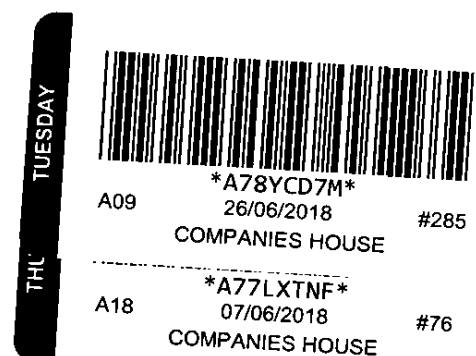


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VITEC HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Guernsey registered number 44807
(UK Establishment registered number FC026869)



VITEC HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited Financial Statements for the year ended 31 December 2017.

Principal activities

The Company acts as a holding company for certain Vitec Group companies that are ultimately owned by The Vitec Group plc. The Company is registered in Guernsey and has a UK Establishment registration in the United Kingdom based at Bridge House, Heron Square, Richmond, TW9 1EN. The UK Establishment registration number is FC026869. A change in the Company's activities is not expected in the foreseeable future.

Results and dividends

The profit for the year transferred to reserves amounted to £48,606,000 (2016: loss of £92,593,000).

On 23 June 2017 and 2 August 2017 the Company paid a dividend of £21,803,457 (\$28,000,000) and £26,807,598 (\$35,000,000) respectively to its sole shareholder, Vitec Investments Limited (2016: £5,572,111).

Directors

The Directors of the Company in the year under review and to the date of this report were:

Jonathan Bolton
Martin Green
Kath Kearney-Croft (appointed 24 April 2017)
Paul Hayes (resigned 28 April 2017)

All Directors' remuneration is borne by the ultimate parent company.


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.

Auditor

KPMG LLP will be ceasing to be the Company's auditor following the completion of their audit of the financial statements for the year ended 31 December 2017. A written resolution of the members of the Company in accordance with section 514 of the Companies Act 2006 will be circulated seeking approval for the appointment of Deloitte LLP as replacement auditor for the financial year ending 31 December 2018.

By order of the Board


Jonathan Bolton
Director

9 May 2018

Registered Office

Mont Crevett House
Bulwer Avenue
St Sampson
GY2 4LH
Guernsey

UK Establishment Registered Office

Bridge House
Heron Square
Richmond
TW9 1EN

VITEC HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK Accounting Standards, including FRS 101 *Reduced Disclosure Framework* and applicable law.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with The Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITEC HOLDINGS LIMITED

We have audited the Financial Statements of Vitec Holdings Limited (the "Company") for the year ended 31 December 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2017, and of the Company's financial performance for the year then ended;
- are prepared in accordance with United Kingdom Accounting Standards including *FRS 101 Reduced Disclosure Framework*; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the Financial Statements. We have nothing to report in these respects.

We have nothing to report on the other information in the Directors' report

The directors are responsible for the Directors' Report. Our opinion on the Financial Statements does not cover that report and we do not express an audit opinion thereon or any form of assurance conclusion thereon.

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the information presented in the Directors' Report.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the Financial Statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 2, the Directors are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG LLP

KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

14 May

2018

VITEC HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Operating expenses		<u>(5)</u>	<u>(1)</u>
Operating loss	4	(5)	(1)
Net income/(loss) from shares in group undertakings	5	48,611	(92,592)
Profit/(loss) before tax		<u>48,606</u>	<u>(92,593)</u>
Tax on profit/(loss)	6	-	-
Profit/(loss) after tax		<u>48,606</u>	<u>(92,593)</u>

The Profit and Loss Account contains all the gains and losses recognised in the year and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 7 to 10 form an integral part of these Financial Statements.

VITEC HOLDINGS LIMITED

BALANCE SHEET
as at 31 December 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Investments	7	117,231	117,231
Creditors – amounts falling due within one year		(5)	-
Total assets less current liabilities		<u>117,226</u>	<u>117,231</u>
Net assets		<u>117,226</u>	<u>117,231</u>
Capital and reserves			
Distributable reserves		117,226	117,231
Shareholders' funds		<u>117,226</u>	<u>117,231</u>

The notes on pages 7 to 10 form an integral part of these Financial Statements.

The Financial Statements on pages 4 to 10 were approved by the Board of Directors on 9 May 2018 and were signed on its behalf by



Kath Kearney-Croft
Director

Registered in Guernsey number 44807
UK Establishment registered number FC026869

VITEC HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Other £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2017	-	-	350,687	(233,456)	117,231
Total comprehensive income for the year					
Profit for the year	-	-	-	48,606	48,606
Dividends paid	-	-	-	(48,611)	(48,611)
Balance at 31 December 2017	-	-	350,687	(233,461)	117,226

	Share capital £'000	Share premium £'000	Other £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2016	1	181,451	169,235	(135,291)	215,396
Total comprehensive income for the year					
Loss for the year	-	-	-	(92,593)	(92,593)
Contributions by and distributions to owners					
Dividends paid	-	-	-	(5,572)	(5,572)
Cancellation of Ordinary shares	(1)	(181,451)	181,452	-	-
Balance at 31 December 2016	-	-	350,687	(233,456)	117,231

The other reserve is primarily a result of the reductions of share capital and share premium granted by the Royal Court of Guernsey. These reductions were credited to distributable reserves 'to be applied in the manner in which Company's profits available for distribution are to be applied, including the payment of dividends'.

In May 2016 the Company cancelled and extinguished share capital of £729 and the share premium account at a value of £181,451,499.

The notes on pages 7 to 10 form an integral part of these Financial Statements.

VITEC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. 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 (2014/2015 Cycle) issued July 2015 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"), and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The Company is an indirect wholly-owned subsidiary of The Vitec Group plc (the "ultimate parent company") and is included in the consolidated financial statements of The Vitec Group plc, which are publicly available. The Company is therefore exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare Group Financial Statements. These Financial Statements present information about the Company as an individual undertaking and not about its group.

2. Exemptions taken by the Company under FRS 101

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;
- Disclosures in respect of transactions with wholly-owned subsidiaries which form part of the Group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated Financial Statements of the ultimate parent company include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

3. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements.

a) Going concern

The Directors have reviewed the current activity, future prospects and resources available to the Company. On the basis of their assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from date of approval of the Financial Statements. Thus they continue to adopt the going concern basis in preparing the annual Financial Statements.

b) Foreign currencies

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 Profit and Loss Account.

c) Investments

The Company's investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. The carrying value of the Company's investments are reviewed at each Balance Sheet date to determine if any impairment provision is required against the value of the investment.

d) Taxation

The charge for taxation is based on the loss for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised on an undiscounted basis in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Balance Sheet date where there is an obligation to pay more tax, or a right to pay less tax, in the future.

VITEC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Operating result

Directors' remuneration of £1,000 is borne by the ultimate parent company.

Audit fees of £2,000 are borne by the ultimate parent company.

5. Net income/(loss) from shares in group undertakings

	2017 £'000	2016 £'000
Dividends received	48,611	100,290
Waiver of loan due from parent company	-	(94,710)
Provision against investment in subsidiary undertaking	-	(98,172)
Net income/(loss) from shares in group undertakings	<u>48,611</u>	<u>(92,592)</u>

On 23 June 2017 and 2 August 2017 the Company received a dividend of £21,803,457 (\$28,000,000) and £26,807,598 (\$35,000,000) respectively from its subsidiary Vittec Group US Holdings Inc.

6. Tax on profit/(loss)

(a) There is no current or deferred tax charge recognised in the year (2016: £nil).

(b) Factors affecting total tax charge

The tax assessed on the profit/(loss) before tax for the year is lower (2016: higher) than the effective rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are reconciled below:

	2017 £'000	2016 £'000
Profit/(loss) before tax	48,606	(92,593)
Profit/(loss) before tax multiplied by effective rate of corporation tax in the UK of 19.25% (2016: 20%)	9,357	(18,519)
Effects of:		
Group relief surrendered free of charge	1	-
Non-taxable income	(9,358)	(20,058)
Non-taxable waiver of loan	-	18,942
Non-taxable loss on investments	-	19,635
Total tax charge	<u>-</u>	<u>-</u>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020 and replacing the rate enacted in 2015) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

VITEC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Fixed asset investments

	2017 £'000	2016 £'000
Cost:		
At 1 January and 31 December	252,889	252,889
Provision:		
At 1 January	(135,658)	(37,486)
Charge for the year	-	(98,172)
At 31 December	<u>(135,658)</u>	<u>(135,658)</u>
Net Book Value:		
At 31 December	<u>117,231</u>	<u>117,231</u>

The Company's investments in subsidiaries as at 31 December 2017 are as follows:

Subsidiary	Country of incorporation	Class and number of shares in existence	Percentage of shares held
Autocue LLC	United States ⁽¹⁾	Membership units of NPV	100%*
Camera Corps, Inc	United States ⁽¹⁰⁾	Ordinary shares of US\$0.01 each	100%*
Chalfont Investments Inc	United States ⁽²⁾	Ordinary shares of US\$0.01 each	100%*
Mount Olive 2016, LLC	United States ⁽⁴⁾	Membership units of NPV	100%*
Offhollywood, LLC	United States ⁽⁵⁾	Membership units of NPV	100%*
SmallHD, LLC	United States ⁽⁶⁾	Membership units of NPV	100%*
Teradek Ukraine LLC	Ukraine ⁽⁷⁾	Membership interests of NPV	100%*
Teradek, LLC	United States ⁽⁸⁾	Membership units of NPV	100%*
Vitec Group US Holdings, Inc.	United States ⁽²⁾	Ordinary shares of US\$0.01 each	100%
Vitec Imaging Distribution Inc (formerly Manfrotto Distribution Inc)	United States ⁽³⁾	Ordinary shares of NPV	100%*
Vitec Production Solutions Inc (formerly Vitec Videocom, Inc)	United States ⁽²⁾	Ordinary shares of US\$0.01 each	100%*
Wooden Camera, Inc.	United States ⁽⁹⁾	Ordinary shares of NPV	100%*

* The ordinary capital of these companies was owned by a subsidiary of Vitec Holdings Limited at 31 December 2017.

VITEC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Fixed asset investments (continued)

The above Companies registered addresses are listed below:

- (1) 124 West 30th Street, Suite 312, New York, NY 1001, United States
- (2) Corporation Service Company, 2711 Centerville Road - Suite 400, Wilmington, DE 19808, United States
- (3) Corporation Service Company, 830 Bear Tavern Road, West Trenton, NJ 08628, United States
- (4) Corporation Service Company, 2595 Interstate Drive – Suite 103, Harrisburg, PA 17110, United States
- (5) Corporation Service Center, 2711 Centerville Road - Suite 440, Wilmington, New Castle County, DE 19808, United States
- (6) Corporation Service Company, 327 Hillsborough Street, Raleigh, NC 27603, United States
- (7) Uspenskaya 2, Odessa, 65014, Ukraine
- (8) CSC-Lawyers Incorporating Service, 2710 Gateway Oaks Drive – Suite 150N, Sacramento, CA 95833-3505, United States
- (9) 1826 West Commerce Street, Dallas, TX 75208, United States
- (10) Corporate Service Company, 251 Little Falls Drive, Wilmington, County of New Castle, DE, 19808, United States

8. Post balance sheet events

There were no material adjusting or non-adjusting events that require disclosure between the Balance Sheet date and the date of this report.

9. Ultimate parent company

The Company's immediate parent is Vitec Investments Limited, a company which is registered in England and Wales. The Company is an indirect wholly-owned subsidiary of The Vitec Group plc, a company which is registered in England and Wales and is the ultimate parent company. Copies of the Annual Report & Accounts 2017 of The Vitec Group plc are available from the Company Secretary, Bridge House, Heron Square, Richmond, TW9 1EN.