.3)
Cash and cash equivalents in the Statement of Cash Flows	12.5	7.9
Interest-bearing loans and borrowings	(88.8)	(78.8)
Net debt at 31 December	(76.3)	(70.9)

4.2 Financial instruments

This provides details on:

- **Financial risk management**
- **Derivative financial instruments**
- **Fair value hierarchy**
- **Interest rate profile**
- **Maturity profile of financial liabilities**

Financial risk management

The Group's multinational operations and debt financing expose it to a variety of financial risks. In the course of its business, the Group is exposed to foreign currency risk, interest rate risk, liquidity risk and credit risk.

Financial risk management is an integral part of the way the Group is managed. Financial risk management policies are set by the Board of Directors. These policies are implemented by a central treasury department that has formal procedures to manage foreign currency risk, interest rate risk and liquidity risk, including, where appropriate, the use of derivative financial instruments. The Group has clearly defined authority and approval limits built into these procedures.

Foreign currency risk
Foreign currency risk arises both where sale or purchase transactions are undertaken in currencies other than the respective functional currencies of Group companies (transactional exposures) and where the results of overseas companies are consolidated into the Group's reporting currency of Sterling (translational exposures).

The Group has businesses that operate around the world and accordingly record their results in a number of different functional currencies. Some of these operations also have some customers or suppliers that transact in a foreign currency. The Group's results which are reported in Sterling are therefore exposed to changes in foreign currency exchange rates across a number of different currencies with the most significant exposures relating to the US Dollar (USD), Euro (EUR) and Japanese Yen (JPY). The Group proactively manages a proportion of its short-term transactional foreign currency exposures using derivative financial instruments, but remains exposed to the underlying translational movements which remain outside the control of the Group.

The Group manages its transactional exposures to foreign currency risks through the use of forward exchange contracts including the US Dollar, Euro and Japanese Yen. Forward exchange contracts are typically used to hedge approximately 75% of the Group's forecasted foreign currency exposure in respect of forecast cash transactions for the following 12 months. Forward exchange contracts may also be used to hedge a proportion of the forecast cash transactions for the following 13 to 24 months. The forward exchange contracts currently have maturities of less than two years at the Balance Sheet date.

The Group's translational exposures to foreign currency risks relate to both the Income Statement and net assets of overseas subsidiaries which are converted into Sterling on consolidation. The Group does not seek to hedge the translational exposure that arises primarily from changes in the exchange rates of the US Dollar, Euro and Japanese Yen against Sterling. However the Group does finance overseas investments partly through the use of foreign currency borrowings in order to provide a net investment hedge over the foreign currency risk that arises on translation of its foreign currency subsidiaries.

The Group ensures that its net exposure to foreign denominated cash balances is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. In addition the Group manages the denomination of surplus cash balances across the overseas subsidiaries to allow natural hedging where effective in any particular country.

It is estimated that the Group's operating profit before restructuring costs and charges associated with acquired businesses for the year ended 31 December 2015 would have increased/decreased by approximately £2.3 million from a ten cent stronger/weaker US Dollar against Sterling, by approximately £0.5 million from a ten cent stronger/weaker Euro against Sterling and by approximately £0.3 million from a ten Yen stronger/weaker Japanese Yen against Sterling. This reflects the impact of the sensitivities to the translational exposures and to the proportion of the transactional exposures that is not hedged. The Group, in accordance with its policy, does not use derivatives to manage the translational risks. During 2015 the Group's operating profit included a net loss of £2.2 million (2014: £1.8 million gain) upon the crystallisation of forward exchange contracts as described later in this note.

Interest rate risk
Interest rate risk comprises both the interest rate price risk that results from borrowing at fixed rates of interest and also the interest cash flow risk that results from borrowing at variable rates.

For the year ended 31 December 2015, it is estimated that a general increase/decrease of one percentage point in interest rates, would decrease/increase the Group's profit before tax by approximately £1.0 million.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group has a five year £100 million Multicurrency Revolving Credit Facility Agreement with a syndicate comprising five banks: three UK banks, one American bank, and one European bank, that expires in July 2017. The Group was utilising 54% of the £100 million Multicurrency Revolving Credit Facility at 31 December 2015. In 2011 the Group drew down US$50 million from a Private Placement shelf facility with repayment due in May 2017.

Section 4 – Capital Structure

4.2 Financial instruments

Credit risk
Credit risk arises because a counterparty may fail to meet its obligations. The Group is exposed to credit risk on financial assets such as trade receivables, cash balances and derivative financial instruments. The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Group Balance Sheet.

a) Trade receivables
The Group's credit risk is primarily attributable to its trade receivables. Trade receivables are subject to credit limits, and control and approval procedures in the operating companies. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables.

b) Cash balances and derivative financial instruments
Credit risk associated with cash balances is managed by transacting with a number of major financial institutions worldwide and periodically reviewing their credit worthiness. Transactions involving derivative financial instruments are managed centrally. These are only with banks that are part of the Group's £100 million Multicurrency Revolving Credit Facility Agreement. Accordingly, the Group's associated credit risk is limited. The Group has no significant concentration of credit risk.

Derivative financial instruments

This is a summary of the derivative financial instruments that the Group holds and uses to manage risk. The value of these derivatives changes over time in response to underlying variables such as exchange rates. They are carried in the Balance Sheet at fair value.

The fair value of forward exchange contracts is determined by estimating the market value of that contract at the reporting date. Derivatives with a positive fair value are recorded as assets and negative fair values as liabilities, and presented as current or non-current based on their contracted maturity dates.

Accounting policies

Derivative financial instruments
In accordance with Board approved policies, the Group uses derivative financial instruments such as forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange rates arising from operational activities. These are designated as cash flow hedges. It does not hold or use derivative financial instruments for trading or speculative purposes.

Cash flow hedge accounting
Cash flow hedges are used to hedge the variability in cash flows of highly probable forecast transactions or a recognised asset or liability, caused by changes in exchange rates.

Where a derivative financial instrument is designated in a cash flow hedge relationship with a highly probable forecast transaction, the effective part of any change in fair value arising is deferred in the Cash flow hedging reserve within Equity, via the Statement of Comprehensive Income. The gain or loss relating to the ineffective part is recognised in the Income Statement within net finance expense. Amounts deferred in the cash flow hedging reserve are reflected in the Income Statement in the periods when the hedged item is recognised in the Income Statement.

If a hedging instrument expires or is sold but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the Income Statement.

Where a derivative is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the Income Statement.

If a derivative financial instrument is not formally designated in a cash flow hedge relationship, any change in fair value is recognised in the Income Statement.

Forward exchange contracts

The following table shows the forward exchange contracts in place at the Balance Sheet date. These contracts mature in the next 24 months, therefore the cash flows and resulting effect on profit and loss are expected to occur within the next 24 months.

	Currency	As at 31 December 2015 millions	Average exchange rate of contracts	As at 31 December 2014 millions	Average exchange rate of contracts
Cash flow hedging contracts					
USD / GBP forward exchange contracts	USD	**21.0**	**1.52**	14.8	1.62
USD / EUR forward exchange contracts	USD	**47.2**	**1.15**	36.0	1.33
EUR / GBP forward exchange contracts	EUR	**28.4**	**1.33**	17.4	1.21
JPY / GBP forward exchange contracts	JPY	**1,009.0**	**179.1**	459.0	163.6
JPY / EUR forward exchange contracts	JPY	**1,059.0**	**134.6**	629.0	136.7

A net loss of £2.2 million (2014: £1.8 million gain) relating to forward exchange contracts that crystallised during the year was charged to the Income Statement.

Fair value hierarchy

The following summarises financial instruments carried at fair values and the major methods and assumptions used in estimating these fair values.

The different levels of fair value hierarchy have been defined as follows:

Level 1
Fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2
Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3
Fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below shows the carrying values and fair values of financial assets and liabilities:

	Carrying value 2015 £m	Fair value 2015 £m	Carrying value 2014 £m	Fair value 2014 £m
Forward exchange contracts - Assets	**0.6**	**0.6**	1.5	1.5
Forward exchange contracts - Liabilities	**(2.2)**	**(2.2)**	(2.5)	(2.5)
Cash at bank and in hand	**13.6**	**13.6**	9.2	9.2
Net trade receivables	**38.3**	**38.3**	37.2	37.2
Trade payables	**(24.9)**	**(24.9)**	(26.5)	(26.5)
Fixed rate borrowings	**(34.9)**	**(35.6)**	(33.0)	(34.1)
Floating rate borrowings	**(55.0)**	**(55.0)**	(47.1)	(47.1)
	(64.5)	**(65.2)**	(61.2)	(62.3)

The fair value of floating rate borrowings approximates to the carrying value because interest rates are at floating rates where payments are reset to market rates at intervals of less than one year.

The fair value of fixed rate borrowings is estimated by discounting the future contracted cash flow, using appropriate yield curves, to the net present values.

All financial instruments are deemed Level 2.

Section 4 – Capital Structure

4.2 Financial instruments

Interest rate profile

The table below analyses the Group's interest rate exposure arising from bank loans by currency.

Accounting policies

Net investment hedge accounting
The Group uses US Dollar, Euro and Japanese Yen denominated borrowings as a hedge against the translation exposure on the Group's net investment in overseas companies.

Where the hedge is fully effective at hedging the variability in the net assets of such companies caused by changes in exchange rates, the changes in value of the borrowings are recognised in the translation reserve within Equity, via the Statement of Comprehensive Income. The ineffective part of any change in value caused by changes in exchange rates is recognised in the Income Statement.

The effective portion will be recycled into the Income Statement on the sale of the foreign operation.

Interest-bearing loans and borrowings

The table below analyses the Group's interest-bearing loans and borrowings, by currency:

Currency	Total £m	Fixed rate borrowings £m	Floating rate borrowings £m
US Dollar	**63.5**	**33.7**	**29.8**
Euro	**17.7**	**1.2**	**16.5**
Sterling	**7.0**	**-**	**7.0**
Japanese Yen	**1.7**	**-**	**1.7**
At 31 December 2015	**89.9**	**34.9**	**55.0**
US Dollar	47.5	32.1	15.4
Euro	25.7	0.9	24.8
Sterling	5.3	-	5.3
Japanese Yen	1.6	-	1.6
At 31 December 2014	80.1	33.0	47.1

The floating rate borrowings comprise borrowings bearing interest at rates based on LIBOR. The fixed rate borrowings in US Dollar are due for repayment on 11 May 2017.

Maturity profile of financial liabilities

The table below analyses the Group's financial liabilities and derivative financial liabilities into relevant maturity groupings based on the period remaining until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest), so will not always reconcile with the carrying amounts disclosed on the Balance Sheet.

The following are the contractual maturities of financial liabilities, including undiscounted future interest payments:

2015	Carrying amount £m	Total contractual cash flows £m	Within one year £m	From one to five years £m	From five to ten years £m
Unsecured interest-bearing loans and borrowings	(89.9)	(94.2)	(3.9)	(90.0)	(0.3)
Trade payables	(24.9)	(24.9)	(24.9)	-	-
Forward exchange contracts	(2.2)	(2.2)	(1.7)	(0.5)	-
	(117.0)	(121.3)	(30.5)	(90.5)	(0.3)

2014	Carrying amount £m	Total contractual cash flows £m	Within one year £m	From one to five years £m	From five to ten years £m
Unsecured interest-bearing loans and borrowings	(80.1)	(86.4)	(3.6)	(82.8)	-
Trade payables	(26.5)	(26.5)	(26.5)	-	-
Forward exchange contracts	(2.5)	(2.5)	(2.5)	-	-
	(109.1)	(115.4)	(32.6)	(82.8)	-

The Group had the following undrawn borrowing facilities at the end of the year:

Expiring in:	2015 £m	2014 £m
Less than one year		
- Uncommitted facilities	9.3	9.3
More than one year but not more than five years		
- Committed facilities	46.2	54.2
Total	55.5	63.5

Section 4 – Capital Structure

4.3 Share capital and reserves

This note explains the movements in share capital, and the nature and purpose of other reserves forming part of equity. The movements in reserves are set out in the Consolidated Statement of Changes in Equity.

The Group utilises share award schemes as part of its employee remuneration packages. Options that have been granted and remain outstanding at 31 December 2015 are set out below. The various share-based payment schemes are explained in note 5.3 "Share-based payments".

Share capital

	Number of shares (thousands)	Nominal value £m
Issued and fully paid		
At 1 January 2015	44,322	8.9
Exercise of share options	172	-
At 31 December 2015	44,494	8.9

Each ordinary share carries one vote, participates equally with the other ordinary shares in distribution of dividends and capital (including on a winding up) and is not redeemable.

At 31 December 2015 the following options had been granted and remained outstanding under the Company's share option schemes:

	Number of shares (thousands)	Exercise prices	Dates normally exercisable
UK Sharesave Schemes	344	131p-543p	2016-2020
International Sharesave Schemes	640	484p-543p	2016-2020
	984		

Other Reserves

The nature and purpose of other reserves forming part of equity are as follows:

Translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries, including gains or losses arising on net investment hedges.

Cash flow hedging reserve
This reserve records the cumulative net change in the fair value of forward exchange contracts where they are designated as effective cash flow hedge relationships.

Own shares held
Own shares held by the Company's Employee Benefit Trust are recognised as a deduction from retained earnings. As at 31 December 2015 the Company Employee Benefit Trust held 48,891 ordinary shares.

Dividends
After the Balance Sheet date the following final dividend for the year ended 31 December 2015 was recommended by the Directors and subject to approval by shareholders at the AGM on 18 May 2016 will be paid on 20 May 2016. The dividend has not been provided for at the year end and there are no tax consequences.

	2015 £m	2014 £m
15.1p per ordinary share (2014: 14.7p per ordinary share)	6.7	6.5

Final dividends paid in respect of prior year but not recognised as liabilities in that year were £6.5 million (2014: £6.2 million) and interim dividends paid in respect of the current year were £4.2 million (2014: £4.1 million).

Section 5 – Other Supporting Notes

This section explains items that are not explained elsewhere in the financial statements.

5.1 Employees

	2015 £m	2014 £m
Employee costs, including Directors' remuneration, comprise:		
Wages and salaries	76.7	74.3
Employers' social security costs	9.5	10.5
Employers' pension costs - defined benefit schemes	1.1	1.0
Employers' pension costs - defined contribution schemes	1.4	1.4
Other employment benefits	2.8	3.0
Share-based payment charge	1.1	0.5
	92.6	90.7

Details of Directors' remuneration and share incentives are disclosed in the Remuneration Report. Employee costs exclude employment termination costs.

	2015 Total	2014 Total
Average number of employees during the year		
Broadcast	1,072	1,110
Photographic	739	744
Head Office	22	22
	1,833	1,876

Section 5 – Other Supporting Notes

5.2 Pensions

This note explains the accounting policies governing the Group's treatment of the pension schemes, followed by an analysis of these schemes.

Accounting policies

Defined contribution schemes
The assets are held separately from those of the Group in independently administered funds. The costs of providing pensions for employees under defined contribution schemes are expensed as incurred.

Defined benefit schemes
The Group operates pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Group. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to market yields at the Balance Sheet date on high quality corporate bonds.

The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they arise in the Statement of Comprehensive Income.

The Group recognises the ongoing service cost, past-service costs and any cost or income relating to the curtailment or settlement of a pension scheme in operating expenses in the Income Statement. The unwinding of the discount (above) is recognised as part of net financial expense.

Pension schemes
The Group has defined benefit pension schemes in the UK, Italy, Germany, Japan and France. The UK defined benefit scheme was closed to future benefit accrual with effect from 31 July 2010. All UK employees of the Group are now offered membership of the defined contribution pension scheme. Other overseas subsidiaries have their own defined contribution schemes.

Defined contribution schemes
The total Income Statement charge of the defined contribution schemes for the year ended 31 December 2015 was £1.4 million (2014: £1.4 million). There were no outstanding or prepaid contributions to these plans as at 31 December 2015 (or at 31 December 2014).

Defined benefit schemes

The Group's defined benefit schemes are disclosed below:

	2015 £m	2014 £m
Amounts recognised in the Group Balance Sheet		
Plan assets		
- Equities	19.4	18.7
- Bonds	26.1	27.7
- Other	9.3	10.1
Total fair value of plan assets	54.8	56.5
Present value of defined benefit obligation	(60.9)	(64.2)
Net deficit recognised in the Group Balance Sheet	(6.1)	(7.7)

	2015 £m	2014 £m
Analysis of net recognised deficit		
Total funded plan (UK Pension scheme)	**(2.5)**	(3.8)
Total unfunded plans (non-UK Pension schemes)	**(3.6)**	(3.9)
Liability recognised in the Group Balance Sheet	**(6.1)**	(7.7)

	2015 £m	2014 £m
Amounts recognised in the Income Statement		
- Administration costs incurred during the period	**1.2**	1.1
- Past service gain	**(0.1)**	(0.1)
Included in operating expenses	**1.1**	1.0
Net interest expense on net defined benefit pension scheme liabilities	**0.2**	0.3
Total amounts charged to the Income Statement	**1.3**	1.3

UK pension scheme

The UK pension scheme, being significant, is disclosed below.

The nature of the UK scheme is a funded final salary scheme closed to future benefit accrual with effect from 31 July 2010. As a result, since that date, no contributions are payable in respect of future accrual of benefits. As the 5 April 2013 funding valuation of the scheme disclosed a funding surplus, no recovery plan is required under the Pensions Act 2004. As such, member and employer contributions to the scheme over the year to 31 December 2016 are expected to be £nil. The scheme is subject to all legislation and regulations that apply to UK occupational pension schemes.

The main risk to which the Group is exposed to by the scheme is that the cost of the benefits provided by the scheme is greater than expected, for example due to lower than expected investments returns or members of the scheme living longer than expected, which may result in additional contributions being required from the Group.

	2015	2014
Impact on defined benefit obligation (DBO) of changes in the three key individual assumptions		
Discount rate increased by 0.1% points	**-2%**	-2%
Inflation increased by 0.1% points	**+1%**	+1%
Life expectancy reduced by one year	**-3%**	-3%

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

	2015 % pa	2014 % pa
Assumptions used by the actuary to value the liability of the defined benefit plan, on 31 December were:		
Price inflation (RPI)	**3.0**	3.0
Price inflation (CPI)	**2.0**	2.0
Life expectancy of male / female aged 65 in 2015	**22.8 / 25.0**	22.7 / 25.0
Life expectancy of male / female aged 65 in 2030	**23.8 / 26.2**	23.7 / 26.1
Pension increase rate (% pa)		
- Discretionary (pre - 6 April 1997 accrual in excess of GMP)	**2.9**	2.9
- Guaranteed LPI 5% (6 April 1997 - 30 June 2008)	**2.9**	2.9
- Guaranteed LPI 5%, with 3% floor	**3.2**	3.2
- Guaranteed LPI 2.5% (accrual from 1 July 2008)	**2.0**	2.0
Discount rate	**3.8**	3.6

Section 5 – Other Supporting Notes

5.2 Pensions

	2015 £m	2014 £m
Change in DBO for the year to 31 December		
Present value of DBO at start of year	60.3	55.3
Interest cost	2.1	2.4
Actuarial gain on experience	(0.5)	(2.1)
Actuarial (gain)/loss on financial assumptions	(2.1)	7.0
Actual benefit payments	(2.4)	(2.2)
Past service gains	(0.1)	(0.1)
Present value of DBO at end of year	**57.3**	60.3

At 31 December 2015, the weighted-average duration of the scheme's DBO was 18 years (2014: 18 years). The proportion of DBO in respect of pensions in payment is 50% and that in respect of deferred pensioners is 50%.

	Fair value 2015 £m	Quoted split %	Unquoted split %	Fair value 2014 £m
Scheme assets and proportion which have quoted market price, at 31 December				
Bonds	26.1	100	-	27.7
Equities	19.4	74	26	18.7
Diversified growth (bonds and equities)	8.6	100	-	8.7
Cash/non-cash assets	0.3	-	100	1.0
Insurance policies	0.4	-	100	0.4
Total value of assets	**54.8**			56.5

Note: The asset values shown are, where relevant, estimated bid values of market securities.

	2015 £m	2014 £m
Change in fair value of assets for the year to 31 December		
Fair value of assets at start of year	56.5	50.2
Interest income on scheme assets	2.0	2.2
Return on scheme assets (less)/greater than discount rate	(1.0)	6.5
Actual benefit payments	(2.4)	(2.2)
Administration expenses paid	(0.3)	(0.2)
Fair value of assets at end of year	**54.8**	56.5

	2015 £m	2014 £m
Development of net balance sheet position at 31 December		
Present value of defined benefit obligation	(57.3)	(60.3)
Assets at fair value	54.8	56.5
Net defined benefit scheme liability	(2.5)	(3.8)

	2015 £m	2014 £m
Reconciliation of net balance sheet position		
Net defined benefit scheme liability at start of year	(3.8)	(5.1)
Total amounts charged to the Income Statement	(0.3)	(0.3)
Remeasurement effects recognised in Other Comprehensive Income (OCI)	1.6	1.6
Defined benefit scheme liability at end of year	(2.5)	(3.8)

	2015 £m	2014 £m
Amounts recognised in the Group Income Statement		
- Administration costs incurred during the period	0.3	0.2
- Past service gains	(0.1)	(0.1)
Included in operating expenses	0.2	0.1
Net interest expense on net defined benefit pension scheme liability	0.1	0.2
Total amounts charged to the Income Statement	0.3	0.3

	2015 £m	2014 £m
Amounts recognised in OCI		
Actuarial gain due to liability experience	(0.5)	(2.1)
Actuarial (gain)/loss due to liability assumption changes	(2.1)	7.0
Actuarial (gain)/loss arising during the period	(2.6)	4.9
Return on scheme assets greater/(less) than discount rate	1.0	(6.5)
Remeasurement effects recognised in OCI	(1.6)	(1.6)

	2015 £m	2014 £m
Defined benefit pension scheme cost		
Administration costs incurred during the period	0.3	0.2
Past service gains	(0.1)	(0.1)
Net interest expense on net defined benefit pension scheme liability	0.1	0.2
Remeasurement effects recognised in OCI	(1.6)	(1.6)
Total defined benefit pension scheme cost	(1.3)	(1.3)

Section 5 – Other Supporting Notes

5.3 Share-based payments

Group employees participate in a number of employee incentive schemes including a Sharesave Scheme, a Long Term Incentive Plan and a Deferred Bonus Plan.

This note explains the accounting policy governing share-based payments and the impact of various share schemes operated by the Group.

Accounting policies

Share-based payments
The Group operates a number of share-based incentive schemes. The fair value of the equity-settled employee share option grants is calculated at grant date and charged to the Income Statement over the vesting period of the schemes, with a corresponding adjustment to equity. The value of the charge is adjusted to reflect expected and actual levels of options that will vest, except where forfeiture arises from share prices not achieving the threshold for vesting.

The fair values of options are calculated using Black-Scholes or Monte Carlo simulation models. Vesting conditions are limited to non-market based conditions such as service conditions and performance conditions (adjusted earnings per share targets).

Any potential employer's Social Security liability on options granted is calculated based on the intrinsic value of the options and charged to the Income Statement over the vesting period of the schemes.

Exercises of share options granted to employees can be satisfied by market purchase or issue of new shares. Shares purchased in the market are held in the Company's Employee Benefit Trust.

A description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement, such as vesting requirements, the maximum term of options granted, and the method of settlement (for example whether in cash or equity) is set out in the Remuneration Report.

Share-based payments expense

The amount recognised in the Income Statement for share-based payment transactions with employees for the year ended 31 December 2015 was £1.1 million (2014: £0.4 million), of which £nil (2014: £0.1 million credit) related to employers' tax liability.

The outstanding employers' tax liability recognised in the Balance Sheet for UK awards was £nil (2014: £nil).

Share options outstanding at the end of the period

Options outstanding under the 2002 UK Sharesave Scheme, 2002 International Sharesave Plan, 2011 UK Sharesave Scheme and 2011 International Sharesave Plan as at 31 December 2015, together with their exercise prices and vesting periods, are as follows:

	Number outstanding (thousands)	Weighted average exercise price (£)	Weighted average remaining contractual life (years)
Range of Exercise Prices			
£1.30 - £1.40	5	1.31	1
£4.51 - £5.00	579	4.89	3
£5.01 - £5.50	400	5.16	1
Total	984	4.98	2

Movements in these share option plans were as follows:

	Sharesave (thousands)	Weighted average Exercise Price (£)
Awards at 31 December 2013	759	4.14
Exercised during 2014	(372)	3.59
Lapsed during 2014	(83)	5.29
Granted during 2014	433	4.98
Awards at 31 December 2014	**737**	**5.05**
Exercised during 2015	**(172)**	**5.30**
Lapsed during 2015	**(82)**	**5.09**
Granted during 2015	**501**	**5.00**
Awards at 31 December 2015	**984**	**4.98**
Awards exercisable at 31 December 2015	**12**	**5.43**

The weighted average share price at the date of exercise for share options exercised during the year was £6.22 (2014: £5.91).

Arrangement	2011 International Sharesave Plan 2 Year	2011 UK and International Sharesave Scheme 3 Year	2011 UK and International Sharesave Scheme 5 Year	2014 Long Term Incentive Plan	2014 Long Term Incentive Plan	2014 Deferred Bonus Plan
Nature of Arrangement	"Save as you earn scheme"	"Save as you earn scheme"	"Save as you earn scheme"	Share award plan	Share award plan	Share award plan
Date of Grant	25 Sep 2015	25 Sep 2015	25 Sep 2015	8 Apr 2015	23 Nov 2015	16 Apr 2015
Number of Instruments granted (thousands)	139	353	9	538	28	26
Exercise Price	£5.22	£4.92	£4.92	n/a	n/a	n/a
Share price at date of grant	£5.95	£5.95	£5.95	£6.43	£6.07	£6.64
Contractual Life (yrs)	2.3	3.6	5.6	n/a	n/a	n/a
Expected Option Life (yrs)	2.1	3.3	5.3	n/a	n/a	n/a
Vesting Conditions	2 year service period and savings requirement	3 year service period and savings requirement	5 year service period and savings requirement	Relative TSR performance against comparator group and adjusted EPS growth	Service period between 31 Jan 2016 to 31 Jan 2019	3 year service period
Settlement	Shares	Shares	Shares	Shares	Shares	Shares
Expected Volatility [(1)]	23.0%	23.0%	23.0%	22.7%	-	-
Risk free interest rate	0.65%	0.89%	1.21%	n/a	n/a	n/a
Expected Dividend Yield	4.00%	4.00%	4.00%	n/a	n/a	n/a
Expected departures (per annum from grant date)	5%	5%	5%	10%	n/a	n/a
Expected outcome of non-market based related performance condition	n/a	n/a	n/a	25%	n/a	n/a
Fair value per granted instrument determined at the grant date	£0.88	£1.06	£1.10	£6.43/£3.05 [(2)]	£6.07	£6.64
Valuation Model	Black Scholes	Black Scholes	Black Scholes	Monte Carlo [(3)]	n/a	n/a

(1) The expected volatility of 2014 Long Term Incentive Plan is based on historical volatility determined by the analysis of daily share prices over a period commensurate with the expected lifetime of the award and ending on the date of grant of the award. Due to significant fluctuations in Vitec's share price during the year a uniform rate has been used for all the Sharesave options as a reasonable estimate of volatility going-forward.

(2) The first figure represents fair value of awards subject to adjusted EPS growth criteria and the second figure represents fair value of awards subject to TSR criteria.

(3) For the 2015 LTIP, a Monte-Carlo simulation has been used. Under this valuation method, the share price for Vitec is projected at the end of the performance period as the TSR for Vitec and the companies in the comparator group. Based on these projections, the number of awards that will vest is determined. Thousands of simulations are run and the fair value of the award is calculated as the product of the vesting probability and the share price at the date of grant.

Section 5 – Other Supporting Notes

5.4 Leases

Operating leases primarily relate to the Group's properties, which principally comprise offices, warehouses and factory facilities. None of the leases include contingent rentals.

Accounting policies

Leases
Operating leases are those which do not transfer substantially all the risks and rewards of ownership to the lessee, the rentals of which are charged to the Income Statement on a straight line basis over the lease term.

	Land and buildings £m	Other £m	Total 2015 £m	Land and buildings £m	Other £m	Total 2014 £m
Total future minimum lease payments under non-cancellable operating leases						
Expiring within one year	**0.7**	**0.1**	**0.8**	1.1	0.1	1.2
Expiring two to five years	**9.1**	**0.7**	**9.8**	8.2	1.1	9.3
Expiring after five years	**2.1**	**-**	**2.1**	2.6	-	2.6
	11.9	**0.8**	**12.7**	11.9	1.2	13.1

During the year £5.5 million (2014: £4.9 million) was recognised in the Income Statement in respect of operating lease payments.

5.5 Related party transactions

A related party relationship is based on the ability of one party to control or significantly influence the other.

The Group has identified the Directors, the Vitec Group Pension Scheme and members of the Operations Executive as related parties to the Company under IAS 24, Related Party Disclosures.

Transactions with key management personnel
Details of Directors' remuneration along with their pension, share incentive, bonus arrangements and holdings of the Company's shares are shown in detail in the Remuneration Report.

The compensation of the six (2014: seven) members of the Operations Executive during the year, including the Executive Directors is shown in the table below:

	2015 £m	2014 £m
Salaries	**1.5**	1.7
Performance-related bonuses	**0.4**	0.8
Share-based payment charge [1]	**0.4**	0.1
Other short-term employee benefits	**0.1**	0.2
Post employment benefits	**0.2**	0.2

[1] IFRS 2 charge recognised in the Income Statement for share-based payment transactions with members of the Operations Executive.

5.6 Group investments

The Group's subsidiaries as at 31 December 2015 are listed below. All subsidiaries are 100% owned within the Group.

Company	County of incorporation	Issued securities
ALC Broadcast Limited	England & Wales	Ordinary shares of £1 each
Anton/Bauer Europe B.V.	Netherlands	Ordinary shares of €1 each
Autocue Group Limited	England & Wales	Ordinary shares of £0.01 each
Autocue Limited (formerly Manfrotto Limited)	England & Wales	Ordinary shares of £1 each
Autocue LLC (formerly Vitec Teleprompt LLC)	United States	Member interests of NPV
Autoscript Limited	England & Wales	Ordinary shares of £1 each
Bexel Global Broadcast Solutions Limited (formerly Vinten Properties Limited)	England & Wales	Ordinary shares of £1 each
Bogen Imaging UK Limited	England & Wales	Ordinary share of £1 each
Broadcast Developments Limited	England & Wales	Ordinary shares of £1 each
Camera Corps Ltd	England & Wales	Ordinary shares of £1 each
Camera Dynamics sarl	France	Ordinary shares of NPV
Chalfont Investments Inc	United States	Ordinary shares of US$0.01 each
Colorama Photodisplay Holdings Limited	England & Wales	Ordinary shares of £1 each
Colorama Photodisplay Limited	England & Wales	Ordinary shares of £1 each
Gitzo Limited	England & Wales	Ordinary shares of £1 each
Gitzo S.A.	France	Ordinary shares of NPV
Haigh-Farr, Inc.	United States	Ordinary shares of US$1 each
Henry (Holdings) Limited	England & Wales	Ordinary shares of £1 each
Kata UK Limited	England & Wales	Ordinary shares of £1 each
Kata Vitec P Limited	Israel	Ordinary shares of ILS1 each
Lastolite Limited	England & Wales	Ordinary shares of £1 each
LCB Beteiligungs GmbH	Germany	Ordinary shares of €25,000 each
Lino Manfrotto & Co Spa	Italy	Ordinary shares of €5.556 each
Litepanels Ltd	England & Wales	Ordinary shares of US$1 each
Manfrotto Bags Ltd	Israel	Ordinary shares of ILS1 each
Manfrotto Distribution GmbH	Germany	Shares of €25,000 each
Manfrotto Distribution HK Limited	Hong Kong	Shares of HKD1 each
Manfrotto Distribution Inc	United Sates	Ordinary shares of NPV
Manfrotto Distribution KK	Japan	Shares of JP¥1 each
Manfrotto Distribution Limited	England & Wales	Ordinary shares of £1 each
Manfrotto Distribution SAS	France	Shares of €16 each
Manfrotto Distribution Shanghai Limited	China	Ordinary shares of US$1 each
Manfrotto UK Limited	England & Wales	Ordinary shares of £1 each
Mount Olive 2016, LLC	United States	Member interests of NPV
Palmer Dollar Finance	England & Wales	Ordinary shares of $1 each
Palmer Dollar Finance Netherlands B.V.	Netherlands	Ordinary shares of €1 each

Company	County of incorporation	Issued securities
Palmer Euro Finance Netherlands B.V.	Netherlands	Ordinary shares of €1 each
Palmer Finance	England & Wales	Ordinary shares of €1 each
Palmer Finance Netherlands Cooperatief W.A.	Netherlands	Membership shares of €1 each
Palmer Yen Finance	England & Wales	Ordinary shares of JP¥100 each
Panlight Limited	England & Wales	Ordinary shares of £1 each
Petrol Bags Limited	Israel	Ordinary shares of ILS1 each
Petrol Bags Limited	England & Wales	Ordinary shares of £1 each
Radamec Broadcast Systems Limited	England & Wales	Ordinary shares of £1 each
RECO Srl	Italy	Shares of NPV
Sachtler Limited	England & Wales	Ordinary shares of £1 each
SmallHD LLC	United States	Member interests of NPV
Teradek Ukraine LLC	Ukraine	Member interests of NPV
Teradek, LLC	United States	Member interests of NPV
The Camera Store Limited	England & Wales	Ordinary shares of £1 each
Vinten Broadcast Limited	England & Wales	Ordinary shares of £1 each
Vinten Instruments Limited	England & Wales	Ordinary shares of £1 each
Vitec Brasil Commercio Importacao e Intermediacao de Tecnologias, Ltda	Brazil	Shares of BRL1 each
Vitec Broadcast Services Inc	United States	Ordinary shares of US$0.01 each
Vitec Group Holdings Limited	England & Wales	Ordinary shares of £1 each
Vitec Group Pensions Trust Company (UK) Limited	England & Wales	Ordinary shares of £1 each
Vitec Group US Holdings, Inc.	United States	Ordinary shares of US$0.01 each
Vitec Holdings Limited	Guernsey	Ordinary shares of £0.10 each
Vitec Investments Limited	England & Wales	Ordinary shares of £1 each
Vitec UK Finance Limited	England & Wales	Ordinary shares of US$1 each and deferred shares of $50 each
Vitec UK Investments Limited	England & Wales	Ordinary shares of £1 each
Vitec Videocom GmbH	Germany	Ordinary shares of DEM1 each
Vitec Videocom KK	Japan	Ordinary shares of JP¥1,000 each
Vitec Videocom Limitada	Costa Rica	Shares of CRC50 each
Vitec Videocom Limited	England & Wales	Ordinary shares of £1 each
Vitec Videocom Pte Limited	Singapore	Ordinary shares of SGD1 each
Vitec Videocom, Inc	United States	Ordinary shares of US$0.01 each
Vitecgroup Italia spa	Italy	Ordinary shares of €1,000 each
Wheatfield Kingston Finance (UK)	England & Wales	Ordinary shares of £1 each
Wheatfield Kingston Investments	England & Wales	Ordinary shares of £0.01 each

5.7 Subsequent events

On 13 January 2016 the Group acquired 100% of the issued share capital of Manfrotto Distribution Benelux B.V. (formerly Provak Foto Film Video B.V.), based in the Netherlands, through a business combination for a net cash consideration of €1.1 million (£0.9 million). The acquisition complements the Group's owned distribution channels. The acquisition accounting for the business combination is incomplete as information is finalised.

Company Balance Sheet

As at 31 December 2015

	Notes	2015 £m	2014 £m
Fixed assets			
Property, plant and equipment (includes £1.0 million held for sale)	f)	1.1	1.3
Investments in subsidiary undertakings	g)	443.8	419.3
		444.9	420.6
Current assets			
Debtors	h)	2.4	4.7
Cash at bank and in hand		9.5	1.1
		11.9	5.8
Liabilities falling due within one year			
Creditors	i)	(8.6)	(8.4)
Provisions		-	(0.1)
		(8.6)	(8.5)
Net current assets/(liabilities)		3.3	(2.7)
Total assets less current liabilities		448.2	417.9
Liabilities falling due after one year			
Creditors	i)	(138.9)	(112.9)
Net assets		309.3	305.0
Capital and reserves			
Called up share capital	j)	8.9	8.9
Share premium account		14.3	13.4
Revaluation reserve		0.9	0.9
Other reserves	k)	55.3	55.3
Profit and loss account		229.9	226.5
Equity shareholders' funds		309.3	305.0

Approved by the Board on 22 February 2016 and signed on its behalf:

Paul Hayes
Group Finance Director

The Vitec Group plc
Registered in England and Wales no. 227691

Company Statement of Changes in Equity

	Notes	Share capital £m	Share premium £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m	Total equity £m
Balance at 1 January 2015		8.9	13.4	0.9	55.3	226.5	305.0
Total comprehensive income for the year							
Profit for the year		-	-	-	-	12.9	12.9
Contributions by and distributions to owners							
Dividends paid		-	-	-	-	(10.7)	(10.7)
Share-based payment charge, net of tax		-	-	-	-	1.2	1.2
New shares issued		-	0.9	-	-	-	0.9
Balance at 31 December 2015		8.9	14.3	0.9	55.3	229.9	309.3
Balance at 1 January 2014		8.8	12.1	0.9	55.3	226.6	303.7
FRS 101 adjustments on transition date	m)	-	-	-	-	0.7	0.7
Balance at 1 January 2014 (restated)		8.8	12.1	0.9	55.3	227.3	304.4
Total comprehensive income for the year							
Profit for the year		-	-	-	-	11.2	11.2
FRS 101 adjustment	m)	-	-	-	-	(0.7)	(0.7)
Profit for the year (restated)		-	-	-	-	10.5	10.5
Contributions by and distributions to owners							
Dividends paid		-	-	-	-	(10.3)	(10.3)
Own shares purchased		-	-	-	-	(1.5)	(1.5)
Share-based payment charge, net of tax		-	-	-	-	0.5	0.5
New shares issued		0.1	1.3	-	-	-	1.4
Balance at 31 December 2014		8.9	13.4	0.9	55.3	226.5	305.0

Notes to the Company Financial Statements

a) Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2013/2014 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

These are the Company's first financial statements under FRS 101. The transition from UK GAAP to FRS 101 has resulted in certain re-classifications and re-measurements to represent the reported financial position and financial performance of the Company. These changes are explained in note m.

Under Section 408(3) of the Companies Act 2006, the Company is exempt from the requirement to present its own Profit and Loss Account.

b) Exemptions taken by the Company on adoption of IFRS

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Share-based payments - IFRS 2 is being applied to equity instruments that were granted after 7 November 2002 and that had not vested by 1 January 2014.
- Revaluation as deemed cost - Land and buildings that had been previously revalued are measured on the basis of deemed cost at 1 January 2014.

The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly-owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional Balance Sheet for the beginning of the earliest comparative period following the reclassification of items in the financial statements (see note m); and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of The Vitec Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of Group settled share-based payments;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

c) Accounting policies

The following accounting policies have been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 Balance Sheet at 1 January 2014 for the purposes of transition to FRS 101.

Property, plant and equipment
Depreciation is provided to write off the cost of property, plant and equipment, less estimated residual value, on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land. Other fixed assets are depreciated as follows:

Freehold buildings	up to 50 years
Leasehold improvements	over the remaining period of the lease
Equipment, fixtures & fittings	3 to 10 years

Certain land and buildings that had been revalued to fair value prior to 1 January 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of transition.

Assets held for sale
Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. They are measured at the lower of carrying amount and fair value less costs to sell.

Intangible assets
The cost of acquiring software (including associated implementation and development costs where applicable) is classified as an intangible asset. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Software expenditure is amortised over its estimated useful life of between 3 and 5 years, and is stated at cost less accumulated amortisation and impairment losses.

Investments in subsidiary undertakings
Investments in subsidiaries are stated at historical cost less provisions for impairment.

Pensions
The Company participates in the Group's defined benefit scheme operated in the UK, which was closed to future benefit accrual with effect from 31 July 2010. All UK employees of the Company are now offered membership of the defined contribution scheme. The assets of the schemes are held separately from those of the Company. The Company has a very small proportion of the scheme's total members. As such, the Group has adopted a policy to recognise the full net pension cost, and hence pension deficit, in its subsidiary Vitec Videocom Limited's financial statements prepared in accordance with FRS 101. Upon transition to FRS 101, the Company has been allocated a £nil share of the assets and liabilities of the Group's UK defined benefit scheme as per the stated policy.

Details in respect of the UK defined benefit pension scheme are disclosed in note 5.2 "Pensions" of the Group's consolidated financial statements.

Dividends payable
Dividends are recognised through equity on the earlier of their approval by the Company's shareholders or their payment.

Dividends receivable
Dividends received and receivable are credited to the Company's Profit and Loss Account.

Other significant accounting policies are consistent with the Group's consolidated financial statements and below are references where they are disclosed:

Foreign currencies	Section 1 - Basis of preparation
Intangible assets	3.1 "Intangible assets"
Debtors and Creditors	3.3 "Working capital"
Cash and cash equivalents	4.1 "Net debt"
Provisions	3.6 "Provisions"
Derivative financial instruments and hedging activities	4.2 "Financial instruments"
Bank loans	4.1 "Net debt"
Leases	5.4 "Leases"
Share-based payments	5.3 "Share-based payments"
Share capital and reserves	4.3 "Share capital and reserves"

d) Employees

	2015 £m	2014 £m
Employee costs comprise:		
Wages and salaries	**3.4**	3.2
Employers' social security costs	**0.4**	0.4
Employers' pension costs - defined contribution schemes	**0.1**	0.1
Share-based payment charge	**0.4**	0.2
	4.3	3.9

	2015	2014
Average number of employees during the year	**22**	22

Further details of Directors' remuneration and share incentives are disclosed in the Remuneration Report.

Notes to the Company Financial Statements

e) Audit fees

The details regarding the remuneration of the Company's auditor are included in Note 2.1 "Profit before tax" of the Group's consolidated financial statements under "Fees payable to the Company's auditor for the audit of the Company's annual financial statements".

f) Property, plant and equipment

	Total £m	Freehold land and buildings £m	Leasehold buildings £m
Cost			
At 31 December 2014 (restated) and 1 January 2015 [(1)]	3.1	2.6	0.5
Accumulated depreciation			
At 31 December 2014 (restated) and 1 January 2015 [(1)]	1.8	1.5	0.3
Charge for the year	0.2	0.1	0.1
At 31 December 2015	2.0	1.6	0.4
Net book value			
At 31 December 2014 (restated) and 1 January 2015 [(1)]	1.3	1.1	0.2
At 31 December 2015	1.1	1.0	0.1

[(1)] See note m

During the year freehold land and buildings of a net book value of £1.0 million were re-classified as assets held for sale. These were disposed in 2016.

	2015 £m	2014 £m
Land and buildings		
Total future minimum lease payments under non-cancellable operating leases		
Expiring within one year	-	0.2
Expiring after five years	1.1	1.2
	1.1	1.4

During the year £0.2 million was recognised in the profit and loss account in respect of operating lease payments (2014: £0.3 million).

g) Investments in subsidiary undertakings

	Total £m	Shares in Group undertakings £m	Loans to Group undertakings £m
Cost			
At 1 January 2015	419.9	345.0	74.9
Additions	24.5	17.8	6.7
At 31 December 2015	444.4	362.8	81.6
Provisions			
At 1 January 2015 and 31 December 2015	0.6	0.6	-
Net book value			
At 1 January 2015	419.3	344.4	74.9
At 31 December 2015	443.8	362.2	81.6

The additions in investments during the year reflect the Company's restructuring of certain subsidiary holding and financing companies.

The Company's investments in subsidiaries as at 31 December 2015 are included in Note 5.6 "Group investments" of the Group's consolidated financial statements.

h) Debtors

	2015 £m	2014 £m
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	-	1.8
Corporation tax	-	0.5
Other debtors	0.7	0.8
Derivative financial instruments - forward exchange contracts	1.6	1.0
Deferred tax assets	0.1	0.3
Prepayments and accrued income	-	0.3
	2.4	4.7

i) Creditors

	2015 £m	2014 £m
Amounts falling due within one year		
Amounts owed to subsidiary undertakings	5.1	5.1
Derivative financial instruments - forward exchange contracts	1.6	1.0
Corporation tax	0.1	-
Other creditors	0.4	0.2
Accruals and deferred income	1.4	2.1
	8.6	8.4
Amounts falling due after more than one year		
Bank loans (unsecured)	87.5	77.9
Amounts owed to subsidiary undertakings	51.4	35.0
	138.9	112.9

Contingent liabilities

There are no contingent liabilities at 31 December 2015 (2014: £nil).

j) Called up share capital

Disclosure in respect of the Company's share capital is provided in note 4.3 "Share capital" of the Group's consolidated financial statements.

Options over shares of the Company have been granted to employees of the Company under various plans. Details of the terms and conditions of each share-based payment plan are given in the annual remuneration report on pages 56 to 73 and note 5.3 "Share-based payments" of the Group's consolidated financial statements.

k) Other Reserves

Other reserves of £55.3 million represent a merger reserve of £9.7 million, the capitalisation of the share premium account, £22.7 million in 1989 and £37.3 million in 1995 less £16.0 million of share repurchases in 1995, and a capital redemption reserve of £1.6 million created on the repurchase and subsequent cancellation of 885 thousand ordinary shares by the Company in 1999.

l) Related party transactions

The Company has identified a related party relationship with its Board, the Vitec Group Pension Scheme and members of the Operations Executive as disclosed in the Remuneration Report and note 5.5 "Related party transactions" of the Group's consolidated financial statements. There are no other related party transactions to disclose.

m) Explanation of transition to FRS 101 from old UK GAAP

As stated in Note a, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in Note c have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and the opening FRS 101 balance sheet as at 1 January 2014 (the Company's date of transition).

Notes to the Company Financial Statements

In preparing its opening FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position on 1 January 2014 (date of transition to FRS 101) and 31 December 2014, and its financial performance is set out in the following table and the notes that accompany the table.

Balance Sheets

		1 January 2014			31 December 2014			
	Note	UK GAAP £m	FRS 101 re-classifications and re-measurements £m	FRS 101 £m	UK GAAP £m	FRS 101 re-classifications and re-measurements £m	£m	FRS 101 £m
Fixed Assets								
Intangible fixed assets	(i)	-	-	-	-	-	-	-
Property, plant and equipment	(i) (ii)	1.4	-	1.4	1.3	-	-	1.3
Investments in subsidiary undertakings		398.3	-	398.3	419.3	-	-	419.3
		399.7	-	399.7	420.6	-	-	420.6
Current Assets								
Debtors		6.9	-	6.9	4.7	-	-	4.7
Cash at bank and in hand		13.9	-	13.9	1.1	-	-	1.1
		20.8	-	20.8	5.8	-	-	5.8
Liabilities falling due within one year								
Creditors		(11.4)	-	(11.4)	(8.4)	-	-	(8.4)
Provisions		(0.2)	-	(0.2)	(0.1)	-	-	(0.1)
		(11.6)	-	(11.6)	(8.5)	-	-	(8.5)
Net current assets/(liabilities)		9.2	-	9.2	(2.7)	-	-	(2.7)
Total assets less current liabilities		408.9	-	408.9	417.9	-	-	417.9
Liabilities falling due after one year								
Creditors	(iii)	(105.1)	0.7	(104.4)	(112.9)	0.7	(0.7)	(112.9)
Provisions		(0.1)	-	(0.1)	-	-	-	-
		(105.2)	0.7	(104.5)	(112.9)	0.7	(0.7)	(112.9)
Net assets		303.7	0.7	304.4	305.0	0.7	(0.7)	305.0
Capital and reserves								
Called up share capital		8.8	-	8.8	8.9	-	-	8.9
Share premium account		12.1	-	12.1	13.4	-	-	13.4
Revaluation reserve		0.9	-	0.9	0.9	-	-	0.9
Merger and other reserves		55.3	-	55.3	55.3	-	-	55.3
Profit and loss account	(iii)	226.6	0.7	227.3	226.5	0.7	(0.7)	226.5
Equity Shareholders' funds		303.7	0.7	304.4	305.0	0.7	(0.7)	305.0

Notes to the FRS 101 adjustments to the Balance Sheet on transition (1 January 2014) and at 31 December 2014

A summary of the principal differences between old UK GAAP and FRS 101 are as follows:

(i) Intangible fixed assets FRS 101 requires computer software that is not an integral part of the hardware to be treated as an intangible asset. Under old UK GAAP, all capitalised software was categorised as property, plant and equipment.

This has resulted in a re-classification of software costs of a net book value of £nil (cost: £0.1 million, amortisation: £0.1 million) from property, plant and equipment to intangible fixed assets at 1 January 2014, the date of transition, and at 31 December 2014. There was £nil effect on the profit and loss account for the year ending 31 December 2014.

(ii) Property, plant and equipment The company has elected to use a previous revaluation of land and buildings under old UK GAAP as deemed cost on 1 January 2014, the date of transition.

The deemed cost at 1 January 2014 and 31 December 2014 is measured at the previously revalued amount of £2.6 million.

(iii) Amounts owed to subsidiary undertakings Under FRS 101, amounts owed by the Company to subsidiary undertakings are measured at fair value using the amortised cost method at the effective interest rate. From 1 January 2015, a market rate of interest is applied to these loans, making the carrying value of these loans the same as their fair value.

At 1 January 2014, the fair valuation results in a reduction of £0.7 million in amounts owed to subsidiary undertakings with an increase in reserves of the same amount. In the year ending 31 December 2014, an amount of £0.7 million was charged to the profit and loss account as the fair valuation was unwound.

Five Year Financial Summary

Years ended 31 December

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Revenue	**317.8**	309.6	315.4	345.3	351.0
Operating profit [1]	**35.4**	38.8	39.5	39.3	34.5
Net interest on interest-bearing loans and borrowings	**(4.0)**	(3.6)	(3.6)	(3.2)	(1.9)
Other financial income/(expense)	**0.1**	0.1	(0.3)	0.1	0.4
Profit before tax[2]	**31.5**	35.3	35.6	36.2	33.0
Cash generated from operating activities	**41.7**	42.0	52.4	38.4	39.1
Interest paid	**(4.0)**	(3.3)	(3.6)	(3.1)	(1.8)
Tax paid	**(5.6)**	(3.5)	(8.5)	(10.8)	(11.1)
Net cash from operating activities	**32.1**	35.2	40.3	24.5	26.2
Net capital expenditure on property, plant and equipment, software and development costs	**(15.9)**	(17.0)	(18.9)	(13.7)	(9.7)
Free cash flow	**16.2**	18.2	21.4	10.8	16.5
Capital employed					
Intangible assets	**90.7**	87.1	76.3	68.2	75.0
Property, plant and equipment	**53.8**	54.8	53.5	48.6	50.1
Other net assets	**45.0**	35.2	39.2	48.3	39.5
	189.5	177.1	169.0	165.1	164.6
Financed by					
Shareholders' funds - equity	**126.3**	118.6	120.2	114.6	129.3
Net debt	**76.3**	70.9	61.5	63.7	50.4
Deferred tax	**(13.1)**	(12.4)	(12.7)	(13.2)	(15.1)
	189.5	177.1	169.0	165.1	164.6
Statistics					
Operating profit (%) [1]	**11.1**	12.5	12.5	11.4	9.8
Effective tax rate (%) [2]	**30.4**	30.0	30.9	32.9	32.7
Adjusted basic earnings per share (p)[3]	**49.4**	55.9	56.1	55.8	51.4
Basic earnings per share (p)	**29.3**	29.4	31.9	13.6	34.7
Dividends per share (p)	**24.6**	24.0	23.0	22.0	20.5
Year end mid-market share price (p)	**602.5**	594.0	639.0	635.3	555.7

(1) Before restructuring costs and charges associated with acquired businesses.

(2) Before restructuring costs, charges associated with acquired businesses and disposal of business.

(3) Differences between adjusted basic and basic earnings per share arise from restructuring costs, charges associated with acquired businesses, disposal of business and related tax in the years in question.

Shareholder Information and Financial Calendar

Shareholder information

The Investors section of the Company's website, www.vitecgroup.com, contains detailed information on news, key financial information, annual reports, financial calendar, share price information, dividends and key contact details. The following is a summary and readers are encouraged to view the website for more detailed information.

Shareholder enquiries

For all enquiries about your shareholding please contact the Company's registrar:

Capita Asset Services ("Capita")	
Website	www.capitashareportal.com
Email	shareholderenquiries@capita.co.uk
Address	The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Phone from UK	0871 664 0300*

* Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

Dividend reinvestment plan

The Company offers a Dividend Reinvestment Plan that enables shareholders to reinvest cash dividends into additional shares in the Company. Application forms can be obtained from Capita. You must arrange for your Dividend Reinvestment Plan application form to be received by Capita no later than 25 April 2016 to join the plan for the final dividend for the year ended 31 December 2015.

International dividend payment service

Overseas shareholders can receive their dividends in a local currency instead of in Sterling and can find out more about this by calling 0871 664 0385 (Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Capita can be reached between 9.00am and 5.30pm, Monday to Friday excluding public holidays in England and Wales) or by visiting http://international.capitaregistrars.com. Any election to receive dividends in local currency in respect of the final dividend for the year ended 31 December 2015 payable on Friday, 20 May 2016 must be received by Capita no later than the record date for the final dividend, Friday, 22 April 2016.

Share price information

The closing middle market price of a share of The Vitec Group plc on 31 December 2015 was £6.025. During the year, the share price fluctuated between £5.90 and £6.70. The Company's share price is available from the Group's website, www.vitecgroup.com, with a 15-minute delay, and from the Financial Times website, www.ft.com, with a similar delay.

Share scams

Shareholders should be aware that fraudsters may try and use high pressure tactics to lure investors into share scams. Information on share scams can be found on the Financial Conduct Authority's website, www.fca.org.uk/scams, or via their consumer helpline: 0800 111 6768.

Financial calendar

Ex-dividend date for 2015 final dividend	Thursday, 21 April 2016
Record date for 2015 final dividend	Friday, 22 April 2016
Annual General Meeting	Wednesday, 18 May 2016 (10.00 am)
2015 final dividend payment date	Friday, 20 May 2016
Announcement of 2016 half year results	Thursday, 4 August 2016
Proposed 2016 interim dividend payment date	October 2016

Analysis of shareholdings as at 31 December 2015

Shares held	Number of holders	% of holders	Number of shares	% of shares
Up to 1,000	486	51.8	180,419	0.4
1,001 to 5,000	267	28.3	633,852	1.4
5,001 to 10,000	50	5.3	377,346	0.8
10,001 to 50,000	75	8.0	1,854,990	4.2
50,001 to 100,000	19	2.0	1,480,726	3.3
100,001 and over	43	4.6	39,967,027	89.9
	940	**100**	**44,494,360**	**100**
Institutions and companies	312	33.2	42,431,547	95.4
Individuals including Directors and their families	628	66.8	2,062,813	4.6
	940	**100**	**44,494,360**	**100**

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VITEC GROUP
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The Vitec Group plc
Bridge House
Heron Square
Richmond
TW9 1EN
United Kingdom

T +44 (0)20 8332 4600
F +44 (0)20 8948 8277

info@vitecgroup.com
www.vitecgroup.com

Registered in England and Wales no. 227691