ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015
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VISLINK

FROM SCENE TO SCREEN

VISLINK COMMUNICATION SYSTEMS

Vislink Communication Systems is a leading global technology business specialising in the provision of advanced communications to the broadcast surveillance and defence industries. From air land and even over water we collect and deliver high-quality video and data from scene to screen in real-time

MARKETS

KEY PRODUCTS

CUSTOMERS

Learn more about Vislink Communication Systems on **Page 14**

PEBBLE BEACH SYSTEMS

Pebble Beach Systems is a leading developer and supplier of automation, Channel in a Box and content management solutions for TV broadcasters service providers and cable and satellite operators Our innovative software solutions manage acquisition, file-based workflows archiving and multi-channel playout at large and small installations worldwide

MARKETS

KEY PRODUCTS

CUSTOMERS

Learn more about Pebble Beach Systems on **Page 24**

VISLINK

The Vislink Group is a global technology business specialising in the collection and delivery of high quality live video and associated data from scene to screen

For markets ranging from live broadcast of sports and news, to surveillance public safety and defence, the Vislink Group offers both hardware and software solutions through Vislink Communication Systems and Pebble Beach Systems respectively

OUR STRATEGY OF GROWING HIGH MARGIN, RECURRING REVENUE BUSINESS WILL DELIVER LONG TERM SHAREHOLDER VALUE

FINANCIAL HIGHLIGHTS

REVENUE (£M)	ADJUSTED OPERATING PROFIT* (£M)	NORMALISED ADJUSTED EARNINGS PER SHARE† (P)

* Adjusted operating profit is operating profit from continuing operations before the amortisation and impairment of acquired intangibles and other non-recurring items including rationalisation costs. Adjusted earnings per share is calculated on the same basis after taking account of related tax effects

† Adjusted earnings per share normalised for a tax rate of 20 per cent

OPERATIONAL HIGHLIGHTS

- Transition to IP technology and virtualisation with the development of new products
- First in the market to produce live wireless 4K UHD viewing of sports action
- Reduction of cost base with restructuring of hardware division creating more efficient output

LOOK OUT FOR THESE ICONS

FOR FURTHER INFORMATION WITHIN THIS DOCUMENT

ADDITIONAL INFORMATION ONLINE AT **VISLINK.COM, PEBBLE.TV** AND **VISLINKPLC.COM**

REASONS TO INVEST

THIS STRATEGIC REPORT DISCUSSES THE FOLLOWING AREAS.

THE BUSINESS MODEL

FAIR REVIEW OF THE GROUP'S BUSINESS

FUTURE DEVELOPMENTS

STRATEGY AND OBJECTIVES

KEY PERFORMANCE INDICATORS

REVIEW OF PRINCIPAL RISKS AND UNCERTAINTIES

CAUTIONARY STATEMENT

This Strategic report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed

The Strategic report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information

The directors, in preparing the Strategic report, have complied with s414c of the Companies Act 2006

This Strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Vislink plc and its subsidiary undertakings when viewed as a whole

CONTENTS

CHAIRMAN'S STATEMENT

John Howlans
Executive Chairman

"We continue to transition to a software and services business represented by the evolving profit mix within the business Pebble Beach Systems has had a strong financial performance in 2015 as it continues to expand its sales activities through its key partnerships and increasing geographic presence

In its core broadcast markets Vislink Communication Systems found market conditions in 2015 challenging and they are expected to remain variable in 2016 However, the significant restructuring of Vislink Communication Systems, coupled with the investment and launch of new products and an increasing order pipeline, provides an encouraging platform for improved results from Vislink Communication Systems

Both the Harmonic and GoPro strategic relationships continue to progress and we are pleased with the progress made

The Group is confident of its strategy, with the development of its IP based solutions and the growth of software and services, which will benefit the Group as a whole in 2016 and beyond "

INTRODUCTION

The Group generated revenue of £57 8 million in a variable marketplace 2015 was a year of continuing growth for Pebble Beach Systems, achieving revenue of £10 9 million and contributing £3 3 million of adjusted operating profit In challenging market conditions Vislink Communication Systems achieved revenues of £46 9 million and contributed adjusted operating profit of £2 8 million Our two divisions have continued to develop and provide best in class solutions to three core markets the broadcast software market the broadcast communications market for the collection of live news sport and live entertainment events and the surveillance and public safety market

PLATFORM FOR PROFIT GROWTH

The Group operates as two divisions Pebble Beach Systems which includes the Group s automation and playout software products, and Vislink Communication Systems which is a consolidation of the Group s hardware businesses Both divisions benefit from channel and market synergies We continue to see a strengthening of our capabilities expertise and ability to execute against our Scene to Screen strategy and this is accelerated by the development of key partnerships and the launch of new products

PEBBLE BEACH SYSTEMS

Pebble Beach Systems is a world leader in the provision of software for automation Channel in a Box and content management solutions for TV broadcasters cable and satellite operators Its leading next generation products and software technology within the broadcasting sector are best reflected by its global customer base Furthermore this customer base continues to be fast growing The business has high margins, excellent growth prospects and solid cash generation

Pebble Beach Systems has almost doubled in revenue in the first 2 years of ownership

Pebble Beach Systems has benefitted from being part of the Group allowing expansion globally and a strategic partnership with Harmonic which continues to strengthen In 2015 Pebble Beach Systems announced a major order of approximately US$2 0 million with Scripps Network Interactive a leading US developer of high-profile content for lifestyle media platforms including television digital mobile and publishing as well as its first order for Orca an IP-enabled software-defined integrated channel which runs on a virtualised platform In the period Pebble Beach Systems invested in identifying and scoping new organic products and solutions which they believe will deliver significant opportunities in future years

Pebble Beach Systems had a successful year achieving revenue of £10 9 million (2014 £8 3 million) Pebble Beach Systems has benefitted from a strengthening relationship and access to the North American market Pebble Beach Systems contributed £3 3 million of adjusted operating profit in 2015 (2014 £3 3 million) which reflects investment in software development and expansion of sales capability to underpin the future growth of the division

We believe that the acquisition and its subsequent successful organic growth has transitioned Vislink into a market leading video capture and playout provider to the broadcast industry Pebble Beach Systems demonstrates that the Group s software strategy is on track with the software business providing good growth prospects better operating margins and the benefit of improved visibility of earnings

VISLINK COMMUNICATION SYSTEMS

Vislink Communication Systems found market conditions variable in 2015 Its broadcast business achieved a 4% growth in sales and a significant growth in order intake It saw a significant reduction in its surveillance order intake and revenue with a non-repeat of the large Home Office surveillance contract awarded in 2014 which was successfully completed in the first half of 2015

There has been a significant change in both the broadcast marketplace and the media technology used to meet its needs Vislink Communication Systems has completed the planned restructuring of the business during FY15 which is intended to make it a more flexible business for the changing markets The restructuring substantially reduced costs and streamlined its manufacturing base through consolidation of manufacturing operations and outsourcing the manufacture of established products to third parties This brings the benefit of both a lower fixed cost base and flexibility to expand production as market needs generate demand

It has successfully developed a number of new products incorporating IP technology These products which were introduced during Q4 of FY15 have been very well received and the timings of these launches will benefit Vislink Communication Systems in FY16 with further product launches planned during the year Vislink Communication Systems is positioning itself to be the technology leader in those markets which offer better growth through exploiting technology shift opportunities In the last three months of trading new product introductions accounted for significant order intake for the division a good forward indicator of the demand and success of these new IP products

CHAIRMAN'S STATEMENT CONTINUED

FINANCIAL RESULTS
Group revenue for the year to 31 December 2015 was £57 8 million (2014 £61 9 million) Orders received in the period were £59 9 million (2014 £61 4 million) The order book at 31 December 2015 was £11 0 million (31 December 2014 £8 8 million)

Overheads remained in line with expectations with the total overheads increasing to £21 3 million (2014 £21 2 million) Vislink Communication Systems overhead reduced from £15 0 million to £13 7 million reflecting the benefits of the restructuring process in the division Pebble Beach Systems overheads increased from £3 4 million to £5 6 million reflecting a full year along with an increased headcount to underpin future growth

The adjusted operating profit was £4 7 million (2014 £7 2 million) before charging £2 4 million in respect of the amortisation of acquired intangibles (2014 £2 6 million) and £3 1 million of non-recurring items (2014 a credit of £0 9 million)

The reported loss before tax was £1 0 million (2014 a profit of £5 4 million) The reported loss has arisen primarily due to the non-recurring costs of £3 1 million On a comparative basis 2014 benefited from a £0 9 million credit in respect of non-recurring costs as a result of the release of £2 0 million of deferred consideration in respect of the acquisition of Amplifier Technology in 2013

Net finance costs increased in 2015 reflecting a full year s interest on the Group s Revolving Credit Facility (RCF) which was utilised in part to finance the acquisition of Pebble Beach Systems In 2015 the Group restructured its existing debt facilities and replaced the original £7 0 million RCF facility and £3 0 million term loan with a £10 0 million RCF facility This was increased later in the year to a £15 0 million RCF facility to provide greater flexibility

As at 31 December 2015 the Group held inventory of £12 7 million which is down 1 5 per cent on the prior year (31 December 2014 £12 9 million) trade and other receivables of £18 8 million up 17 5 per cent on the prior year (31 December 2014 £16 0 million) and trade and other payables of £13 6 million down 14 3 per cent on the prior year (31 December 2014 £15 8 million)

The Group continues to view investment in the development of new products and services as key to future growth The cash outflow from investing activities amounted to £3 8 million (31 December 2014 £11 5 million) which comprised net capital expenditure and the capitalisation of development costs In 2014 investing activities included a £7 0 million net outflow in respect of the acquisition of Pebble Beach Systems

EARNINGS PER SHARE
The reported basic undiluted loss per share for the year was 0 7 pence (2014 earnings of 3 2 pence)

After adjusting for amortisation and impairment of goodwill and acquired intangibles and other non-recurring items the Group s adjusted earnings per share was 3 0 pence (2014 adjusted earnings per share of 4 1 pence)

The adjusted earnings per share normalised for an effective tax rate of 20 per cent for the year was 2 9 pence (2014 4 6 pence)

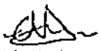
DIVIDENDS
We propose a full year dividend of 1 5 pence per share (2014 1 5 pence per share) We have not increased the dividend from the prior year as we intend to preserve cash for future software investments

THE BOARD, MANAGEMENT AND EMPLOYEES
We continue to see a strengthening of our capabilities and expertise as we continue to optimise parts of our business operations and invest in new products and markets

On behalf of the Board I would like to thank all our people who have got behind our vision for the Group and all who have contributed to our achievements in 2015

CURRENT OUTLOOK TRADING
Our markets continue to be variable The Group enters 2016 having repositioned its capabilities and invested in new products both in software and hardware The Group can with confidence exploit the technology shift in the market in 2016

We are transforming the Group As our software group grows we aim to enhance earnings margins and cash generation and remain completely aligned to our shareholders objectives of delivering long term profitable growth



John Hawkins
Chairman
6 April 2016

"We are transforming the Group As our software group grows we aim to enhance earnings, margins and cash generation and remain completely aligned to our shareholders' objectives of delivering long term profitable growth "

Audiences are closer to the performance with our live event solutions

Controlling the multiple complex technologies which deliver channels to air

Vislink & GoPro – Redefining the boundaries for Live Point of View video

Airborne downlink solutions for drones and manned aircraft

GROUP AT A GLANCE

Vislink is a leading technology Group serving customers in the broadcast, surveillance and public safety markets The Group is organised into two distinct divisions

OUR DIVISIONS

VISLINK COMMUNICATION SYSTEMS

Vislink Communication Systems is our hardware technology business It is a consolidation of our previous Broadcast Surveillance and Public Safety divisions

KEY PRODUCTS INCLUDE

- Wireless Camera Systems
- On-Board Camera Systems
- Airborne Downlinks
- Wireless Camera Control
- Microwave Systems
- Satellite Systems
- Cellular/IP Systems

Learn more on **Page 18**

PEBBLE BEACH SYSTEMS

Pebble Beach Systems is our software business Our expertise is in providing solutions for channel delivery and content management for broadcasters service providers and cable and satellite operators Managing content acquisition file-based workflows and multi-channel playout our products are used by broadcasters worldwide for projects of all scales

KEY PRODUCTS INCLUDE

- Marina – next generation enterprise level playout automation platform for multi-channel applications
- Orca – state of the art IP-enabled cloud-based integrated channel delivery solution running in a virtualised environment
- Dolphin – multi-format integrated channel delivery solutions based on standard IT hardware
- Stingray – cost-effective self-contained Channel-in-a-Box

Learn more on **Page 27**

WHAT WE DO

Our solutions enable the capture and broadcast of live video and associated data from scene to screen Our two divisions combine to offer an integrated end-to-end solution

Our core competence is the collection delivery and management of high quality live video and data from scene to screen to the broadcast industry and the surveillance and public safety markets

OUR LOCATIONS

Our business is run through the main operational sites in the UK and the US New products are created through our engineering and development centres of excellence which also collaborate with our marketleading technology partners GoPro and Harmonic

Our business addresses global markets selling through direct sales and partnerships with resellers and systems integrators As a result in addition to our main sites the sales offices we have in California Dubai and Singapore are increasingly important Our partnerships are able to provide customer support local to our customers

SALES OFFICE LOCATIONS

- UK
  - Colchester
  - Hemel Hempstead
  - Weybridge
- USA
  - California
  - Colorado
  - Massachusetts
- Dubai
- Singapore

DEVELOPMENT LOCATIONS

- UK
  - Colchester
  - Weybridge
- USA
  - Colorado
  - Massachusetts

GROUP HEAD OFFICE LOCATION

- Hungerford, UK

SALES BY DIVISION

SALES BY TERRITORY

KEY

SALES OFFICE LOCATIONS

DEVELOPMENT LOCATIONS

HEAD OFFICE LOCATION

OUR MARKETPLACE

VISLINK COMMUNICATION SYSTEMS

KEY MARKET DRIVERS

- Consumer demand for compelling live content
- Interoperability and collaboration between public safety organisations
- Multi-platform viewing and diversity of content
- The rise of Ultra-High Definition (4K UHD) video
- Drive for greater efficiency throughout processes

TRENDS

- Adoption of High Efficiency Video Coding (HEVC) as the industry standard
- Increasing use of point-of-view camera angles for sports and entertainment
- Widespread adoption of IP and Ultra-High Definition

OUR POSITION

Vislink provides solutions to the broadcast and media markets for live news sport and entertainment events Our surveillance solutions address the needs of defence law enforcement and public safety organisations Our products are in use daily serving the majority of the world's broadcasters plus many of the most demanding surveillance applications

AVAILABLE MARKET

The desire of our customers to capture increasingly more detail closer to the point of action balanced with the need for ever greater efficiencies in delivery workflow and collaboration generates ongoing revenues for our current products, plus exciting opportunities for our new technologies

Capturing the drama and excitement of live sports like never before

PEBBLE BEACH SYSTEMS

KEY MARKET DRIVERS

- The shift from hardware technology to software-based solutions
- The ongoing growth of digital terrestrial satellite and cable services and web-based streaming platforms along with the adoption of HD technology in emerging markets
- Changing business dynamics which drive the demand for flexible technology configurations
- The centralisation of broadcast operations into hub and spoke models enabling the delivery of regional channels at lower cost with targeted content and advertising
- The emerging trend to replace traditional hardware solutions with virtualised solutions or cloud technology

TRENDS

- Consuming technology as a service to deliver more flexible operating costs capacity and capability
- More channels are being tested launched and decommissioned with shorter deployment times requiring agile channel delivery technology for event-based services e g sports tournament channels music festival channels

OUR POSITION

Since its formation in 2000 Pebble Beach Systems has grown to become a world leader in the highly specialised and mission-critical field of broadcast automation and we are committed to maintaining and enhancing the excellent reputation we have built up for technical innovation high reliability and exceptional customer service

AVAILABLE MARKET

The transition from hardware to software significantly opens up the addressable market Diverse functions within the channel delivery chain which previously required discrete dedicated hardware devices are now achievable within a single software-defined solution enabling us to target a huge international market for integrated playout technology in addition to our core automation user base

OUR BUSINESS MODEL

CUSTOMERS

We work closely with the majority of the world's broadcasters including specialists in news live entertainment and sports
We provide end-to-end solutions for our customers

CHANNELS

Customers are reached through direct sales, and partnerships with value added resellers and systems integrators Whilst both are often focused on market sectors they share knowledge of customer requirements and market trends and offer local support where needed

VALUE PROPOSITIONS

LIVE
Our solutions take live event viewing to the next level with high definition 4K UHD viewing meeting the demands of real-time environments

RELIABLE
Our integrated solutions create advanced secure communications to support inter-agency sharing making them highly dependable for mission-critical environments

MARKET LEADING
Our technology meets market demands for faster higher quality video with flexibility and efficiency

FLEXIBLE SUPPORT
Our global presence allows us to be close to our customers ensuring we can offer flexible and responsive support whenever and wherever needed

INNOVATIVE SOLUTIONS
Our industry expertise enables us to continually develop our products keeping abreast of the continuing technology shift

TRUSTED GUIDANCE
Our customers trust us to deliver comprehensive solutions that meet their expectations and the demands of their environment

TECHNOLOGY

VIRTUALISATION
We design software and systems offering maximum control of content networks and assets

POINT OF VIEW LIVE
We capture and share interesting and informative perspectives that were previously impossible or too costly providing increased options for multiscreen viewing

END-TO-END IP
We intend to offer a total package that brings IP video along the entire process from point of collection to the viewer's screen

RESOURCE

Our engineering and development centres of excellence allow us to develop new products and offer collaborations with our partners Our sales offices in California Dubai and Singapore back up our global sales presence and enable flexible customer support

Learn more about our key technologies on Pages 20 & 29

PARTNERS

We continue to create important strategic partnerships collaborating on resources and technologies to develop new solutions

Read about our partnership with GoPro® on Pages 16 & 20

Enterprise level software for multi-channel delivery

Live video solutions enhance collaboration and aid critical decisions

Maritime surveillance operations work seamlessly with land and air patrols

Enthralling audiences with compelling live footage

GROUP STRATEGY

To grow our core markets in both the UK and overseas delivering sustainable value for our shareholders
To grow our business by leveraging our brands supported by product development and utilising our global reach

OUR STRATEGIC OBJECTIVES	PROGRESS ON OUR STRATEGIC OBJECTIVES	GOALS FOR 2016	FIND OUT MORE
Market Leading Solutions to Drive Sales through Innovation	Vislink has a strong engineering team in both the UK and US The Group continues to invest in developing innovative products for its customers including • IP Link – takes broadcast video and data transmission to the next level in microwave communications technology by combining features of a digital broadcast point-to-point radio system with ASI transport providing end-to-end IP • UltraEncoder and UltraDecoder – together provide the first HD and 4K UHD end-to-end video encoder and decoder solution • HEROCast transmitters – the smallest lightest and most energy-efficient wireless broadcast transmitter created in partnership with GoPro taking the customer to the heart of the action without leaving the comfort of their home • Orca – a virtualised IP-enabled software-defined integrated channel Orca runs in a virtual machine on a virtualised platform DMC a leading service provider based in the Netherlands are the first to deploy Orca in a large multi-channel application	• To capitalise on sales of new products to increase profit and growth • Growth of IP solutions to include virtualisation and cloud technology	**Pages 18 and 27**
Expansion of Available Markets	• Built on relationship with partners GoPro and Harmonic • New products enhance offering to customers • Sales in over 50 countries and an increased network of resellers and systems integrators across the world regions These partnerships offer first hand knowledge of customer needs and requirements enhancing customer relationships with local support and increasing sales • We also continue to drive sales internationally through our global sales teams in the US Singapore and Dubai	• Continue to expand our available markets • Leverage our direct and global channels • Further investment in organic growth	**Page 23 and 31**
Continuing Transition to Software and Services	• Continued development of our IP products in both divisions to meet market trends of end-to-end IP virtualisation and cloud technology	• Continued expansion of our software and services	**Page 20 and 29**

Delivering software solutions to broadcasters worldwide

Formula E on-board systems – delivering sights and sounds of the future

Capturing the moment live

VISLINK COMMUNICATION SYSTEMS

WHAT WE DO

Broadcast & media and surveillance & public safety organisations around the world depend on live video delivered in the highest possible detail more efficiently and more effectively than ever before
Our hardware solutions meet that demand

COLLECTION

There are no second chances to capture the critical moment When operating at major events for newsgathering sports/entertainment or the front line of counterterror operations or other public safety situations there is no room for error

This is why Vislink Communication Systems wireless camera systems point-of-view on-board and airborne solutions are chosen by the world's most prestigious broadcasters as well as the most demanding law enforcement agencies and advanced public safety organisations From concert stadiums and motor racing circuits to police helicopters and scenes of international news our systems are in use every day around the globe They operate in the most challenging environments delivering vital images in high definition directly from the point of the action

TRANSMISSION & MANAGEMENT

Our wide portfolio of solutions enables us to offer the most efficient and effective method of transmission for each application Dedicated point-to-point microwave transmission links between fixed or mobile sites may operate as standalone systems or be combined with our satellite cellular and IP solutions to form seamless hybrid systems to cope with changing environments and infrastructure

Management and interoperability of systems provides precise control of video captured from the ground in the air or over water from multiple points of ingest Simultaneous delivery is enabled to the fixed-site receive infrastructure rapid response vehicles and handheld devices while maintaining the lowest latency and highest quality of image

DISTRIBUTION

The ability to wirelessly deliver high quality live video is vital to our customers Whether delivering live action footage to a global television audience who demand the ultimate viewing experience and want to feel as close to the action as possible or to one person in a tactical command or emergency operations centre dependent on that information to make crucial potentially life-saving decisions performance and reliability are crucial

Our unmatched product portfolio encompasses the most advanced broadcast quality transmission compression and encryption technologies These deliver live video content reliably securely and in Ultra-High Definition
The recipient may be an emergency services first responder tactical command operator or a television network delivering news and events to a global audience

BROADCAST

SURVEILLANCE

Capturing high definition video from the most challenging environments

CASE STUDY – KEY PRODUCTS

WORLD'S FIRST LIVE WIRELESS 4K CAMERAS CASE STUDY

BT Sport in conjunction with Dorna introduce Vislink 4K wireless camera systems at Silverstone for the Octo British Grand Prix

The Challenge

The 2015 Octo British Grand Prix at Silverstone was a landmark event With global TV coverage reaching a record 400 million viewers via 87 networks across 207 territories Dorna Sports the exclusive commercial and television rights holder for MotoGP raised standards even further by offering live coverage of the event in Ultra High Definition (UHD) for the first time ever

The Solution

Live action on the track at MotoGP races was delivered from high performance Vislink HDCU on-board transmitter systems on each bike comprising four High-Definition (HD) cameras per bike plus telemetry for processing into on screen graphics showing the bike's speed position and other metrics These systems are designed specifically to be very lightweight with low power consumption whilst able to withstand the harsh challenges of operating at over 200mph

Action in the pit lane is traditionally transmitted in HD from broadcast cameras fitted with Vislink's HD Clip-On transmitters to the Vislink Modular Diversity Receive (MDR) system feeding live video streams to the production studio For the British Grand Prix at Silverstone these transmitters and the receive system were upgraded with our new high efficiency video coding (HEVC) technology providing the world's first wireless UHD cameras

The Result

With the pit lane camera links now benefiting from the HEVC and 4K Ultra-High Definition capabilities of UltraCoder Dorna Sports are able to provide consumers with an unparalleled live television experience that is as close as possible to being at the circuit

"Dorna Sports is excited to continue developing our Ultra-High Definition offerings as more partners around the world adopt this format We have been working with our technology partners involved in the Championship to trial 4K during the past couple of seasons Silverstone was a milestone event for motorsport and for MotoGP in particular!"

Manel Arroyo,
Managing Director
TV & Media Area Dorna Sports

VISLINK COMMUNICATION SYSTEMS

WHY WE DO IT

MARKETS

Broadcast
Broadcasters need to deliver experiences that are more engaging and more immersive to engage audiences and drive their revenues from subscriptions and advertising This demands continual technology advances to empower them with a competitive advantage

Newsgathering
News is delivered faster and in more detail than ever before Modern newsgathering is a race to capture the story before rivals and provide the facts live from the scene Broadcasters need to meet that challenge by delivering services that stand out from the crowd – delivered faster in higher quality and more efficiently

Sports & Entertainment
Live sports and entertainment broadcast is evolving at an accelerating pace Where once the television viewer desired an experience similar to being at the event watching live as the action or performance unfolded now they demand more To compete for market share each broadcaster must deliver live experiences that are more immersive promoting viewers not just to the front row seats of the race circuit or stadium but with a point of view directly from inside the race car on the pitch or from the stage The television viewer wants to see the action from the athletes or performers point of view in high definition live from anywhere in the world In addition many viewers are no longer satisfied with a single point of view chosen by the television producer They want to see the action from multiple perspectives simultaneously with on-screen telemetry detailing speed, direction relative positions and other data that was previously only available to teams or performers at the live venue

Surveillance & Public Safety
Surveillance markets continually face new challenges and demands To protect the public from crime and terror threats security and law enforcement agencies around the world need technology that is always one step ahead enabling them to be fully informed of the situation via real-time video and data

Emergency services also continuously seek to improve the effectiveness of their responses via seamless collaboration capturing information in more detail and disseminating that information faster through interoperable systems and devices Their use of advanced technology for video communications between front line officers emergency first responders and tactical command units enables the most effective and efficient allocation of their valuable resources

CASE STUDY – SEEING YOUR GOALS IN HIGH DEFINITION

THE CHALLENGE
When it's unclear if the puck has crossed the goal line the National Hockey League (NHL) use instant video replay to make key game-play decisions However due to the positioning of cameras at the top and side of the net and their possible obstruction by players this has not always provided definitive proof To improve accuracy the NHL have positioned new cameras inside the goal posts

THE SOLUTION
An integrated solution developed via a collaboration between Vislink Communication Systems GoPro and Timecode Systems was chosen by the NHL

High definition video captured using GoPro HERO4 Black cameras is transmitted live by Vislink HEROCast transmitters HEROCast is the smallest lightest and most energy-efficient HD wireless transmitter on the market specifically developed to deliver new and unique views from live events The addition of highly accurate stadium timecode embedded within the wireless video feeds at source enables this solution to ensure synchronisation of the goal cameras along with the best viewing angles for replay review Signals are then distributed to the house video production area to the outside broadcast vehicles covering the event and to the NHL situation room in Toronto

THE RESULT
Whenever a goal is scored or a contentious scoring play occurs the NHL uses their in-house instant replay system to enable quick analysis of the high definition video images delivered from the GoPro cameras and HEROCast transmitters The solution provides the NHL with absolute accuracy when reviewing frame-by-frame footage to make their key game-play decisions

This collaboration builds upon Vislink's successful partnership with GoPro which was announced earlier in 2015 The combination of GoPro HERO4 camera and Vislink HEROCast transmitter has quickly become a game-changer for delivery of broadcast quality, live action point of view video for professional sports and entertainment events worldwide

"HEROCast has enabled GoPro to bring our signature immersive POV shots and exciting footage to live broadcasts Audiences can now see the action as it happens from completely new angles "

Adam Silver
Director of Strategic Product Opportunities, GoPro

VISLINK COMMUNICATION SYSTEMS

WHAT WE OFFER OUR CUSTOMERS

POINT OF VIEW

Vislink Communication Systems HEROCast transmitter not only leads the industry in the pursuit of small and lightweight devices for live video with broadcast quality and performance it also opens up new applications for point of view video that were previously unimaginable

For broadcast applications these exciting camera views engage live television audiences leading to increased viewing figures and advertising revenues

ULTRA-HIGH DEFINITION / 4K UHD

The demand for 4K UHD (Ultra-High Definition) content delivery is met by our growing range of HEVC (High Efficiency Video Coding) based products including the UltraCoder and UltraDecoder industry firsts for Vislink Communication Systems The award winning UltraCoder is a highly flexible device providing efficient encoding of up to four concurrent channels of HD video or a single 4K UHD channel as the user chooses These and other specific features are enabled via optional licence keys allowing the customer to make a low risk investment in base hardware then easily upgrade this as their needs evolve UltraCoder's unique benefits enable major step changes in the industry providing greater quality flexibility efficiency plus exceptional return on investment

END-TO-END IP

The migration of services from analogue and digital video systems to new IP-enabled workflows also creates specific challenges for broadcasters The smooth transition of services is key requiring upgrades of studio to transmitter links across wide territories, without depending upon third party network infrastructure for communications that are critical to operations Our new IPLink point-to-point microwave systems solve the problems associated with those transitions enabling the benefits of the new IP workflows while continuing to support legacy video system infrastructure

By offering a solution that is designed to address those specific needs of a core market our end-to-end IP solutions provide an easy upgrade path for customers This also ensures us with long term continuity of business from a loyal customer base and delivers to them a versatile backbone to support future product and developments

HEROCast engages audiences by offering unique points of view

OUR PEOPLE/TALENT

Our aim is to retain the division's values and remain a people-focused business, working together to achieve the division's strategy and goals efficiently

At Vislink Communication Systems we employ over 180 dedicated people and provide systematic performance development and tailored training

ENGAGING EMPLOYEE OPINION

Following the successful implementation in our software division the roll-out of employee engagement surveys across the Group enables employees to have a voice This provides invaluable feedback to the Group to ensure that the division is communicating effectively and facilitating an enjoyable challenging place to work

PROMOTING DIVERSITY AND INCLUSION

Vislink Communication Systems believes that diversity makes good business sense The success of any organisation and that of its employees depends very largely on the employees themselves

As we develop new products and expand our markets we are always pleased to welcome talented individuals to our dedicated team We understand the value of working together knowing that each individual plays a vital role in the division s success Our business is built on people from different backgrounds coming together for a common goal We provide equal opportunities regardless of race religious belief political opinion sex marital status sexual orientation age or disability We do not condone any discriminatory act or attitude in the conduct of our business with the public or our employees and we look to our employees for support in implementing our policies and practices

DEVELOPING LEAN AND EFFICIENT OPERATIONS

As the division grows we are working on simplifying processes and sharing ideas across our offices and the Group We understand the benefits of sharing best practice and processes across multiple sites and regions We have focused on moving our engineering expertise to our development centres of excellence creating single product management for greater efficiency

STRENGTHENING THE TEAM

2016 will see an increased investment in recruitment and talent management to provide a dynamic business fit for growth Vislink Communication Systems is keen to ensure employees at all levels have access to relevant training and management support Identifying and investing in the next generation is key to achieving and maintaining growth within the business

VISLINK COMMUNICATION SYSTEMS

TECHNOLOGY AND INNOVATION

The investment in the development of market-leading solutions and expansion of available market is a key part of the organic growth strategy

DEVELOPMENT OF MARKET-LEADING SOLUTIONS

By focusing development and innovation for our cutting-edge hardware products and solutions in key technology areas we are well positioned to respond to the ever-changing requirements of todays markets

Our customers face a range of pressures including

- Demand for higher quality images and more immersive viewing experiences
- Commercial and regulatory pressures to deliver greater efficiencies
- The need to support advanced IP workflows
- Enabling more effective collaboration

To address these needs our key development areas are

- Point of View Transmission
- 4K UHD (Ultra-High Definition) / HEVC (High Efficiency Video Coding)
- IP Enabled Products – Enabling robust communications supporting the transition to file-based workflows
- Interoperable products and management solutions

Our innovation harnesses key technology capabilities offering markets the disruptive solutions that challenge convention providing new and exciting ways to enhance our customers' operations and services and in turn drive revenues

MAJOR CUSTOMER PROJECTS ACCELERATE TECHNOLOGY

Our long association with many of the world s leading motorsport organisations and events is born of a shared vision

The competitive world of motorsports drives technology innovation and development ahead of the automotive industry Those operating at the pinnacle create cutting-edge technology solutions that later become standards for vehicles available to consumers as well as migrating into other markets including defence vehicles Examples include the complex energy recovery and deployment systems and advanced telematics – developed for racing – now available in vehicles ranging from supercars to armoured cars

Ultimately these sports are a quest for performance durability and efficiency with the ability for the technology to transcend its original application

Fans around the world who are inspired by these high-speed dramatic technology showcases demand a television viewing experience that is consistent with those values They want the highest quality images along with detailed real-time information direct from the point of the action This is why our partners in this arena depend on our solutions to evolve and maintain their position operating at the forefront of technology Our own drive for innovation is fuelled by this demand which has been instrumental in establishing many of Vislink s technology developments including our 4K HEVC solutions as first to market leading to wider adoption across the broader range of markets and applications

Leading innovation for customers at the cutting edge of technology

STRATEGIC PARTNERSHIPS ALLOW FOR FASTER DEVELOPMENT

The strategic partnership entered into with GoPro early in 2015 is one example of how our market-leading low latency wireless camera and transmission systems are being endorsed by industry heavyweights The development enables GoPro HERO4 cameras to include a professional grade live HD wireless broadcast solution with a transmitter that is small enough to be bodyworn or mounted in unique areas providing new perspectives for viewers and fundamentally changing the way in which live sport is watched on television

We continue to advance our software Live Point of View and end-to-end IP technologies both through internal development specific projects and strategic technology partnerships

VISLINK COMMUNICATION SYSTEMS

Simon Derry
Chief Executive Officer
of Vislink Communication
Systems

Q **How have the changes in 2015 positioned Vislink Communication Systems for the future?**

A Vislink Communication Systems' markets are experiencing major technology shifts to IP networking and Ultra-High Definition

In 2015 Vislink Communication Systems took significant steps to restructure accordingly

With the introduction of a new portfolio of products and harmonised operations, we are well positioned to capitalise on this new wave of opportunity

PERFORMANCE REVIEW

REVENUE BY REGION

	Vislink Communication Systems		
Revenue by Region	**2015 £m**	2014 £m	Change %
UK	**6 9**	13 7	50 4
Rest of Europe	**9 0**	9 7	-6 2
North America	**15 7**	17 8	11 7
Latin America	**5.4**	2 5	112 1
Middle East and Africa	**4 6**	3 1	48 3
Asia/Pacific	**5 3**	6 8	22 2
Total Revenue	**46 9**	53 6	12 6

Vislink Communication Systems experienced challenging market conditions in its core markets as is reflected in the revenue figures for 2015 but it has successfully developed best-in-class products and won major customer projects enabling the development of technology to be accelerated

The continued development of technology in order to exploit customer demand will lead to more revenue streams going forward

REVENUE BROADCAST

REVENUE PUBLIC SAFETY & SURVEILLANCE

OUTLOOK

Our product range carefully addresses shifting market dynamics solving todays challenges while maintaining a firm focus on the needs of tomorrow

For example Vislink Communication Systems first to market HEVC (High Efficiency Video Coding) products launched in 2015 provide the ability to reduce bandwidth by up to half when transmitting video over satellite microwave or IP networks This is particularly effective for Satellite News Gathering applications as well as sports and entertainment events delivering major savings to customers whose OPEX budgets are typically under pressure

Concurrently this same compression technology is the core enabler for delivery of the latest Ultra-High Definition (UHD) content across networks plus myriad other future benefits including higher frame rates and high dynamic range

Although delivery of UHD content is currently in its infancy 23% of consumer televisions sold globally in 2016 are expected to be UHD capable * Market surveys in Western Europe further emphasise consumer demand for UHD content indicating that 54% of future buyers are willing to purchase a UHD TV with the expectation that more content will be available soon ** This presents broadcasters with a challenge to efficiently implement the technology upgrades necessary for the capture and delivery of UHD content while ensuring commercial viability of these premium services

Vislink Communication Systems HEVC products therefore offer two-fold benefits First superb return on investment over a very short term Second the ability to unlock UHD and other capabilities of the hardware platform via licence options as their needs evolve

This forward-looking stance flows throughout our product developments from compact point-of-view solutions to powerful hybrid transmission systems enabling our customers to meet their current and future challenges of greater efficiency interoperability transition of services to IP-based workflows and beyond

By maintaining a clear view of emerging market trends and upcoming regulatory changes as well as new technologies and external market pressures Vislink Communication Systems is continually able to provide our customers with innovative first-to-market solutions that offer low risk and high return on investment

Source
Advanced Television November 2015
Source
Advanced Television January 2016

A winning formula

PEBBLE BEACH SYSTEMS

WHAT WE DO

Pebble Beach Systems develops and supplies software solutions for TV broadcasters Our major strengths are in the area of play to air channel delivery systems and the management of media assets

Broadcasters and media companies rely on the accurate and timely playout of scheduled programming in order to fulfil their contractual obligations and to protect their revenues Pebble Beach Systems develops intelligent robust software that automates the mission-critical task of playing out the correct media along with any secondary actions such as graphics and subtitling at the right time on the right channels As well as enabling operators to control a larger number of channels than previously possible it reduces the potential for operator error by continuously validating media to ensure it is present correct and ready for playout on time and by controlling the multiple complex technologies which deliver channels to air

CASE STUDY – KEY PRODUCT/TECHNOLOGY

FOX SPORTS — NETHERLANDS

With a demanding audience paying premium prices it is a business fundamental for high profile sports channels to maintain their output at all times Eredivisie Media and Marketing CV (EMM) specialises in the broadcast of live national and international sports events – primarily football to viewers in the Netherlands via terrestrial, cable and streaming services. In addition to holding the Dutch premiership rights for the next decade EMM holds the rights to carry a bouquet of other premier sports events and championships

EMM also owns and operates Fox Sports who went live with a Pebble Beach Systems Marina automation solution for the kick-off of the 2015-16 football season The project was initiated when EMM took the decision to bring playout of the channel in-house in order to give them greater control of their growing business, and to enable them to expand their offering in as agile a way as possible

The system was architected to offer highly resilient performance even during multiple fault conditions It is also extremely flexible allowing reconfiguration of channel operations during the working day to manage changing schedules and incorporating the ability to bring new services online very quickly with minimal disruption

The deployment involved a migration from Pebble Beach Systems' Neptune automation to the next generation Marina solution, and the new transmission platform incorporates ingest and playout initially of 15 channels with modular expansion to facilitate the inclusion of additional channels in the future

Jinne Tania Broadcast Specialist at EMM, explained the technology choices

"For sports you need to deploy best of breed technology across the board So whilst we looked at implementing a modular IT or IP-based solution, we weren't satisfied that the responsiveness was up to our requirements There are nights during the season when we are broadcasting 12 simultaneous live football matches while segmenting them at the same time for reruns so for this install we went for the dedicated technology approach We picked the most appropriate product for each function, and in our experience it is way faster and more efficient to work with individual specialist vendors than with a one-stop solution

Of course with any new deployment there will be glitches along the way but what distinguishes a vendor is the way that their people respond

We have worked with Pebble Beach Systems for a number of years and I have to say that their people are a key reason to choose the brand, plus their user interface is second to none. This is the stuff that makes operators happy."

PEBBLE BEACH SYSTEMS

WHY WE DO IT

INCREASE IN THE NUMBER OF CHANNELS

Recent years have seen a huge increase in the number of channels partly because of new thematic launches and the rise of specialist channels but also because of the introduction of High Definition Mobile IPTV, 4G and Over The Top (OTT) services At the same time there is pressure on broadcasters to improve efficiencies and reduce costs Many are looking to make savings by operational optimisations such as reducing capital investment running costs space and power usage Much of this is made possible by advances in computer technology and we are now seeing a proliferation of lower cost software solutions which are replacing traditional hardware products

KNOWLEDGE, EXPERIENCE AND FLEXIBILITY

Pebble Beach Systems has the knowledge experience and product portfolio to help broadcasters meet these goals As a leading developer and supplier of automation Channel in a Box and content management solutions for TV broadcasters cable and satellite operators the company delivers solutions which have the flexibility to support a wide range of broadcast applications Our automation products are suitable for multichannel playout as well as high pressure live programming environments such as news or sports whilst supporting new technologies such as HD IPTV and interactive television The growing client list includes TV Globo Brazil Fox News and Business Channels USA ZDF Germany Orbit Showtime Network UAE TV4 Sweden TV2 Denmark, MTG and AMC Networks Broadcasting and Technology USA

RAPID RATE OF CHANGE

One of the main challenges for technology companies in this sector is to keep abreast of the rapid rate of change within the industry and to be able to adapt to the new technologies as they present themselves Video and audio processing is moving from dedicated hardware into standard software and standard IT hardware is being replaced with virtualised solutions or cloud technology Software companies such as Pebble Beach Systems are ideally positioned to grow within this rapidly changing market as they are agile as well as having the experience technology and established presence within the market to be able to deliver the very latest solutions

CASE STUDY – SCRIPPS NETWORKS INTERACTIVE

"WE ARE AT A CROSSROADS"

Scripps Networks Interactive (SNI) is the leading developer of high-profile content for many lifestyle media platforms including television digital mobile and publishing Popular lifestyle brands in its media portfolio include HGTV DIY Network Food Network Cooking Channel Travel Channel and Great American Country

Following the successful deployment of a Disaster Recovery system architected around Marina and Dolphin in 2015 SNI selected a 31-channel playout solution from Pebble Beach Systems for its Broadcast Operations Center in Knoxville Tennessee

John Ajamie is Senior Vice President of U S Operations at SNI

As a business we are at a crossroads where maintaining existing operations intersects with maturing IP and cloud computing solutions he states Pebble Beach Systems hybrid approach will allow us to employ proven technologies to advance in this direction

"We want to enable our programming promotions digital and sales teams to respond quickly to market conditions and make last minute changes to both linear and non-linear services We can reduce the amount of equipment in racks and more importantly cut the time to deploy new services

WHAT WE OFFER OUR CUSTOMERS

Pebble Beach Systems specialises in the design and delivery of innovative highly reliable software solutions for mission-critical on-air broadcast applications Our products save costs and drive efficiencies by automating and simplifying channel playout for broadcasters of all sizes

RELIABLE PLAYOUT AND CHANNEL MANAGEMENT

Pebble Beach Systems Marina automation platform gives broadcasters enterprise level control of all their channels It extends the scope of play to air automation systems way beyond simple sequence control delivering the tools to manage quality control asset and archive management trailer production reproduction of content in many delivery formats play to air of multiple channels and multi-platform delivery

Marina solutions interface to legacy products and platforms as well as emerging solutions such as integrated channel solutions within video IT and virtualised infrastructures From small scale local operations to complex multi-channel installations our users benefit from excellent reliability and high availability of content no matter how many channels they manage

FLEXIBLE SOFTWARE-DEFINED CHANNEL DESIGN

Pebble Beach Systems integrated channel solutions replace the traditional array of hardware devices required to take a channel to air including video servers mixers channel branding and graphics devices and subtitlers With this functionality and more replicated in software users can quickly and easily configure exactly the functionality each channel needs and broadcasters can launch channels on multiple delivery platforms with much greater ease and at a fraction of the cost with minimum space and power requirements

PATHWAYS TO IP – EVOLVING THE PLAYOUT ENVIRONMENT

Pebble Beach Systems automation offers a single overarching control layer of both legacy and new technologies for broadcasters transitioning to IP-based channel delivery and our IP-enabled Orca solution enables the rapid launch and decommissioning of IP channels within a virtualised environment in a private cloud delivering service agility and cost savings and revolutionising the provisioning of channel services

Solutions for mission-critical on-air broadcast applications

PEBBLE BEACH SYSTEMS

The founders of Pebble Beach Systems
Ian Cockett (Technical Director)
Julian Hepworth (Software Development Director)
and Peter Haytloh (Managing Director)

OUR PEOPLE/TALENT

INVESTMENT IN TALENT MANAGEMENT

2016 will see an increased investment into talent management with the aim of continuing to build a dynamic business geared for growth We continue to develop robust processes and procedures to ensure staff members at all levels have access to relevant training and management support Our aim is to retain company values and remain a people-focused business working together to achieve the division s goals efficiently

PROMOTING DIVERSITY AND INCLUSION

Pebble Beach Systems believes that diversity makes good business sense The success of any organisation and that of its employees depends very largely on the employees themselves

As we develop new products and expand our markets we are always pleased to welcome talented individuals to our dedicated team We understand the value of working together knowing that each individual plays a vital role in the division s success Our business is built on people from different backgrounds coming together for a common goal We provide equal opportunities regardless of race religious belief political opinion sex, marital status sexual orientation age or disability

We do not condone any discriminatory act or attitude in the conduct of our business with the public or our employees and we look to our employees for support in implementing our policies and practices

GRADUATE RECRUITMENT SUCCESS

As part of the ongoing development of the talent management programme we are looking to build on the success of our graduate recruitment Identifying and investing in the next generation is key to achieving and maintaining growth at Pebble Beach Systems To ensure that our employees are able to react quickly to a rapidly changing industry we are building on our Agile Methodology introduced in 2013

NURTURING STAR PERFORMERS

A continuing programme of initiatives to review on-boarding processes further improve retention rates and nurture star performers is designed to support the division as it enters a significant growth phase

Number of employees as at December 2015 75

TECHNOLOGY AND INNOVATION Q&A WITH IAN COCKETT, PEBBLE BEACH SYSTEMS' TECHNICAL DIRECTOR

Ian Cockett
Pebble Beach Systems
Technical Director

ORCA – PEBBLE BEACH SYSTEMS' COMPLETELY VIRTUALISED CHANNEL ORCHESTRATION AND DELIVERY SOLUTION

Q What is Orca?

A Orca is Pebble Beach Systems completely virtualised channel orchestration and delivery solution Its software-defined video and audio pipelines and IP interfaces enable the ultra-fast launch of IP broadcast channels With web-based deployment and monitoring tools Orca offers unparalleled service agility and flexibility to broadcasters and service providers wanting to leverage the power of today s virtualisation technology

Orca channels run in a virtual machine (VM) usually in a private cloud with IP inputs and outputs delivering the functionality which was previously handled by discrete video servers graphics boxes captioning systems and other ancillary equipment – all within a purely software environment

With lightning-fast channel deployment against preconfigured templates Orca enables services to be launched and integrated into a running Marina playout automation system at the click of a button

Q What problem does it solve?

A Orca s key benefit is the ability to launch a new channel within minutes, a process which may currently take a broadcaster weeks or months using traditional rack and stack technology
As broadcasters seek to evolve their operations to include IP services alongside more traditional channel delivery platforms demand has grown for a coherent solution which facilitates this migration There is a real need for viable technologies which enable the rapid launch of event-based and experimental channels integrating commercial off-the-shelf (COTS) solutions to deliver cost and serviceability benefits

Marina can control both traditional playout discrete device technologies and integrated channel solutions through a single operator interface This approach enables us to integrate Orca alongside the classic products which may still be preferred for prime high value channels Both technologies can share the same upstream workflows, and third party interfaces to traffic and MAM can serve both traditional and virtualised channels

Orca provides a new environment which enables customers to easily flex the number of channels in the system to meet their changing business requirements and Orca software-defined channels can be configured to meet the exact requirements of each service

Q How does it solve it?

A The real game changer is Orca s ability to create new IP channels from a series of templates at the touch of a button and to deploy them quickly into a running system without having to restart or make configuration changes Orca handles provisioning of the virtualised hardware and the dynamic configuration of automation and integrated playout devices all from a single interface

The solution deploys grid-based GPU power for encoding freeing up CPU power to enable Pebble Beach Systems to increase channel counts more cost-effectively for the end-user Software encoding is also an option Orca can run on multiple hypervisor platforms such as Xen/Citrix VMWare and KVM and so our customers can use their preferred virtualisation provider

Orca enhances the agility of today s broadcast businesses by revolutionising the provisioning of channel services Tasks which used to take weeks or months can now be carried out within minutes and services can be rapidly removed to free up the infrastructure for other requirements

PEBBLE BEACH SYSTEMS

Peter Hajittofi
Managing Director of
Pebble Beach Systems

PERFORMANCE REVIEW

REVENUE BY REGION

	Pebble Beach Systems		
Revenue by Region	2015 £m	2014 £m	Change %
UK	**0 7**	2 6	72 2
Rest of Europe	**3 0**	1 5	102 4
North America	**2.8**	0 8	250 4
Latin America	**0 7**	0 4	60 6
Middle East and Africa	**2.8**	2 4	16 3
Asia/Pacific	**0 9**	0 6	66 3
Total Revenue	**10 9**	8 3	32 0

Pebble Beach Systems had a successful year benefiting from being part of the Group and improved access to the North American market through its growing relationship with Harmonic

A major order with Scripps Network Interactive a leading US developer of high-profile content for lifestyle platforms as well as its first order for Orca an IP-integrated software channel all contributed significantly to the 2015 revenue

Latin America also saw an increase partly due to investment in experienced sales personnel in the area who were able to leverage their knowledge and expertise with customers to gain sales Significant development of new organic products and solutions will provide future opportunities and further growth in 2016

REVENUE	ADJUSTED OPERATING PROFIT
£10.9M	**£3.3M**

OUTLOOK

We have continued to expand our product portfolio to offer solutions to broadcasters that span automation integrated channel Channel in a Box and now virtualised channel capabilities

By doing this we are seeking to broaden the addressable market for our products to encompass customers such as state broadcasters and high value commercial channels through service providers and to include more basic channels that require simpler lower cost systems

Our strategy is to enable pathways for customers to evolve to new channel delivery technologies when they are confident that these can meet their specific demands from an on-air production value workflow and reliability perspective

We have purposely adopted a strategy that enables our customers to introduce new integrated and virtualised solutions alongside classic playout technology without forcing them to redesign their current workflows and at the same time maintaining a common user interface for operators This can save integration costs and reduce the risks of losing valuable on-air commercials and the associated revenue Our approach also enables a holistic view to be taken across all channel technologies for system management and support One example of this would be the development of new user interfaces that consolidate reports of any errors occurring on any channels to be reported to engineering and operational staff

Our new Orca virtualised channels allow customers to purchase software-only solutions and to source or rent the underlying host hardware directly and at lower cost In addition new business models are being developed where customers can either choose to purchase or rent our software This allows service providers in particular to target new business opportunities which could not previously justify high levels of capital investment

The change to software-based solutions running on COTS hardware is happening rapidly in the more mature markets – the USA and Europe Vendors who have to make the transition from a hardware-based product portfolio are facing the hardest challenges The transition demands more than just a product design change it has to encompass a change in sales processes particularly in the area of customer support Some companies are looking to make the transition through acquiring companies to accelerate this process – buying companies that they may have seen as a direct threat to their hardware product lines Pebble Beach Systems is and has always been a software business We have the core skills and expertise to meet the challenges of the changing market Virtualised and cloud-based playout are a natural progression for our solutions

Tom Gittins
Sales Director

Enabling the migration to virtualised playout

BUSINESS REVIEW — FINANCIAL REVIEW

	2015 £m	2014 £m	Change %
Revenue	**57 8**	61 9	-6 7%
Adjusted operating profit	**4 7**	7 2	34 5%
Net Assets	**54 5**	56 8	4 2%
Cash and cash equivalents	**3 3**	8 4	-61 2%
Reported (loss)/earnings per share	**(0 7)p**	3 2p	

	2015 £m	2014 £m	Change %
Revenue	**57 8**	61 9	-6 7%
Gross profit	**26 0**	28 4	8 5%
Gross margin %	**45 0%**	45 9%	-0 9pts
Research and development expenses	**(5 8)**	(5 6)	+3 6%
Other expenses	**(15 5)**	(15 6)	-0 7%
Adjusted operating profit	**4 7**	7 2	34 5%
Amortisation and impairment of acquired intangibles	**(2.4)**	(2 6)	
Non-recurring items	**(3 1)**	0 9	
Reported operating (loss)/profit	**(0 8)**	5 5	
Net finance costs	**(0 2)**	(0 2)	
(Loss)/profit before tax	**(1 0)**	5 3	
Taxation	**0 1**	(1 6)	
(Loss)/profit attributable to equity shareholders	**(0 9)**	3 7	
Basic (loss)/earnings per share	**(0 7)p**	3 2p	
Adjusted earnings per share[1]	**3 0p**	4 1p	
Normalised earnings per share[2]	**2 9p**	4 6p	

1 Adjusted EPS is calculated on operating profit before the amortisation and impairment of acquired intangibles and other non-recurring items after taking account of related tax effects

2 Adjusted earnings per share normalised for a tax rate of 20 per cent

OPERATING PROFIT

Adjusted operating profit before the amortisation and impairment of intangibles and non-recurring items has decreased from £7 2 million to £4 7 million The operating profit bridge performance chart reconciles the movement between 2014 and 2015 adjusted operating profit

OPERATING PROFIT BRIDGE

ADJUSTED OPERATING PROFIT

NON-RECURRING ITEMS

The Group charged £3 1 million of non-recurring costs to the consolidated income statement The charge comprised

- £2 5 million charge in respect of rationalisation and redundancy costs
- £0 4 million charge in respect of onerous property commitments and
- £0 2 million charge in respect of acquisition related costs

GOODWILL IMPAIRMENT

In accordance with the requirements of IAS 36 Impairment of assets goodwill is required to be tested for impairment on an annual basis with reference to the value of the cash-generating units (CGU) in question The goodwill relating to the surveillance and public safety market was fully written down in 2010 The Group acquired Amplifier Technology in 2013 which is a separate CGU and Pebble Beach Systems in 2014 which is a separate CGU therefore impairment reviews have been undertaken in respect of the broadcast market Amplifier Technology and Pebble Beach Systems The carrying value of goodwill at 31 December 2015 is £25 0m (2014 £24 6m) consisting of £20 6 million for the Broadcast market (2014 £20 3 million) £1 1 million for Amplifier Technology (2014 £1 1 million) and £3 3 million for Pebble Beach Systems (2014 £3 2 million)

Our review of the CGU calculations indicated there was no further impairment in the year

KEY PERFORMANCE INDICATORS

Financial indicators are shown below

KPI Measure	2015 £m	2014 £m	% change	Definition/Calculation
CUSTOMERS				
Order Intake	**59 9**	61 4	2 5%	• Order intake is a measure of new business secured during the year and represents firm orders
Revenue	**57 8**	61 9	-6 7%	• Monitoring of revenues provides a measure of business growth for the Group • The Group measures foreign currency revenue at the actual exchange rate prevailing at the date of the transaction
PROFITABLE GROWTH				
Adjusted operating profit	**4.7**	7 2	34 5%	• Adjusted operating profit is defined as operating profit before the amortisation and impairment of acquired intangibles and other non-recurring items
Adjusted earnings per share (pence)	**3.0p**	4 1p	26 8%	• Adjusted earnings per share is calculated in the same manner as basic earnings per share except for the adding back of the after-tax effect of the amortisation and impairment of acquired intangibles and other non-recurring items
OPERATIONS				
Trade Receivables	**51 Days**	58 Days	7 Days	• Trade receivables at the end of the financial year analysed using a monthly revenue countback method
Inventory Days	**153 Days**	154 Days	1 Day	• Net inventory at the end of the financial year analysed using a monthly material costs of sales countback method
Total Operating Costs	**26 9**	27 5	2 1%	• Operating costs comprise sales and marketing expenses administrative expenses and the overhead costs associated with Logistics and Research and Development
Return on Sales	**8 2%**	11 6%	3 4pts	• Adjusted operating profit in the financial year divided by revenue for the financial year
INNOVATION				
R&D Expenditure as a proportion of revenue	**10.6%**	11 5%	-0 9pts	• Calculated as capitalised development costs less amortisation in the period plus R&D expenses charged in the period divided by revenue

TAXATION

There was a net tax credit for the year of £0 1 million (2014 charge of £1 6 million) The current tax charge in the year was £0 3 million (2014 £0 6 million) There was a deferred tax credit of £0 4 million (2014 charge £1 0 million)

At 31 December 2015 tax payable was £0 2 million (2014 tax payable of £0 7 million)

NET ASSETS

The Statement of Financial Position at 31 December 2015 is summarised as follows

	2015 £m	2014 £m
Intangible assets	**42 3**	43 7
Property plant and equipment	**2 2**	2 7
Other non-current liabilities	**(1 7)**	(4 2)
Current assets	**8 4**	6 3
	51 2	48 4
Cash and cash equivalents	**3 3**	8 4
Net assets	**54.5**	56 8

The decrease in net assets in the year of £2 3 million comprises a loss for the financial year of £0 9 million and £1 8 million of dividends paid offset by a foreign exchange gain on translation of overseas operations of £0 4 million

WORKING CAPITAL

Our key metrics for managing working capital are days sales outstanding for trade receivables and net inventory days To reflect the seasonality of the business particularly at year end the Group used a roll-back method for both trade receivables and inventory The table below shows that trade receivables have decreased to 51 days and inventory days have decreased to 153 days

The higher trade receivables balance at 31 December 2015 reflects a stronger fourth quarter trading period when compared with December 2014

Days (source Group management accounts)	2015	2014
Trade receivables – days sales outstanding[1]	**51**	58
Inventory days[2]	**153**	154

1 Trade receivables at the end of the financial year analysed using a monthly revenue countback method

2 Net inventory at the end of the financial year analysed using a monthly material costs of sales countback method

BUSINESS REVIEW – FINANCIAL REVIEW

CASH FLOWS

The Group held cash and cash equivalents of £3 3 million at 31 December 2015 (2014 £8 4 million) The table below summarises the cash flows for the year

	2015 £m	2014 £m
Cash (used in)/generated from operating activities	(0.6)	7 7
Net cash used in investing activities	(3 8)	(11 5)
Net cash from financing activities	(0 8)	8 5
Effects of foreign exchange	0 1	–
Net (decrease)/increase in cash and cash equivalents	(5 1)	4 7
Cash and cash equivalents at 1 January	8.4	3 7
Cash and cash equivalents at 31 December	3 3	8 4

CASH FLOWS FROM OPERATING ACTIVITIES

CASH FLOWS FROM OPERATING ACTIVITIES

There was a net cash outflow from operating activities in the year of £0 6 million (2014 inflow of £7 7 million)

The cash outflow from investing activities amounted to £3 8 million (2014 £11 5 million) which comprised £0 4 million proceeds from the sale of property plant equipment and intangibles (2014 £nil) £nil paid out in respect of the acquisition of subsidiaries (2014 £7 0 million) and £4 2 million in respect of capital expenditure and the capitalisation of development costs (2014 £4 5 million)

The cash outflow from financing activities amounted to £0 8 million (2014 cash inflow £8 5 million) which comprised bank loans of £1 0 million (2014 £8 0 million) proceeds on issue of new shares of £nil (2014 £2 0 million) and returns to shareholders in the form of a dividend payment of £1 8 million (2014 £1 5 million)

RETURNS TO SHAREHOLDERS

It is the Group s stated strategy to only recommend a final dividend The Board is recommending that the dividend be maintained at 1 50 pence per share (2014 1 50 pence) The payment of the dividend will absorb approximately £1 8 million of cash (2014 £1 8 million) Subject to the approval of shareholders the dividend will be paid on 18 July 2016 to those shareholders on the register at 24 June 2016

FOREIGN EXCHANGE

In 2015 foreign exchange gains of £0 6 million were credited to the income statement (2014 a credit of £0 5 million) as a result of the strengthening of the US dollar against sterling

The principal exchange rates used by the Group in translating overseas profits and net assets into sterling are set out in the table below

Rate compared to £ sterling	Average rate 2015	Average rate 2014	Year end rate 2015	Year end rate 2014
US dollar	1.529	1 648	1.482	1 561

If the results for the year to 31 December 2014 had been translated at the 2015 average rate then the translation impact would be to increase prior year revenue by £1 6 million and decrease the profit before tax by £0 1 million

PRINCIPAL RISKS AND UNCERTAINTIES

Vislink is exposed to a number of risks in its everyday business, and in order to minimise those risks the Group has in place policies and procedures adopted by those who work within the business

Risk is ultimately managed by the Board which is supported by operational and compliance reporting structures The Board sets out below what it considers to be its main risks

RISK PROFILE

Risk Description	Mitigation	High	Constant	Low
DEMAND FOR PRODUCTS May be adversely affected by a number of factors to include changing customer requirements ability to deliver and/or support changes in technology and competitor activity	We value our customers and maintain solid relationships with those who are key to our business We have made and continue to make investment in new products and technology to ensure we remain competitive in the markets			
RESEARCH AND DEVELOPMENT Failure to keep abreast of technological developments leading to product obsolescence loss of customers and damage to the Group s reputation	The Group invests significantly in new product and technology development which enables the business to deliver ahead of market developments and provide complete customer solutions Best practice is shared between the Group companies			
ACQUISITIONS In pursuing our strategy of transitioning to software we continue to explore opportunities to enhance the business through acquisitions This involves a number of calculated risks for example obtaining a business on good economic grounds the successful integration with the existing business and post-acquisition profitability	We have a clear strategy with a robust valuation model Thorough due diligence processes are undertaken with external advisers where appropriate There is a clear focus on integration of the acquired business and postacquisition performance			
REPUTATION OF THE GROUP The Group s reputation can be affected by poor performance of its products and unsatisfactory customer service	We are aware of how important it is for our products to perform to high standards and for our customers to receive first class support Our products are developed by highly experienced engineers who test and re-test products before they are issued to the market Our sales offices and partnerships with resellers and systems integrators provide a network of customer support			
LAW AND REGULATIONS Operating on a worldwide basis exposes the business to a host of different laws and regulations for example different contract rules antribribery provisions and competition A failure to adhere to these laws and regulations may lead to fines and penalties as well as damage to the Group s reputation	We have resources in place for external legal advice where necessary We also have good governance policies and procedures in place which all employees are required to adhere to			
PEOPLE We employ over 250 staff worldwide and there is a risk that we are unable to recruit and retain experienced staff	Our people are the Group s biggest asset and in recognition of this fact the Group invests in attracting developing and retaining experienced staff			

BOARD COMPOSITION

JOHN HAWKINS
Executive Chairman

APPOINTED TO BOARD
December 2010

INDEPENDENT
No

KEY STRENGTHS
- Optimising value for shareholders
- As Chairman of Wireless Logic returned a 6 1x return on exit to ECI a midmarket private equity firm
- As Chairman of Genus plc oversaw growth from OFEX to AIM to a FTSE250 company
- Maximised exit value of Graseby plc through sale to Smiths Industries with a significant cash premium
- Managed exit value of Psion plc through cash sale to Motorola Solutions
- Extensive international experience and diverse business experience in software and hardware with private and public companies
- Specialist in turnaround and growth businesses (took the Anite Group from a £68 million loss to a £30 million profit)
- Instrumental in formulating the DVD standard for Philips Electronics as Global Head of Multimedia
- International experience of growing software and hardware businesses including the 'Internet of Things

CURRENT EXTERNAL COMMITMENTS.
Holds a number of Non-executive directorships in private companies

PREVIOUS ROLES
Chief Executive of Alex Media Command Limited
Chairman of Genus plc
Chairman of Psion plc
Chief Executive of Anite plc
25 years with Philips Electronics

BOARD COMMITTEE MEMBERSHIPS
Executive Board – Member
Nomination Committee – Chairman

IAN DAVIES
Group Finance Director and Company Secretary

APPOINTED TO THE BOARD:
August 2012

INDEPENDENT
No

KEY STRENGTHS.
- Chartered accountant and an engineering graduate
- Extensive international experience in growing business through both organic opportunities and acquisitions
- Customer facing business development roles to secure major long term contracts
- Extensive listed plc experience
- Part of senior team at Pattonair growing business from £15 million to £200 million

CURRENT EXTERNAL COMMITMENTS.
None

PREVIOUS ROLES
Group Finance Director of Victoria PLC

Chairman of Colin Campbell

Financial and Commercial Director of UMECO plc's Pattonair Division

Financial management roles in Continental AG's NTS division

Started in practice with roles in Audit Corporate Recovery and Corporate Finance

BOARD COMMITTEE MEMBERSHIPS
Executive Board – Member

ROBIN HOWE BSc FCIM
Senior Independent Non Executive Director

APPOINTED TO THE BOARD
June 2006

INDEPENDENT
Yes

KEY STRENGTHS
- 25 years experience as Chief Executive or Managing Director of multinational technology businesses
- Wide experience in establishing and building international businesses
- Passionate about lean manufacturing/supply chains and continuous improvement
- Broad range of Non-executive directorships
- Relevant domain knowledge as former Divisional Chief Executive of Vitec Group plc

CURRENT EXTERNAL COMMITMENTS
Chairman and Director of MetaSphere Limited

Director of Blacklyne Ltd

Director of Locking & Security Solutions Limited

Director of Puma Distribution Limited

Advises and invests in a number of early stage companies

PREVIOUS ROLES.
CEO of UDEX Holdings Ltd

Chief Executive of the Broadcast Systems Division of Vitec Group plc

BOARD COMMITTEE MEMBERSHIPS
Remuneration Committee – Chairman
Audit Committee – Member
Nomination Committee – Member

OLIVER ELLINGHAM BA, ACA
Independent Non-Executive Director

APPOINTED TO THE BOARD:
October 2007

INDEPENDENT
Yes

KEY STRENGTHS
- During a 23-year career in investment banking Oliver advised UK and international businesses on transactions and financing as well as running the teams in Western Europe
- Owns a self-storage business
- Chairs the Risk Committee of NAMA, the "bad" Irish bank with some £80 billion of assets

CURRENT EXTERNAL COMMITMENTS
Director of NAMA (Ireland)

Director of Eurobank Cyprus Ltd

Director of Noah Pension Fund Trustees

Owner of Ellingham Limited

PREVIOUS ROLES.
Head of Corporate Finance (Europe) at BNP Paribas

Senior management roles within Charterhouse Bank and Robert Fleming

Non-executive Director with the Irish Bank Resolution Corporation Limited

Non-executive Director of McCarthy & Stone plc, Notting Hill Housing Trust and Cenkos Securities plc

BOARD COMMITTEE MEMBERSHIPS
Audit Committee – Chairman
Remuneration Committee – Member
Nomination Committee – Member

JOHN VARNEY BA
Independent Non-Executive Director

APPOINTED TO THE BOARD:
October 2011

INDEPENDENT
Yes

KEY STRENGTHS
- 35 years' experience in the broadcast industry
- Chairman of OFCOM's Advisory Committee for England
- Digital Content Technology
- Business transformation and change management

CURRENT EXTERNAL COMMITMENTS
Director of Maximum Clarity Limited

PREVIOUS ROLES.
Director of Technology and Chief Technology Officer for Granada Global

Chief Technology Officer at the BBC

For the last eight years has been an investor, adviser and Non-executive Director for emerging technology companies, combined with work across a broad range of organisations inside and outside the broadcast sector

BOARD COMMITTEE MEMBERSHIPS
Audit Committee – Member
Remuneration Committee – Member
Nomination Committee – Member

DIRECTORS' REPORT

The directors present the annual report of Vislink plc together with the audited Group and Company financial statements for the year ended 31 December 2015 which were approved by the directors on 6 April 2016. The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). This is the first year the Company has presented its results under IFRS. The policies applied under the entity's previous accounting framework are not materially different to IFRS and have not impacted on equity or profit or loss.

A review of the Group's trading and an indication of future developments are contained in the Executive Chairman's Statement and the Strategic Report on pages 3 to 4 and 12.

Vislink plc is incorporated in England (company registration number 04082188) and has its registered office at Marlborough House, Charnham Lane, Hungerford, Berkshire RG17 0EY.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2015 are set out in the consolidated income statement on page 55. The Group has reported an operating loss of £0.8 million (2014: an operating profit of £5.5 million). After accounting for net finance costs the consolidated income statement shows a loss before taxation of £1.0 million (2014: profit before taxation £5.4 million).

The directors are recommending a full year dividend of 1.50 pence per ordinary share (2014: 1.50 pence per ordinary share) amounting to £1.8 million payable on 18 July 2016 to shareholders on the Company's register at the close of business on 24 June 2016. The shares will be quoted ex dividend from 23 June 2016.

DIRECTORS

The directors of the Company who served during the year and up to the date of approval of the financial statements are as follows:

- John Hawkins (Executive Chairman)
- Ian Davies (Group Finance Director and Company Secretary)
- Robin Howe (Senior Independent Non-executive Director)
- Oliver Ellingham (Non-executive Director)
- John Varney (Non-executive Director)

Short biographies of each current director are provided on pages 38 and 39.

In accordance with the Company's Articles of Association, Ian Davies and Oliver Ellingham will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. The Company's Articles of Association require any new directors appointed by the Board to retire from office and offer themselves for election by shareholders at the next Annual General Meeting following their appointment. No new directors were appointed during 2015.

Following nearly nine years as a Non-executive Director and assuming his re-election is approved, Oliver Ellingham has indicated to the Board that he intends to stand down at the end of the financial year having completed the handover to a suitable successor.

Details of the directors' service contracts and letters of appointment are given in the Remuneration Report on pages 46 to 52. Disclosure of the directors' interests in shares, including share options, is also given in the Remuneration Report. During the year the Group maintained insurance providing liability cover to its directors and officers.

In accordance with the change in April 2014 to the approach of HMRC towards the officers of companies including Non-executive Directors being treated as self-employed, the fees for the Executive Chairman were operated through the Group's payroll in line with other directors and employees. This does not affect other Board members, executive or non-executive, who are already paid through the payroll.

MATERIAL INTEREST IN CONTRACTS

No director, either during or at the end of the financial year, was materially interested in any significant contract with the Company or any subsidiary undertaking.

SHARE CAPITAL

Details of the Company's share capital are shown in note 23 to the consolidated financial statements.

The Company's share capital comprises one class of ordinary shares and as at 6 April 2016 there were in issue 122,603,134 fully paid ordinary shares of 2.5 pence each. All shares except for those held by the employees' share trust are freely transferable and rank pari passu for voting and dividend rights.

The Company has been notified of the following interests in more than 3 per cent of the Company's issued share capital at 6 April 2016:

	Number of shares	per cent
HSBC Global Custody Nominee (UK) Limited (944287)	11 000 000	8 97
HSBC Global Custody Nominee (UK) Limited (813934)	9 829 130	8 02
Barclayshare Nominees Limited	7 121 726	5 81
The Bank of New York (Nominees) Limited	6 786 080	5 54
Securities Services Nominees Limited	5 675 000	4 63
Goldman Sachs Securities (Nominees) Limited	4 005 835	3 27
SCM Nominees Limited	4 000 000	3 26

FINANCIAL RISK MANAGEMENT

The Group's policies on financial risk management are set out in note 3 to the consolidated financial statements.

SOCIAL RESPONSIBILITY

The Board takes regular account of the significance of social, environmental and ethical matters. The following specific matters fall under the broad definition of Social Responsibility.

EMPLOYEES

The Group recognises the role that its employees play in its success. Each business unit within the Group has lines of communication in place to ensure that employees are consulted with and kept informed of issues relevant to them. Staff notices, emails and staff meetings are used to communicate immediate issues to them. The businesses produce their own newsletters for both internal and external purposes.

The Group provides employees with access to training carried out both within the organisation and on external accredited courses that are relevant to an employee's role and development.

It is the policy of the Group not to discriminate between employees or potential employees with disabilities or on the grounds of age, race, religion, sex or political beliefs and to offer the same employment opportunities, training, career development and promotion prospects to all.

Applications for employment by disabled persons are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person, so far as possible, be identical with that of other employees.

EMPLOYEE SHARE SCHEME INCENTIVES

Vislink plc operates a number of share based incentive schemes on an all UK employee and discretionary basis for the benefit of the Group s employees and its senior management The aim of the share based incentive schemes is to align the interests of the employees with those of the Company s shareholders To encourage employee interest and participation in the financial performance of the Group a Vislink plc Share Incentive Plan is available for employees

At 31 December 2015 the Employee Share Ownership Plan (ESOP) held 626 496 shares (2014 786 420) in the Company representing 0 5 per cent of the issued share capital (2014 0 6 per cent) The ESOP has waived its rights to receive dividends

HEALTH AND SAFETY

It is the policy of the Group to ensure the health and welfare of employees by maintaining a safe place and system of work This policy is based on the requirements of national employment legislation in the countries where the Group operates including the Safety Health and Welfare at Work Act 1989

ENVIRONMENTAL MANAGEMENT

The Group is committed to environmental management through a process of continuous improvement
As manufacturers of electronic equipment the Group s businesses are compliant with the latest legislation for the European Union (EU) directives regarding Waste Electrical and Electronic Equipment (WEEE) and the Restriction of Hazardous Substances (RoHS)

The Group is committed to minimising our impact on the environment by reducing our waste and carbon footprint through energy management and recycling schemes

The Group actively encourages all shareholders to contribute towards a greener countryside by registering for our registrar s eTree service under which a donation will be made to The Woodland Trust All funds donated go to their many tree-planting programmes This can be accessed through the investors page on the Group website at www vislinkplc com

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at The Bear Hotel 41 Charnham Street Hungerford Berkshire RG17 0EY on Friday 20 May 2016 at 11 00 am Share capital resolutions will be proposed at the Annual General Meeting to renew for a further year the directors authority to allot equity securities for cash other than to existing shareholders on a pro rata basis and to authorise purchases by the Company of its own shares

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In the case of the individuals who are directors of the Company at the date when this report was approved

- so far as each of the directors is aware there is no relevant audit information of which the Company s auditors are unaware and
- each of the directors has taken all the steps they ought to have taken individually as a director in order to make themselves aware of any relevant audit information and to establish that the Company s auditors are aware of that information

CORPORATE GOVERNANCE

The Company s statement on corporate governance can be found in the Corporate Governance Statement on pages 42 to 45 of these financial statements The Corporate Governance Statement forms part of this Directors Report and is incorporated into it by its cross-reference

GOING CONCERN BASIS

The directors are required to make an assessment of the Group s ability to continue to trade as a going concern The directors have given this matter due consideration in the light of current trading and of its current net debt position and have concluded that it is appropriate to prepare the Group financial statements on a going concern basis

INDEPENDENT AUDITORS

The independent auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting

The Strategic Report and Directors Report were approved and signed by order of the Board

Ian Davies
Group Finance Director & Company Secretary
6 April 2016

CORPORATE GOVERNANCE STATEMENT

The Group is committed to high standards of corporate governance which it considers are critical to business integrity and to maintaining investors and other stakeholders trust in the Group The Group seeks to embed honesty integrity and fairness in its culture and the behaviour of its people With an international presence the Group acts in accordance with the laws and customs of the countries in which it operates adopts proper standards of business practice and procedure operates with integrity and observes and respects the culture of every country in which it does business

Compliance with the UK Corporate Governance Code is not mandatory for companies whose shares are admitted to trading on AIM The directors recognise however the importance of high standards of corporate governance and accordingly have determined that the Group shall have regard to the Quoted Companies Alliance (QCA) Code on corporate governance The QCA Code applies key elements of the UK Corporate Governance Code and other relevant guidance to the needs and particular circumstances of small and mid-size quoted companies including AIM companies for which the UK Corporate Governance Code may not be entirely relevant due to their size The Board reviews the Groups corporate governance procedures from time to time having regard to the size nature and resources of the Company to ensure such procedures are appropriate

THE ROLE OF THE BOARD

BOARD COMPOSITION AND OPERATION

The size of the Board and the balance between executives and non-executives is considered to be appropriate to the Companys size and scope of activities and provides for effective operation The Board currently comprises an Executive Chairman three Non-executive Directors and an Executive Finance Director All the Non-executive Directors are considered by the Board to be independent The role of Chairman and Chief Executive continues to be combined (since May 2011) by John Hawkins under the role of Executive Chairman who is not considered to be independent

The Board has approved a formal schedule of matters reserved for its decision which it reviews annually

KEY MATTERS INCLUDE

- Strategy and values
- Corporate governance
- Annual operating and expenditure budgets
- Treasury policies
- Significant capital and revenue projects
- Risk management strategies including approach to/appetite for risk
- Systems for internal control
- Board and key management appointments
- Remuneration policies
- Acquisitions and disposals and
- Any other matter which has a material consequence for the Group

The Board has delegated all authorities to the Executive Directors and senior management other than those contained in the schedule of matters reserved to the Board on the understanding that they will at all times act in accordance with the best interests of the Group its shareholders and staff Their actions will be consistent with the Groups financial and strategic plans and objectives and in conformity with relevant legislation and best practice and that they will report regularly to the Board on the execution of these responsibilities

In addition the Board has established three permanent committees the Audit Committee the Nomination Committee and the Remuneration Committee These operate within defined terms of reference which are reviewed by the Board annually Full details of the terms of reference are provided on the Group website at **www vislinkplc.com**

The Board met ten times during the year, excluding ad hoc meetings convened solely to deal with procedural matters Attendance at Board and Committee meetings during 2015 expressed as the number of meetings attended compared to the number entitled to attend was as follows

In attendance for part of the meeting

At the invitation of the relevant committees the Executive Chairman and Financial Director usually attend Audit Committee meetings and the Executive Chairman attends the Remuneration Committee meetings other than when his own remuneration is discussed Where directors are unable to attend Board meetings they are advised of the matters to be discussed in advance of the meeting and given the opportunity to provide their views to the Executive Chairman or Senior Independent Director

In addition to the formal scheduled meetings the Board holds informal discussions with Executive Directors and senior operational managers on strategy business development and other topics important to the Groups progress throughout the year Non-executive Board members are invited to attend the executive management meetings in furtherance of these discussions

APPOINTMENT AND ELECTION OF DIRECTORS

The rules governing the appointment and replacement of directors are set out in the Companys Articles of Association The Articles provide that all directors offer themselves for re-election at the first AGM subsequent to their appointment and at least once every three years thereafter Ian Davies and Oliver Ellingham retire from office by rotation and offer themselves for reappointment by shareholders Biographical information and terms of appointment for each of the directors are set out on pages 38 to 39 and page 50 All other directors have been re-elected within the last three years The Board confirms that having taken into consideration the results of the performance evaluation undertaken in the year the directors being proposed for re-election have demonstrated commitment to their responsibilities and continue to perform effectively and subject to shareholder approval will be reappointed for a further three years

EXECUTIVE CHAIRMAN

The role of Chairman and Chief Executive was combined under John Hawkins on 18 May 2011 Under the role of Chief Executive John Hawkins commits 166 working days per annum to the role and such additional time as required to ensure that his duties are fully performed

The combined role has responsibilities of leadership and governance of the Board as a whole the management of the Group and successful planning and implementation of Board strategy

SENIOR INDEPENDENT DIRECTOR

Robin Howe is the nominated Senior Independent Director Shareholders can seek to raise any concerns they may have with him where they have not been addressed through the normal channels of Chairman and Chief Executive and Group Company Secretary or where these channels are not deemed appropriate The Senior Independent Director is responsible for leading the other Non-Executive Directors in the annual evaluation review of the performance of the Chairman

THE NON-EXECUTIVE DIRECTORS

The Non-executive Directors bring external view and insight to the Board providing a range of experience and knowledge from other industry sectors The terms of appointment for the Non-executive Directors are available for inspection at the Company s registered office during normal business hours and for 15 minutes prior to and during the Annual General Meeting (AGM)

THE COMPANY SECRETARY

The Group Company Secretary is responsible for ensuring all appropriate information is with the Board and its Committees in order for them to make appropriate decisions They are also responsible for reporting on all corporate governance issues to the Board

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board has overall responsibility for the Group s system of internal control although it should be recognised that it can provide only reasonable and not absolute assurance against material misstatement or loss The effectiveness of the Group s system of internal control has been reviewed by the Board during the year having special regard to the structural and cultural changes implemented during the year

The directors confirm that the internal control framework is consistent with the revised Turnbull Guidance that there is an ongoing process for identifying evaluating and managing significant risks faced by the Group which is regularly reviewed by the Board and that this process was in place throughout the year ended 31 December 2015 and up to the date of this report

The Group has an internal control system in place which is designed to protect shareholders investments by safeguarding the assets of the Group and facilitating its efficient operation The Board considers that strong internal controls are integral to the sound management of the Group and it is committed to maintaining strict financial operational and risk management control over all its activities

It is recognised that there are risks associated with achieving the Company s growth strategy The Board aims to take business risks in an informed and proactive manner such that the level of risk is aligned with the potential business rewards Management regularly reviews risk exposures against current business risk level tolerances The aim of risk management is to provide reasonable assurance that the risks associated with achieving business objectives are understood and that these risks are being responded to appropriately at all levels within the organisation

The key elements of internal control within the Group to monitor the key risks are described below

CONTROL ENVIRONMENT

There is a clear organisation structure in place levels of authority are well defined and responsibility for operational control of the business units is delegated to managing directors Whilst management guidelines and a comprehensive management reporting package are in place for all subsidiaries the Group also monitors these controls by a number of means including regular internal review

IDENTIFICATION AND EVALUATION OF RISKS AND CONTROL OBJECTIVES

The Board has the primary responsibility for identifying and evaluating the major risks facing the Group and developing appropriate policies and procedures to manage them It identifies the key risks faced by the Group and delegates responsibility for managing those risks to executive and senior management The effectiveness of the risk control procedures in place is reported to the Board on at least an annual basis

FINANCIAL REPORTING

The Group operates a comprehensive budgeting financial reporting and forecasting system Each operating entity is required to complete management accounts on a monthly basis which compare actual results with budget forecast and prior year these are reviewed at both executive and Board level meetings to ensure that variances and discrepancies are identified and acted upon on a timely basis

Towards the end of each financial year the operating entities prepare budgets for the following year The Board reviews budgets before they are formally adopted The Group reports to its shareholders at the half year and full year ends

MAIN CONTROL PROCEDURES AND MONITORING SYSTEMS USED BY THE BOARD

There are a number of key control procedures in place that are reviewed on an annual basis by the Board These cover the key risks faced by the Group and are predominantly of an operational and financial nature

The Group finance function consolidates the Group results monthly and a full financial review is presented at each Board meeting accompanied by appropriate Key Performance Indicators for the Group Each Group entity compiles forecasts of profits and cash flows reflecting their current expectations which are also monitored by the Board Reviews of the performance and financial position of the Group are included in the Executive Chairman s Statement and the Strategic Report on pages 3 to 4 and 12 The Board uses these together with the Directors Report on pages 40 to 41 to present a balanced and understandable assessment of the Group s position and prospects

In addition the Board considers the following matters

COMMERCIAL RISK

All significant commercial contracts are reported to the Board and are controlled by the use of appropriate vetting processes and authorisation levels

INVESTMENT APPRAISAL

The Group has a clearly defined framework for controlling and reporting acquisitions disposals and capital expenditure including the use of appropriate authorisation levels

LEGAL MATTERS

Significant litigation and legal matters are reported to the Board

CORPORATE GOVERNANCE STATEMENT CONTINUED

OPERATING BUSINESS FINANCIAL CONTROLS

The executive management have defined the financial controls and procedures that each operating entity is required to comply with Key controls over major business risks include reviews against Key Performance Indicators and exception reporting The operating entities make periodic assessments of their exposure to major business risks and the extent to which these risks are controlled These are reviewed by the executive management and reported to the Board

STRATEGIC PLANNING

The executive management are responsible for keeping the Board appraised of the Group strategy The Board reviews strategic plans as part of the ongoing business planning process and has been closely involved in the review of the strategy undertaken during 2015

COMPUTER SYSTEMS

Much of the Group s financial management information is processed by and stored on computer systems Accordingly the Group has established controls and procedures over the security of data held on computer systems

INSURANCE

The Group s programme of insurance covers the major risks to the Group s assets and business and is reviewed annually by the Board

INTERNAL AUDIT

The Group does not have an internal audit function although the head office team fulfils some functions of an internal audit department The directors believe the Group falls into the category of small for this purpose The Audit Committee reviews the need for an internal audit department at least annually

BOARD PERFORMANCE EVALUATION

The directors confirm that they have conducted an evaluation of the performance and effectiveness of the Board for 2015 The directors met with the Executive Chairman on a one-to-one basis and discussed matters of performance structure objectives and process of the Board and its individual members The results were then reported back to the Board

The Board identified and agreed actions where appropriate The directors addressed any comments on the Executive Chairman s performance to the Senior Independent Director The evaluation of the Executive Chairman s performance during the year was led by the Senior Independent Director

THE AUDIT COMMITTEE

MEMBERSHIP AND DUTIES

The Audit Committee is chaired by Oliver Ellingham As a qualified Chartered Accountant Oliver has the relevant financial experience as required by the NVQ Code Robin Howe and John Varney served on the Committee throughout the year

The Executive Chairman and Financial Director are normally invited to attend each Committee meeting as are the external auditors who have direct access to the Chairman of the Committee at all times The Committee also meets with the external auditors without the presence of Executive Directors for independent discussions

The Audit Committee s responsibilities include making recommendations to the Board regarding the appointment of the external auditors based on its review of the scope of work cost-effectiveness and independence of the external auditors keeping under review the effectiveness of the Group s system of internal controls and risk management and reporting to the Board its findings reviewing the internal control review programme monitoring the financial reporting process reviewing and challenging the actions and judgements of management in relation to the interim and annual financial statements before submission to the Board reviewing the Company s arrangements for its employees to raise concerns in confidence about possible wrongdoing and reviewing the Company's procedures for detecting fraud

In order to ensure the independence and objectivity of our auditors PricewaterhouseCoopers LLP the Committee regularly reviews the remuneration received by them for audit services audit-related services and non-audit work These reviews ensure a balance of objectivity value for money and compliance with our requirement for independence The outcome of these reviews was that the performance of non-audit work by our auditors was the most cost-effective way of conducting our business and that no conflicts of interest existed between such audit and non-audit work

There are certain areas in which the Committee considers that the external auditors can add value to the Group without compromising their independence In accordance with the Group s policy on non-audit services the Group received non-audit services during the year related to tax compliance tax advice restructuring and acquisitions Any significant non-audit work undertaken by the external auditors was approved by the Aud t Committee to ensure that the auditors independence was not compromised These reviews enabled the Audit Committee to confirm that it continues to receive an efficient effective and independent audit service

The Audit Committee confirms that it has conducted an assessment of the external auditors and determined that adequate policies and safeguards are in place to ensure that their independence and objectivity has not been impaired Audit partners are rotated at least every five years

ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee met three times during the year and once up to the date of this report in 2016 and reported its conclusions to the Board

In these meetings the Audit Committee

- reviewed the accounting policies
- reviewed the announcement of the financial results of the Group for the years ended 31 December 2014 31 December 2015 and the 2015 interim results prior to approval by the Board
- considered and reviewed the 2014 and 2015 annual reports and financial statements and the 2015 interim report paying particular attention to critical areas of management judgement together with the external auditors reports
- considered and discussed the audit plan with the external auditors for the 2015 audit
- considered and recommended to the Board the reappointment of the auditors which will be put to shareholders for approval at the AGM,
- reviewed and considered reports from internal control visits and the external auditors on the effectiveness of the system of internal control and reported to the Board on the results of the review
- reviewed the reports from management on the Groups main risks and the assessment and mitigation of those risks
- approved the statutory audit fee for 2015 and reviewed non-audit fees paid to the external auditors to ensure they were in accordance with the Groups policy
- monitored the independence and undertook an evaluation of the effectiveness of the external auditors
- reviewed the policies introduced to comply with the UK Bribery Act 2010 and
- reviewed the Code of Conduct which sets out how the Groups employees are able to raise concerns over financial or other irregularities in confidence This policy was in place throughout the year

In addition the Audit Committee reviewed the need for an internal audit department and concluded that there was not a requirement given the present size of the Group and internal control reviews undertaken by the head office function

THE NOMINATION COMMITTEE

John Hawkins chairs the Nomination Committee Oliver Ellingham Robin Howe and John Varney served on the Committee throughout the year The Group Company Secretary also attends the meetings

The Nomination Committee reviews the structure size and composition of the Board It also ensures that there is adequate succession planning in regard to Board and senior management appointments

There were no formal meetings of the Committee during the year

THE REMUNERATION COMMITTEE

Details of the Remuneration Committee and the Groups compliance with the requirements of the NVQ Code are provided in the Remuneration Report as set out on pages 46 to 52

RELATIONS WITH SHAREHOLDERS

The Board welcomes enquiries from both institutional and private investors throughout the year and responds quickly either verbally or in writing to enquiries received from both The Executive Chairman and the Finance Director meet at regular intervals with institutional investors to discuss the Groups performance and objectives The Non-executive Directors are available to attend meetings with shareholders if they are requested to do so

The Group via its website at **www vislinkplc.com,** provides up-to-date information on the Company and its operating subsidiaries including all stock exchange announcements and downloadable copies of the most recent report and accounts and interim statements The website also provides a communication channel to the Group via email Shareholders may elect to receive all shareholder documents electronically by registering with the Groups registrars

The Company uses its AGM as an opportunity to communicate with its shareholders and encourages their participation As in previous years it is the intention of the Board to incorporate a presentation reviewing the Groups objectives and strategy followed by a question and answer session with members of the Board at the next AGM on 20 May 2016 The notice of the AGM is sent to shareholders at least 21 working days in advance of the date of the meeting and contains details of the separate resolutions that are proposed for shareholder approval The notice of the AGM separately accompanies the annual report Separate resolutions are proposed on each substantially different issue and the number of proxy votes cast for each resolution is disclosed by the Chairman at the meeting Shareholders have the option of submitting their voting instructions electronically or by returning the personalised proxy form which separately accompanies the annual report

The notice of meeting for the forthcoming AGM separately accompanies the annual report and may be viewed on the Companys website **www vislinkplc.com.**

Documents relating to the Companys governance and the full terms of reference of its standing Committees are also available on the Company's website www vislinkplc com

By order of the Board

Ian Davies
Group Finance Director & Company Secretary
6 April 2016

REMUNERATION REPORT

CHAIRMAN'S LETTER

Dear Shareholder

This report is on the activities of the Remuneration Committee for the year to 31 December 2015 and sets out the Remuneration Committee s approach to directors remuneration The Remuneration Committee s main responsibility is to ensure that payments to executives are appropriate and aligned with shareholder interests producing sustainable value creation through the delivery of our business strategy

The statement is split into three sections

1 My annual statement on the work of the Remuneration Committee

2 The Remuneration Committee s policy statement which sets out in detail the policy on directors remuneration and

3 The Remuneration Committee s report on remuneration paid to Executive Directors in 2015 including bonuses and long term incentives and how the Policy will be implemented in 2016

SECTION 1

2015 PERFORMANCE

This has been a year of mixed results The Group s hardware division Vislink Communication Systems found market conditions variable in 2015 with longer decision cycles impacting revenues but improved order intake over 2015 means a larger order backlog is brought into 2016 Against this backdrop the division has undergone a major restructure of its organisation cost base and product range to strengthen competitiveness in the marketplace

Pebble Beach Systems the software division has continued to develop and deliver in line with market expectations with yet another excellent result for the Group

Group revenue is down 6 7 per cent and reported adjusted operating profit down 34 5 per cent

The Board has recommended that the full year dividend remain at 1 50 pence per share (2014 1 50 pence per share) We have not increased the dividend from the prior year as we intend to preserve cash for future software acquisitions Market capitalisation decreased to £36 8 million at 31 December 2015 from £50 3 million on 31 December 2014 and total executive performance related remuneration earned was nil for the year ended 31 December 2015

COMMITTEE ACTIVITIES

The responsibilities of the Committee are to advise upon and make recommendations to the Board on the Group s remuneration policies and within the framework established by the Board to recommend the remuneration of the Executive Directors

I chair the Committee and am assisted by Oliver Ellingham and John Varney who have served on the Committee throughout the year

In December 2015 the Board ratified a revised policy document for executive remuneration which updated and strengthened the previous version

No member of the Committee has any personal financial interest (other than as a shareholder) conflicts of interest arising from cross-directorships or day-to-day involvement in running the business The Committee makes recommendations to the Board

The Remuneration Committee measures the performance of the Executive Directors and key members of senior management as a prelude to recommending their annual remuneration bonus awards and share plan awards to the Board for final determination The remuneration of the Non-executive Directors is recommended by the Executive Directors and takes account of the time spent on Board and Committee matters The Board as a whole will make the final determination but no director plays a part in any discussion about his own remuneration The Remuneration Committee has access to both internal and external advice including where appropriate information on the remuneration of similar executives in comparable organisations Executive compensation is regularly benchmarked against industry data notably through the use of Deloitte s Annual Executive Remuneration report and while executive compensation stands above the levels for a small AIM-listed technology company the Board holds the view that it is the Group s transitioning strategy and complexity for which executives should be remunerated

The focus is on ensuring that a competitive and appropriate base salary is paid to directors and senior managers together with incentive arrangements that are

- aligned with shareholders interests and with long term business strategies
- measured against challenging benchmarks including both absolute financial targets (which are set in advance) and relative share price performance
- a mix of annual and three year performance periods,
- paid in a combination of cash and shares and
- transparent and without soft non-financial targets which could otherwise allow undue discretion to award bonuses that do not reflect actual financial performance

During 2015 the Committee used a range of methods to incentivise executives some based upon annual objectives aligned to market expectations and others to strategic objectives designed to reward growth in shareholder value

- Base salary was not increased in 2015 There has been no increase since 2011
- 2015 Bonus targets for Executive Management have not been met thus no payments have been made
- Both the Executive Directors have volunteered to convert any cash bonus after tax received in respect of the Group s performance in 2016 into shares in the Company
- The VCP is a scheme set up over a period of three financial periods FY15 FY16 and FY17 to reward executives for Group performance attainments At the end of the performance period the value will be driven by the extent to which the value of the Vislink Group exceeds the hurdle which is market capitalisation of £85 0 million

To conclude this statement and the report on the directors remuneration will be available to discuss at the Annual General Meeting on 20 May 2016 I shall be in attendance to answer any queries shareholders may wish to raise

Robin Howe

Robin Howe
Senior Non-executive Director and Chairman
of the Remuneration Committee
6 April 2016

REMUNERATION REPORT CONTINUED

SECTION 2
REMUNERATION POLICY REPORT
The information provided in this part of the Annual Report on Remuneration is not subject to audit

The date from which it is intended by the Company that the remuneration policy is to take effect is 1 January 2016

The following table sets out the main elements of the remuneration policy for the year ended 31 December 2016 Each year the Remuneration Committee reviews the remuneration policy taking into account both the external market (including environmental social and corporate governance issues) and the Company's strategic objectives over the short and the medium term The framework has been designed as an integral part of the Company's overall business strategy

COMPONENT	PURPOSE AND LINK TO STRATEGY	HOW OPERATED	MAXIMUM POTENTIAL VALUE	PERFORMANCE MEASURES
SALARY AND FEES	To attract and retain high-calibre individuals by providing an appropriate level of basic fixed income whilst avoiding excessive risk arising from over-reliance on variable income The basic salary reflects the market rate for the individual their role skills and experience	Generally reviewed annually (with any change effective 1 January) but exceptionally at other times of the year Set with reference to individual performance experience and responsibilities Benchmarked against appropriate companies by the Remuneration Committee The Remuneration Committee periodically benchmarks salaries based on market assessments the intention being that basic salaries should not normally be increased by more than the rate of inflation each year whilst progressively increasing the performance related element of pay However for senior managers the amount of performance related pay being a combination of cash bonus and long term incentives is expected to increase over time	N/A	N/A
ALL TAXABLE BENEFITS	To aid retention and be competitive in the market place Healthcare benefits in order to minimise business disruption	Car allowance Fuel Medical insurance Permanent health insurance Life assurance	N/A	N/A
ANNUAL BONUSES	To incentivise the achievement of key financial and strategic targets for the forthcoming year without encouraging excessive risk taking	The Remuneration Committee considers and approves the measures and targets at the start of each year and ensures they are aligned with business strategy and are sufficiently stretching In setting financial parameters the Remuneration Committee takes into account the Company's internal budgets and where applicable investors expectations No bonus is to be earned unless broker's forecasts for adjusted operating profit is achieved The targets applying to financial measures are based on a sliding scale Paid in cash Not pensionable	Up to 100% of base salary	Adjusted operating profit (defined as profit before net finance costs amortisation of acquired intangibles non-recurring items and taxation) (75%) Cash (25%) The Executive Chairman and the Group Finance Director have voluntarily indicated they will use 100 percent of bonus proceeds after tax to purchase Vislink shares in the market

COMPONENT	PURPOSE AND LINK TO STRATEGY	HOW OPERATED	MAXIMUM POTENTIAL VALUE	PERFORMANCE MEASURES
PENSIONS	To aid retention and remain competitive in the marketplace	For Executive Directors an annual pension allowance of up to 20 percent of base salary There is no pension entitlement for Non-executive Directors	N/A	N/A
VALUE CREATION PLAN ("VCP")	To incentivise retain and reward Executive Directors and certain senior management	The VCP was designed so that the participants will only benefit if exceptional additional value is delivered to shareholders The VCP replaces future share option awards over the three relevant financial periods The Plan will run over the three financial periods FY15 FY16 and FY17 At the end of the performance period the value will be driven by the extent to which if any the value of the Vislink Group exceeds the hurdle The growth shares have no value below the hurdle set at £85 0 million representing a premium to the closing market capitalisation of the Group on 30 June 2015 of over 20% and at 31 December 2015 the premium was 131% above market capitalisation A holding period after the end of the performance period Executives would be required to hold any shares for 12 months There would be no overall cap on benefits Participants share 15 4% of market capitalisation over the hurdle of £85 0 million To clarify no benefit would be earned until the market capitalisation was in excess of £85 0 million		The Plan will run over the three financial periods FY15 FY16 and FY17 At the end of the performance period the value will be driven by the extent to which if any the value of the Vislink Group exceeds the hurdle The growth shares have no value below the hurdle set at £85 0 million representing a premium to the closing market capitalisation of the Group on 30 June 2015 of over 20%

REMUNERATION REPORT CONTINUED

APPROACH TO RECRUITMENT REMUNERATION

With regard to new appointments the Remuneration Committee reviews the various components of the remuneration package on a case-by-case basis

Annual salaries are regularly benchmarked against comparable organisations to ensure competitive salaries are offered and the service of the executive can be retained

SERVICE CONTRACTS

The following obligations on the Company which would give rise to or impact on remuneration payments or payment for loss of office are

- John Hawkins was appointed as a Non-executive Director of the Company by way of a letter of appointment dated 17 November 2010 John Hawkins was appointed as Chief Executive pursuant to a separate agreement for services dated 13 May 2011
- On 6 April 2014 John Hawkins signed an employee service agreement as Executive Chairman of the Company and no previous employment of the executive shall count as part of the executive s continuous period of employment The employment shall be subject to termination by either party giving to the other 12 months prior notice in writing If the executive s role is reviewed in accordance with Clause 2 of the agreement and it is split into the role of Non-executive Chairman and Chief Executive then provided the executive is offered one of those roles it is recognised that this notice period will be reduced to six months The basic salary is £360 000 per year which comprises £260 000 for the executive s duties as Chief Executive and £100 000 for his role as Chairman
- Ian Davies has a service contract dated 25 April 2012 which provides for a notice period of six months written notice
- Robin Howe has a service contract dated 1 June 2006 which provides for a notice period of one month s written notice On 1 June 2011 his appointment was extended for a second term of five years
- Oliver Ellingham has a service contract dated 1 October 2007 which provides for a notice period of one month s written notice On 6 April 2011 his appointment was extended for a second term of five years
- John Varney has a service contract dated 1 October 2011 which provides for a notice period of one month s written notice

The directors' service contracts are available for inspection during business hours on any weekday between the date of the notice and the Annual General Meeting at the Company s registered office and at the venue of the Annual General Meeting from 15 minutes prior to the commencement of the Annual General Meeting until its conclusion

POLICY ON PAYMENT FOR LOSS OF OFFICE

All payments due will be made in accordance with the Contract of Employment and Service Agreement of the executive concerned and will be sufficiently detailed to ensure transparency namely:

- The total amount for loss of office paid to or receivable by the person (broken down into each component comprised in that payment and the value of each component)
- Explanation will be given of how each component was calculated
- Disclosure of any other payments paid or received by the person in connection with termination of qualifying services whether by way of compensation for loss of office or otherwise including the treatments of outstanding incentive awards that vest on or following termination
- Details of any discretion

STATEMENT OF SHAREHOLDER VIEWS

Following the announcement of the Value Creation Plan ("VCP") on 1 July 2015 the Company received several enquiries some of which were hostile from shareholders asking for further clarification on the VCP and how it would affect share value All enquiries were answered in writing personally by Robin Howe In addition in response to a request from a group of 13 private investors the Remuneration Committee held a meeting in London on 24 July 2015 to address face to face enquiries

Prior to the implementation of the VCP announcement in July 2015 the Company's broker N+1 Singer was in consultation with all major shareholders and informed them of the proposed VCP scheme whilst offering a direct conversation with members of the Board if so required None of the major shareholders contacted raised any concerns with the scheme Moreover institutional shareholders have expressed their satisfaction that the bonus policy is aggressive with no bonus due if the minimum profit target is not achieved which each year represents analyst market consensus

Despite opposition from some shareholders the Remuneration Committee feels that the VCP scheme provides executives with a reward opportunity linked to a significant uplift in shareholder value brought about by a radical and successful transformation of Vislink into a high growth company in the broadcast and public safety and surveillance services sectors

SECTION 3

REPORT ON EXECUTIVE DIRECTORS' REMUNERATION

DIRECTORS' EMOLUMENTS

The remuneration of the Executive Directors for the years 2014 and 2015 is made up as follows

AGGREGATE DIRECTORS' REMUNERATION (AUDITED)

Directors emoluments and pension contributions for the year ended 31 December 2015 were as follows

	Basic salary and fees £	Performance related bonus £	Benefits £	Emoluments before pension contributions £	Pension contributions £	2015 Total £	2014 Total £
Executive Directors							
John Hawkins	360 000	–	29 654	389 654	72 000	461,654	438 358
Ian Davies	175 000	–	16 808	191 808	35 324	227,132	376 694
Non-executive Directors							
Robin Howe	40 000	–	–	40 000	–	40,000	40 000
Oliver Ellingham	40 000	–	–	40 000	–	40,000	40 000
John Varney	40 000	–	–	40 000	–	40 000	40 000
	655 000	–	46 462	701,462	107,324	808,786	935 052

BENEFITS

Benefits for the Executive Directors include the provision of a car allowance and personal fuel expenditure life assurance private medical insurance and permanent health insurance The individual benefits are not deemed to be significant and are therefore not analysed in any further detail

PERFORMANCE RELATED BONUS

The Remuneration Committee establishes the objectives that must be met each financial year for a cash bonus to be paid to Executive Directors Bonus parameters address the financial performance of the Group

The minimum performance provision not having been met means that no performance bonuses were paid to Executive Directors for 2015

For the year ended 31 December 2016 the Remuneration Committee retains the performance targets as being profit and cash based only as in the 2015 scheme The targets for the bonus scheme in 2016 have been set to accelerate the financial performance of the Group with bonuses being earned in line with the improvement of the Group s performance

Both the Executive Directors have volunteered to convert any cash bonus after tax received in respect of the Group s performance in 2016 into shares in the Company

TOTAL PENSION ENTITLEMENTS

The Group operates a defined contribution pension scheme and it is the Group s policy that only basic salaries are pensionable for Executive Directors

There are no pension arrangements for the Non-executive Directors There are no unfunded pension promises or similar arrangements for current or previous directors

PAYMENT TO PAST DIRECTORS

There were no payments or monies or other assets made during the year ended 31 December 2015 to any person who was a former director of the Company

PAYMENT FOR LOSS OF OFFICE

There were no payments or monies or other assets for loss of office made during the year ended 31 December 2015 to any person who was a current or former director of the Company

DIRECTORS' INTEREST IN SHARE AWARD SCHEMES

A) LONG TERM INCENTIVE PLAN (LTIP)

The Vislink plc LTIP was introduced in 2008 and an extension approved on 30 May 2012 It is designed to reward and retain executives over the long term whilst aligning their interests with those of shareholders

Options have been granted as nil cost options under this scheme The options granted under this scheme are generally exercisable at the end of the performance period and for seven years thereafter Awards under this scheme are subject to performance criteria the scales relating to which are determined by the Remuneration Committee

The Executive Directors beneficial interest in the LTIP is shown below

	Award date	Vesting date	Market price of a share on award	Interest at 31 December 2014	Awards made in the year	Lapsed	Interest at 31 December 2015
John Hawkins	28 Mar 2012	28 Mar 2015	29 50p	2 000 000	–	–	2,000,000
	12 Nov 2013	12 Nov 2016	48 45p	2 000 000	–	–	2 000,000
Ian Davies	15 Dec 2012	15 Dec 2015	25 99p	404 000	–	–	404 000
	12 Nov 2013	12 Nov 2016	48 45p	750 000	–	–	750 000

As per the table above the LTIP awards granted to both John Hawkins and Ian Davies during the year ended 31 December 2012 which were subject to achievement of the performance conditions vested in 2015 but have not yet been exercised

REMUNERATION REPORT CONTINUED

The performance conditions in respect of the 2012 LTIP award were as follows

Average Adjusted EPS * per annum over the performance period **	Proportion of the number of Award Shares vesting
Less than 3 0 pence	Nil
3 0 pence	25%
3 0 pence to 3 75 pence	Between 25% and 100% pro rata on a straight-line basis
3 75 pence or greater	100%

Adjusted EPS is defined as the reported basic EPS in the annual report and accounts for any year in the performance period adjusted for the amortisation and impairment of goodwill and acquired intangibles non-recurring items and adjustments and taking into account tax adjustments relating to these items

** The performance period was for the three financial years commencing 1 January 2012 and ending 31 December 2014

No LTIP awards were made to Executive Directors in the year ended 31 December 2015

B) SHARE OPTIONS

No options were granted to Executive Directors during the year Details of option grants can be found in note 23 to the consolidated financial statements

C) SHARE INCENTIVE PLAN (SIP)

The Executive Directors were not offered participation in this scheme

DIRECTORS' INTERESTS IN SHARES

The table below shows the interests of the directors in office at the end of the year in the share capital of the Company

	At 31 December 2014	At 31 December 2015
Executive Directors		
John Hawkins	309 279	309 279
Ian Davies	150 000	150 000
Non-executive Directors		
Robin Howe	1 132 578	1,232,578
Oliver Ellingham	167 000	167 000
John Varney	62 229	62 229

The following changes took place in the interests of the directors between 31 December 2014 and 31 December 2015

- Robin Howe purchased 100 000 shares at an average price of 49 875 pence per share on 27 March 2015

STATEMENT OF VOTING AT GENERAL MEETING

At the last AGM held on 20 May 2015 resolutions of the following kind were moved by the Company in respect of

- A resolution to approve the Directors Remuneration Report for the year ended 31 December 2014

The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes Where there are substantial votes against resolutions in relation to directors remuneration the reasons for any such vote will be sought and any actions in response will be detailed here

POLICY REPORT APPROVAL

This report was approved by the Board of directors on 6 April 2016 and signed on its behalf by

Robin Howe

Robin Howe
Senior Non-executive Director and Chairman
of the Remuneration Committee
6 April 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report the Directors' Remuneration 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 the directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 the Company and of the profit or loss of the Group 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 accounting estimates that are reasonable and prudent
- state whether IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the Group and Company financial statements respectively and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors Remuneration Report comply with the Companies Act 2006 and as regards the Group financial statements Article 4 of the IAS Regulation They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Each of the directors whose names and functions are listed on pages 38 and 39 confirm that to the best of their knowledge

- the Group financial statements which have been prepared in accordance with IFRSs as adopted by the EU give a true and fair view of the assets liabilities financial position and loss of the Group and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces

By order of the Board

Ian Davies
Group Finance Director & Company Secretary
6 April 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISLINK PLC

REPORT ON THE GROUP FINANCIAL STATEMENTS

OUR OPINION

In our opinion Vislink plc s Group financial statements (the financial statements)

- give a true and fair view of the state of the Group s affairs as at 31 December 2015 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies Act 2006

WHAT WE HAVE AUDITED

The financial statements included within the Annual Report & Accounts (the Annual Report) comprise

- the Consolidated Statement of Financial Position as at 31 December 2015
- the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the year then ended
- the Consolidated Statement of Cash Flows for the year then ended
- the Consolidated Statement of Changes in Shareholders' Equity for the year then ended and
- the notes to the financial statements which include a summary of significant accounting policies and other explanatory information

Certain required disclosures have been presented elsewhere in the Annual Report rather than in the notes to the financial statements These are cross-referenced from the financial statements and are identified as audited

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and applicable law

In applying the financial reporting framework the directors have made a number of subjective judgements for example in respect of significant accounting estimates In making such estimates they have made assumptions and considered future events

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF INFORMATION AND EXPLANATIONS RECEIVED

Under the Companies Act 2006 we are required to report to you if in our opinion we have not received all the information and explanations we require for our audit We have no exceptions to report arising from this responsibility

DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are required to report to you if in our opinion certain disclosures of directors remuneration specified by law are not made We have no exceptions to report arising from this responsibility

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors Responsibilities set out on page 53 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)) Those standards require us to comply with the Auditing Practices Board s Ethical Standards for Auditors

This report including the opinions has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not in giving these opinions accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the group s circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the directors and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors judgements against available evidence forming our own judgements and evaluating the disclosures in the financial statements

We test and examine information using sampling and other auditing techniques to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls substantive procedures or a combination of both

In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or materially inconsistent with the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Mark Ellis

Mark Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Bristol
6 April 2016

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Revenue	5	57,811	61 931
Cost of sales		(31,800)	(33 519)
Gross profit		26,011	28 412
Sales and marketing expenses		(9,423)	(8 817)
Research and development expenses		(5,757)	(5 558)
Administrative expenses		(6 110)	(6 833)
Other expenses	6	(5,475)	(1 692)
Operating (loss)/profit	6	**(754)**	5 512
Operating profit is analysed as			
Adjusted operating profit		4 721	7 204
Amortisation and impairment of acquired intangibles	12	(2,404)	(2 630)
Non-recurring items	6	(3,071)	938
Finance costs	8	(248)	(169)
Finance income	8	8	24
(Loss)/profit before tax		**(994)**	5 367
Tax	9	91	(1 623)
(Loss)/profit for the year being profit attributable to owners of the parent		**(903)**	3 744
Basic (loss)/earnings per share	11	**(0 7)p**	3 2p
Diluted (loss)/earnings per share	11	**(0 7)p**	3 1p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £000	2014 £000
(Loss)/profit for the financial year	(903)	3 744
Other comprehensive income items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of overseas operations	406	483
Total comprehensive (expense)/income for the year attributable to owners of the parent	**(497)**	4 227

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Assets			
Non-current assets			
Intangible assets	12	**42,291**	43 683
Property plant and equipment	13	**2 201**	2 665
Deferred tax assets	22	**4,461**	3 712
Total non-current assets		**48,953**	50 060
Current assets			
Inventories	14	**12,696**	12 884
Trade and other receivables	15	**18,751**	15 956
Cash and cash equivalents	16	**3,251**	8 380
Total current assets		**34 698**	37 220
Liabilities			
Current liabilities			
Financial liabilities borrowings	19	**9 000**	5 600
Trade and other payables	17	**13,554**	15 810
Current tax liabilities	18	**239**	747
Provisions for other liabilities and charges	21	**272**	280
Total current liabilities		**23,065**	22 437
Net current assets		**11,633**	14 783
Non-current liabilities			
Financial liabilities borrowings	19	**–**	2 400
Deferred tax liabilities	22	**5,714**	5 338
Provisions for other liabilities and charges	21	**420**	278
Total non-current liabilities		**6,134**	8 016
Net assets		**54 452**	56 827
Equity attributable to owners of the parent			
Ordinary shares	23	**3,066**	3 066
Share premium		**6,800**	6 800
Capital redemption reserve		**617**	617
Merger reserve		**32 448**	32 448
Translation reserve		**4,843**	4 437
Retained earnings		**6,678**	9 459
Total equity		**54,452**	56 827

The financial statements on pages 55 to 87 were approved by the Board of Directors on 6 April 2016 and were signed on its behalf by

John Hawkins Ian Davies

Directors

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £000	Share premium £000	Capital redemption reserve £000	Merger reserve £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1 January 2014	2 848	4 900	617	30 565	3 954	6 718	49 602
Comprehensive income							
Profit for the financial year	–	–	–	–	–	3 744	3 744
Exchange differences on translation of overseas operations	–	–	–	–	483	–	483
Total comprehensive income for the year	–	–	–	–	483	3 744	4 227
Transactions with owners							
Share based payments Value of employee services	–	–	–	–	–	500	500
Issue of share capital	218	1 900	–	1 883	–	–	4 001
Adjustment in respect of Employee Share Ownership Plan	–	–	–	–	–	(30)	(30)
Dividends paid (note 10)	–	–	–	–	–	(1 473)	(1 473)
Total transactions with owners	218	1 900	–	1 883	–	(1 003)	2 998
Balance at 1 January 2015	3 066	6 800	617	32,448	4,437	9,459	56 827
Comprehensive income							
Loss for the financial year	–	–	–	–	–	(903)	(903)
Exchange differences on translation of overseas operations	–	–	–	–	406	–	406
Total comprehensive income/(expense) for the year	–	–	–	–	406	(903)	(497)
Transactions with owners							
Share based payments Value of employee services	–	–	–	–	–	(43)	(43)
Adjustment in respect of Employee Share Ownership Plan	–	–	–	–	–	(5)	(5)
Dividends paid (note 10)	–	–	–	–	–	(1 830)	(1 830)
Total transactions with owners	–	–	–	–	–	(1 878)	(1 878)
Balance at 31 December 2015	**3,066**	**6,800**	**617**	**32,448**	**4 843**	**6,678**	**54,452**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Cash flow from operating activities			
Cash generated from operations	24	605	7 999
Interest paid		(248)	(169)
Taxation paid		(918)	(102)
Net cash (outflow)/inflow from operating activities		(561)	7 728
Cash flow from investing activities			
Interest received		8	24
Acquisition of subsidiary		–	(13 092)
Cash acquired from acquisition of subsidiary		–	6 089
Proceeds from sale of property plant and equipment		338	1
Proceeds from sale of intangibles		61	–
Purchase of property plant and equipment	13	(605)	(919)
Expenditure on capitalised development costs	12	(3,582)	(3 647)
Net cash used in investing activities		(3 780)	(11 544)
Cash flow from financing activities			
New bank loans		1,000	8 000
Dividend paid	10	(1,830)	(1 473)
(Purchase)/issue of shares		(5)	2 000
Net cash (used in)/generated from financing activities		(835)	8 527
Net (decrease)/increase in cash and cash equivalents		(5,176)	4 711
Effect of foreign exchange rate changes		47	(36)
Cash and cash equivalents at 1 January		8,380	3 705
Cash and cash equivalents at 31 December	16	3 251	8 380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 GENERAL INFORMATION

Vislink plc (the Company) and its subsidiaries (together the Group) is a leading global software and technology business specialising in solutions for the live collection delivery and playout automation of high quality live video from scene to screen' For the broadcast markets the Group provides wireless communication solutions for the collection of live news sport and entertainment as well as software solutions for channel playout automation Channel in a Box and video content management The Group also provides secure video communications for surveillance and public safety applications such as law enforcement and homeland security The Group employs over 250 people worldwide with offices in the UK USA UAE and Singapore and manufacturing operations in the UK and the USA The Group has net assets of £54 4 million and continuously invests in innovation

The Company is listed on the AIM market of the London Stock Exchange (AIM VLK) For further information visit www vislinkplc com

The Company is incorporated and domiciled in the UK The address of its registered office is Marlborough House Charnham Lane Hungerford Berkshire RG17 0EY

The registered number of the Company is 04082188

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below These policies have been consistently applied to all the years presented unless otherwise stated

BASIS OF ACCOUNTING

The Group financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise judgement in the process of applying the Group s accounting policies The areas involving a higher degree of judgement or complexity or areas where assumption and estimates are significant to the Group financial statements are disclosed in note 4

During the current reporting year there were no new standards or amendments which had a material impact on the net assets of the Group In addition standards or amendments issued but not yet effective are not expected to have a material impact on the net assets of the Group

The Group financial statements have been prepared on a going concern basis under the historical cost basis of accounting except where fair value measurement is required under IFRS as described below

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December 2015 Control is achieved when the Company

- has the power over the investee
- is exposed or has rights to vary from its involvement with the investee and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above

Subsidiaries are fully consolidated from the date on which control is transferred to the Group They are de-consolidated from the date that control ceases

Inter-company transactions balances income and expenses on transactions between Group companies are eliminated Profits and losses resulting from the inter-company transactions that are recognised in assets are also eliminated Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

BUSINESS COMBINATIONS

The Group applies the acquisition method of accounting to account for business combinations The consideration transferred for the acquisition of a subsidiary is the fair values of assets transferred the liabilities assumed and the equity interests issued by the Group The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date

Any contingent consideration to be transferred by the Group is recognised at the fair value at the acquisition date Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity

Costs directly attributable to an acquisition are charged directly to the income statement as incurred

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed If this consideration is lower than the fair value of the net assets of the subsidiary acquired the difference is recognised in the income statement

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SEGMENTAL REPORTING
The Group's internal organisational and management structure and its system of internal financial reporting to the Board of directors are based on the product offerings of each of its businesses. These comprise of two divisions: Vislink Communication Systems and Pebble Beach Systems. Each division has its own managing director and finance director who work with the Group Finance Director under the chairmanship of the Executive Chairman to oversee the running of the Group. The chief operating decision-maker has been identified as the Board.

The Board reviews the Group's internal financial reporting in order to assess performance and allocate resources. Management have therefore determined that the operating segments for the Group will be based on these reports.

The Vislink Communication Systems business is responsible for the sales and marketing of all Group hardware products and services. It is also the product centre for the Advent satcom communication products, Link and Gigawave wireless camera systems and the associated Microwave and Amplifier products.

The Pebble Beach Systems business is responsible for the sales and marketing of all Group software products and services.

Group management are focused on developing global revenue growth from the two main markets that the Group serves: Broadcast and Surveillance and Public Safety. Segmental reporting is therefore also provided by reference to revenue by market by geographic region.

FOREIGN CURRENCY TRANSLATION
(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group financial statements are presented in pounds sterling (GBP), which is the Company's functional and presentation currency.

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

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate of exchange prevailing at the reporting date;
- income and expenditure for each income statement are translated at the average rates of exchange prevailing during the year; and
- all resulting exchange differences arising from restatement of the opening statements of financial position and trading results of overseas subsidiaries are recognised as a separate component of shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

INTANGIBLE ASSETS
(a) Goodwill
Goodwill represents the excess of the fair value of the purchase consideration for the interest in subsidiary undertakings over the fair value to the Group of the net assets acquired, including acquired intangible assets and any contingent liabilities.

Goodwill is tested annually or more frequently if events or circumstances indicate potential impairment. Impairment losses are recognised for the amount by which an asset's carrying amount exceeds its recoverable amount; that recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Impairments of goodwill are not reversed. Gains and losses on the disposal of an entity will be net of the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Acquired intangibles
Intangible assets acquired as part of business combinations are capitalised at fair value at the date of acquisition. Following the initial recognition, the carrying amount of an intangible asset is its cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged on the basis of the estimated useful life on a straight-line basis and the expense is taken to the income statement (note 12).

The Group has recognised customer relationships, intellectual property and brands as separately identifiable acquired intangible assets. The useful economic life attributed to each intangible asset is determined at the time of acquisition and ranges from five to ten years.

Impairment reviews are undertaken when the directors consider that there has been a potential indication of impairment.

(c) Research and development costs
Research expenditure is written off as incurred

Where development expenditure meets the criteria for capitalisation as set out in IAS 38 "Intangible Assets" the costs are capitalised The key eligibility criteria for capitalisation relate to

- the identification of development costs In general the Group s research and development activities are closely interrelated and it is not until the technical feasibility of a product can be determined with reasonable certainty that development costs are separately identifiable and
- the generation of future economic benefit Intangible assets are not recognised unless the resultant product is expected to generate future economic benefit in excess of the amount capitalised

Development costs are amortised over the estimated useful life of the products with which they are associated Amortisation commences when a new product is in commercial production The amortisation period ranges from one to five years If a product becomes unviable the deferred development costs are written off

PROPERTY, PLANT AND EQUIPMENT
Property plant and equipment are stated at cost less accumulated depreciation and any provision for impairment Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Depreciation is calculated in order to write off the cost of property plant and equipment, other than land over their estimated useful lives by equal annual instalments using the following rates

Freehold land and buildings	2 per cent for buildings No depreciation on land
Leasehold improvements	The remaining term of the lease
Fixtures and fittings	10 per cent
Plant tools test and computer equipment	10 per cent – 33 per cent

LEASES
Operating leases are leases where the risks and rewards of ownership are retained by the lessor Rentals payable under operating leases are charged to the income statement on a straight-line basis over the period of the lease

INVENTORIES
Inventories are stated at the lower of cost and net realisable value Cost represents direct costs incurred and where applicable production or conversion costs and other costs to bring the inventory to its existing condition and location Inventory is accounted for on a standard cost basis Net realisable value comprises the actual or estimated selling price less all further costs to completion and less all costs to be incurred in marketing selling and distribution Provisions for inventories are recognised when the book value exceeds its net realisable value The Group makes provision for slow-moving obsolete and defective inventory as appropriate

TRADE RECEIVABLES
Trade receivables are initially recognised at fair value being the original invoice amount and subsequently measured at amortised cost less provision for impairment A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable Trade receivables that are less than three months past due are not considered impaired unless there are specific financial or commercial reasons that lead management to conclude that the customer will default Older debts are considered to be impaired unless there is sufficient evidence to the contrary that they will be settled The amount of the provision is the difference between the assets carrying value and the present value of the estimated future cash flows The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement

When a trade receivable is uncollectable it is written off against the allowance account Subsequent recoveries of amounts previously written off are credited to the income statement

CASH AND CASH EQUIVALENTS
Cash and short term deposits in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of less than three months

For the purposes of the consolidated cash flow statement cash and cash equivalents consist of cash and short term deposits as defined above together with bank overdrafts where applicable

SHARE CAPITAL
Ordinary shares are classified as equity Proceeds in excess of the nominal value of shares issued are allocated to the share premium account and are also classified as equity Incremental costs directly attributable to the issue of new ordinary shares or options are deducted from the share premium account

Where shares are issued in part or full consideration for the acquisition of more than 90 per cent of the issued share capital of another company the excess of value attributed to the shares over the nominal value of shares issued is allocated to the merger reserve The merger reserve is also classified as equity

TRADE PAYABLES
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer) If not they are presented as non-current liabilities

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

CURRENT AND DEFERRED TAXATION
The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company s subsidiaries operate and generate taxable income Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes Deferred tax liabilities are recognised in respect of all temporary differences except where the deferred tax liability arises from the initial recognition of goodwill in business combinations

Deferred tax assets are recognised for all deductible temporary differences carry-forward of unused tax assets and tax losses to the extent that they are regarded as recoverable They are regarded as recoverable where on the basis of available evidence there will be suitable taxable profits against which the future reversal of the underlying temporary differences can be deducted The carrying value of the amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the tax asset to be utilised

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on the tax rates (and tax laws) that have been enacted at the reporting date

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

EMPLOYEE BENEFITS
(a) Pension obligations
The Group employees are members of defined contribution money purchase schemes where the obligations of Group companies are charged to the income statement as they are incurred The Group has no further obligations once the contributions have been paid

(b) Share based compensation
The Group operates a number of equity-settled share based compensation plans, under which the Group receives services from employees as consideration for equity instruments (options) in the Company The fair value of the employee services received in exchange for the grant of the options is recognised as an expense The total amount to be expensed is determined by reference to the fair value of the options granted

- including any market performance conditions (for example the Group s share price)

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- excluding the impact of any service and non-market performance vesting conditions (for example profitability sales growth targets and remaining an employee of the entity over a specified time period) and
- including the impact of any non-vesting conditions (for example the requirement for employees to save)

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest The total expense is recognised over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied At the end of each reporting period the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions It recognises the impact of the revision to original estimates if any in the income statement with a corresponding adjustment to equity

When the options are exercised the Company issues new shares The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised

(c) Employee Share Ownership Plan
The Group s Employee Share Ownership Plan (ESOP) is a separately administered trust The Company guarantees liabilities of the ESOP and the assets of the ESOP mainly comprise shares in the Company The assets liabilities income and costs of the ESOP have been included in the Group financial statements

PROVISIONS
Provisions are made in respect of residual onerous long leasehold properties where expected future rental costs are in excess of expected income from subletting

Provision is made for product warranty claims to the extent that the Group has a current obligation under warranties given Warranty accruals are based on historic warranty claims experience Provisions are discounted to their present value where the impact is significant

REVENUE RECOGNITION
(a) Sale of goods
Revenue represents amounts receivable from external customers for goods sold by Group companies in the ordinary course of business and excluding value added tax Sales are recognised in accordance with IAS 18 Revenue when the significant risks and rewards of ownership of the goods are transferred to the customer the sales price agreed and the receipt of payment can be assured

(b) Construction contracts
From time to time the Group enters into construction contracts that will take a number of months to complete Customer contracts that are expected to span more than one period end are recognised in revenue in accordance with IAS 11

Where the outcome of a contract can be estimated reliably revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date This is measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs except where this would not be representative of the stage of completion Variations in contract work claims and incentive payments are included to the extent that they have been agreed with the customer

Where the outcome of a contract cannot be estimated reliably contract revenue is recognised to the extent of contract costs incurred that it is probable such costs will be recoverable

Contract costs are recognised as expenses in the period in which they are incurred

When it is probable that total contract costs will exceed total contract revenue the expected loss is recognised as an expense immediately

(c) Sales of services
Revenue from service contracts that are not accounted for as construction contracts under IAS 11 is recognised in line with the delivery of service to the customer Related costs are deferred on the statement of financial position and then recorded as a cost of sale when the revenue is recognised

INTEREST INCOME
Interest income is recognised on a time apportionment basis

DIVIDEND DISTRIBUTION
Dividend distribution to the Company s shareholders is recognised as a liability in the Group s financial statements in the period in which the dividends are approved by the Company s shareholders

NON RECURRING ITEMS
These are material items excluded from management s assessment of profit because by their nature they could distort the Group s underlying quality of earnings These are excluded to reflect performance in a consistent manner and are in line with how the business is managed and measured on a day-to-day basis

IMPAIRMENT OF NON FINANCIAL ASSETS
Assets that have an indefinite useful life for example goodwill or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised for the amount by which the asset s carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset s fair value less costs to sell and value in use For the purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date

3 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group s activities expose it to a variety of financial risks market risk (foreign exchange risk and cash flow interest rate risk) credit risk and liquidity risk The Group s overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects on the Group s financial performance

Risk management policy is carried out through a central treasury function within the executive management team at the Group s head office The treasury function identifies evaluates and manages financial risks in close co-operation with the Group s operating units The Board provides written principles for overall risk management whilst the central treasury function provides specific policy guidance for the operating units in terms of managing market risk credit risk and cash and liquidity management

(A) MARKET RISK

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily between the US dollar and GBP Foreign exchange risk arises from future commercial transactions recognised assets and liabilities and net investments in foreign operations

At a transactional level the UK business has a broadly neutral exposure to foreign currency transactions in that their revenues in euros and US dollars match their purchases Foreign currency bank accounts are maintained to minimise exchange risk by trading currencies into sterling only when forecast surpluses or deficits are expected to arise Approximately 30 per cent of the US business cost of goods sold comes from its fellow subsidiaries in the UK and is priced in US dollars The flow of cash from the USA to the UK businesses is managed by central treasury in order to minimise the risk to the Group

The exchange risk to the Group in terms of its reported results lies in the translation of the results of the US business from US dollars to GBP The Group s accounting policy is to translate the profits and losses of overseas operations using the average exchange rate for the financial year and the net assets and liabilities of overseas subsidiaries at the year end exchange rate It continues to be the Group s policy not to hedge the foreign currency exposures on the translation of overseas profits or losses and net assets or liabilities to sterling as they are considered to be accounting rather than cash exposures

The principal exchange rates used by the Group in translating overseas profits and net assets into GBP are set out in the table below

Rate compared to £ sterling	**Average rate 2015**	Average rate 2014	**Year end rate 2015**	Year end rate 2014
US dollar	**1 529**	1 648	**1.482**	1 561

Where overseas acquisitions are made it is the Group s policy to arrange any borrowings required in local currency

It is the Group s policy not to trade in financial instruments The Group does not use interest rate swaps The Group does not speculate in foreign currencies and no operating company is permitted to take unmatched positions in any foreign currency The Group will use borrowings in currencies other than GBP where appropriate to specific transactions such as overseas acquisitions This policy has been in force throughout the financial year and remains so

If the results for the year to 31 December 2014 had been translated at the 2015 average rate then the translation impact would be to increase prior year revenue by £1 6 million and decrease the profit before tax by £0 1 million

(ii) Cash flow interest rate risk

Cash flow interest rate risk comprises the interest rate price risk that results from borrowing at both fixed and variable rates of interest

(B) CREDIT RISK

Credit risk is managed on a Group basis except for credit risk relating to accounts receivable balances

Credit risk arises with cash balances and accounts receivables The Group s cash deposits are held at banks that have been carefully selected taking into consideration their individual external credit ratings (note 16)

Each local subsidiary is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered It is the Group s policy to obtain deposits from customers where possible particularly overseas customers In addition the Group will seek confirmed letters of credit for the balances due The nature of the customer base (for example national TV stations government procurement agencies) makes the use of credit insurance inappropriate Credit risk is managed at the operating business unit level and monitored at the Group level to ensure adherence to Group policies If there is no independent rating the finance function assesses the credit quality of the customer taking into account its financial position past experience and other factors Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board The utilisation of credit limits is regularly monitored

(C) LIQUIDITY RISK

A material portion of the Group s net assets are represented by its cash balances Any material loss of cash through ineffective investment of this resource would undermine our ability to generate growth in shareholder value Similarly an inability to access these funds would undermine the Group s ability to meet its financial obligations We have assessed the likelihood of loss to be low but with a high potential impact

Therefore in mitigation the Group s liquidity risk management policy is to maintain sufficient cash and available funding through an adequate amount of committed credit facilities from its bankers Santander Due to the dynamic nature of the underlying businesses central treasury aims to maintain flexibility in funding by keeping committed credit lines available as disclosed in note 19

The table below analyses the Group s non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date The amounts disclosed in the table are the contractual undiscounted cash flows

	Less than one year £000	Between one and two years £000	Between two and five years £000	Total £000
At 31 December 2015				
Bank loans (secured)	9,000	–	–	9,000
Trade and other payables	13,251	–	–	13,251
At 31 December 2014				
Bank loans (secured)	5 600	600	1,800	8 000
Trade and other payables	14 983	–	–	14 983

CAPITAL RISK MANAGEMENT

The Group s objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

Consistent with other businesses the Group monitors capital on the basis of the gearing ratio This ratio is calculated as net debt divided by total capital Net debt is calculated as total borrowings (including "current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents

Total capital is the sum of equity plus net debt (or less net cash) being £60 2 million at 31 December 2015 (2014 £56 4 million)

It is the stated strategy of the Group to grow both organically and through acquisition Acquisitions would be funded through an appropriate combination of equity and borrowings Future gearing would not be expected to exceed 50 per cent

FAIR VALUE ESTIMATION

The carrying value of trade receivables (less impairment provision) and payables are assumed to approximate to their fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies management has made accounting judgements in the determination of the carrying value of certain assets and liabilities Due to the inherent uncertainty involved in making assumptions and estimates actual outcomes will differ from those assumptions and estimates The following judgements have the most significant effect on the amounts recognised in the financial statements

ACCOUNTING FOR LONG TERM CONTRACTS

Amounts recognised in the income statement on long term contracts are a function of both the state of progress on contracts and the margins that are expected to be recognised for the completed contract Accordingly recognition of work in progress and margins on contracts that have not yet been completed requires management to make a careful estimate of the final costs any expected increases as well as delays extra costs and penalties that could reduce the expected margin

The amounts recognised in the financial statements represent management's best estimate of these key considerations at the reporting date

ACQUIRED INTANGIBLES

Intangible assets (intellectual property brands and customer relationships) have been acquired as part of the net assets of certain subsidiaries These intangible assets were capitalised at their fair value at the date of acquisition Determining the value of acquired intangibles required the calculation of estimated future cash flows expected to arise from the intangible assets at a suitable discount rate in order to calculate their present value In addition an estimate of the useful life of the intangible asset has to be made over which period the cash flows were expected to be generated The carrying amount of acquired intangibles at the reporting date was £7 2 million (note 12) (2014 £9 6 million)

IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires the estimation of the value in use of the cash-generating units to which goodwill has been allocated The value in use calculation requires the entity to estimate future cash flows expected to arise from the cash-generating unit at a suitable discount rate in order to calculate the present value Details of the impairment review and the sensitivities considered thereon are provided in note 12

DEFERRED TAX ASSETS

The carrying value of deferred tax assets is dependent on sufficient taxable profits being generated in certain territories in future periods The carrying amount of net deferred tax liabilities at the reporting date was £1 3 million (note 22) (2014 deferred tax liabilities £1 6 million) In addition there were £8 0 million of deferred tax assets not recognised (2014 £4 8 million)

PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Included within the statement of financial position are warranty provisions amounting to £0 2 million (2014 £0 3 million) and onerous property lease provisions of £0 5 million (2014 £0 3 million) (note 21) Management believe that the warranty provisions are adequate to cover the future risk of product warranty claims based on historic claims history applied to the current revenue levels

The movement in the onerous property lease provision in the year relates to the creation of vacant property at the Vislink International Hemel Hempstead site arising from the restructure This was offset by the release of a provision on the Gigawave acquired site which had its sublet agreement renewed in 2015 Property provisions have been made in respect of the vacated lease premises and represent the future liabilities associated with the property to the end of the lease net of anticipated income from subletting In the current economic environment we cannot be certain that this provision will be sufficient to cover the total future liabilities associated with the property and the requirement for provision will be reassessed annually The total liability for future rent and rates on the vacated lease properties excluding any potential benefit from subletting are £1 2 million over an aggregate period of six years for the Gigawave property and £1 0 million over an aggregate period of four years for the partially vacant Hemel Hempstead property

IMPAIRMENT OF TRADE RECEIVABLES

The carrying amount of trade receivables at the year end was £16 7 million (2014 £11 8 million) against which there was an impairment provision of £0 6 million (2014 £1 0 million) (note 15) Trade receivables that are less than three months past due are not considered impaired unless there are specific financial or commercial reasons that lead management to conclude that the customer will default Older debts are considered to be impaired unless there is sufficient evidence to the contrary that they will be settled Management believe that the provision is adequate to cover the risk of bad debts

INVENTORY PROVISIONS

The carrying amount of inventory at the year end was £12 7 million (2014 £12 9 million) after a provision for excess and obsolete inventory of £5 5 million (2014 £4 8 million) (note 14) During the year £0 5 million of the provision was utilised following the scrapping and sale of obsolete inventory Inventory write-downs of £nil were written back to the income statement on the sale of products against which provisions had previously been made Such products have an estimated net realisable value that was below their cost hence the requirement for the provision

SHARE BASED PAYMENTS

A number of accounting estimates and judgements are incorporated within the calculation of the charge to the income statement in respect of share based payments These are described in more detail in note 23

5 SEGMENTAL REPORTING

The two markets in each of the divisions are Broadcast and Surveillance and Public Safety As the divisions manage and control the markets directly costs are shared across markets in certain divisions which means that any allocation of costs to markets would be arbitrary The focus of management is to ensure that the appropriate material margins are being achieved in each market as a sub analysis of the divisional performance (note 2)

The segment information provided to the Board for the reportable continuing segments for the year ended 31 December 2015 is as follows

Segmental reporting by division	Vislink Communication Systems £000	Pebble Beach Systems £000	Central £000	**Total £000**
Year ended 31 December 2015				
Income statement				
Broadcast	39 265	10 949	–	**50,214**
Surveillance and Public Safety	7 597	–	–	**7,597**
Total revenue	46 862	10 949	–	**57,811**
Adjusted operating profit/(loss)	2 820	3 255	(1 354)	**4,721**
Amortisation and impairment of acquired intangibles	(985)	(1 419)	–	**(2,404)**
Non-recurring items	(2 872)	–	(199)	**(3 071)**
Finance costs	(489)	–	241	**(248)**
Finance income	2	78	(72)	**8**
(Loss)/profit before taxation	(1 524)	1 914	(1 384)	**(994)**
Taxation	289	(476)	278	**91**
(Loss)/profit for the year being (loss)/profit attributable to owners of the parent	(1 235)	1 438	(1 106)	**(903)**
Segment assets				
Non-current assets	38 307	9 318	1 328	**48,953**
Current assets	29 064	5 050	584	**34,698**
Total assets	67 371	14 368	1 912	**83,651**
Total liabilities	14 862	5 558	8 779	**29,199**
Total net assets/(liabilities)	52 509	8 810	(6 867)	**54,452**
Other segment items				
Capital expenditure	377	121	107	**605**
Capitalised development expenditure	3 217	365	–	**3,582**
Depreciation	640	99	22	**761**
Amortisation of intangibles	4 092	1 536	–	**5 628**

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5 SEGMENTAL REPORTING (CONTINUED)

Central costs represent corporate expenses

Segment assets include property plant and equipment goodwill other intangibles inventories trade receivables and operating cash Segment assets exclude inter-segment investments Segment liabilities comprise operating liabilities taxation and segmental provisions for liabilities and charges Segmental liabilities also include amounts owed to other segments and Central

Segmental capital expenditure comprises additions to property plant and equipment It excludes segmental additions resulting from acquisitions through business combinations

Segmental reporting by division	Vislink Communication Systems £000	Pebble Beach Systems £000	Central £000	Total £000
Year ended 31 December 2014				
Income statement continuing business				
Broadcast	37 754	8 292	–	**46,046**
Surveillance and Public Safety	15 885	–	–	**15,885**
Total revenue	53 639	8 292	–	61 931
Adjusted operating profit/(loss)	5 938	3 298	(2 032)	**7,204**
Amortisation and impairment of acquired intangibles	(1 510)	(1 120)	–	**(2,630)**
Non-recurring items	(889)	–	1 827	**938**
Finance costs	(798)	–	629	**(169)**
Finance income	3	19	2	**24**
Profit before taxation	2 744	2 197	426	**5,367**
Taxation	(1 214)	(917)	508	**(1,623)**
Profit for the year being profit attributable to owners of the parent	1 530	1 280	934	**3,744**
Segment assets				
Non-current assets (net of deferred tax liabilities)	36 058	10 331	(1 666)	**44,723**
Current assets	27 699	7 445	2 076	**37,220**
Total assets	63 757	17 776	410	**81,943**
Total liabilities	13 628	4 050	7 438	**25,116**
Total net assets/(liabilities)	50 129	13 726	(7 028)	**56,827**
Other segment items				
Capital expenditure	713	206	–	**919**
Capitalised development expenditure	3 499	148	–	**3,647**
Depreciation	731	70	85	**886**
Amortisation of intangibles	4 203	19	–	**4 222**

GEOGRAPHIC EXTERNAL REVENUE ANALYSIS

The revenue analysis in the table below is based on the geographical location of the customer for each business unit

	2015			2014		
	Broadcast £000	Surveillance & Public Safety £000	Total £000	Broadcast £000	Surveillance & Public Safety £000	Total £000
By market						
UK	**5,140**	**2,377**	**7,517**	6 214	10 098	16 312
Rest of Europe	**9 964**	**2 129**	**12 093**	9 321	1 835	11 156
North America	**15,579**	**2,892**	**18,471**	15 027	3 555	18 582
Latin America	**5,967**	**47**	**6,014**	2 893	43	2 936
Middle East and Africa	**7,370**	**28**	**7,398**	5 432	68	5 500
Asia/Pacific	**6,194**	**124**	**6 318**	7 159	286	7 445
	50 214	**7,597**	**57 811**	46 046	15 885	61 931

Non-current assets other than financial instruments and deferred tax located in the UK are £31 9 million (2014 £33 6 million) and rest of world £12 6 million (2014 £12 7 million)

6 OPERATING (LOSS)/PROFIT

The following items have been included in arriving at the operating (loss)/profit for the continuing business

	2015 £000	2014 £000
Depreciation of property plant and equipment (note 13)	**761**	886
Amortisation and impairment of acquired intangibles (note 12)	**2,404**	2 130
Impairment of intangible assets	**–**	500
Operating lease rentals	**247**	205
Repairs and maintenance expenditure on property plant and equipment	**110**	112
Exchange gains credited to profit and loss	**(561)**	(534)
Research and development expenditure expensed in the year	**5,757**	5 558
which includes		
Capitalisation of research and development expenditure (note 12)	**(3 582)**	(3 647)
Amortisation of capitalised development costs (note 12)	**3,224**	2 092

OTHER EXPENSES

Other expenses comprise

	2015 £000	2014 £000
Amortisation and impairment of acquired intangibles	**2,404**	2 630
Non-recurring items	**3,071**	(938)
	5,475	1 692

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6 OPERATING (LOSS)/PROFIT (CONTINUED)

NON-RECURRING ITEMS

The following items are excluded from managements assessment of profit because by their nature they could distort the Groups underlying quality of earnings They are excluded to reflect performance in a consistent manner and are in line with how the business is managed and measured on a day-to-day basis

	2015 £000	2014 £000
Rationalisation and redundancy costs	2,531	722
Onerous property commitments	341	–
Reduction in disputed creditor balance	–	(169)
Contractual disputes	–	167
Write back of deferred consideration un-earned	–	(2 000)
Acquisition related costs	199	270
Costs associated with the transfer to the Alternative Investment Market (AIM)	–	72
	3 071	(938)

The Group has incurred rationalisation and redundancy costs of £2 531 000 in the year (2014 £722 000) in relation to the restructuring within Vislink Communication Systems

In 2015 the Group incurred £341 000 of costs in relation to onerous property commitments as part of the restructuring of Vislink Communication Systems

The Group incurred £199 000 of acquisition related costs during 2015 (2014 £224 000 acquisition costs in relation to the acquisition of Pebble Beach Systems Limited and also incurred £46 000 of costs associated with an aborted acquisition)

An on-going creditor dispute was resolved during 2014 resulting in a £169 000 reduction in the payable amount The agreed revised settlement figure was paid in 2015

In 2014 there was a £2 000 000 release of deferred consideration owing to the vendors of Amplifier Technology Limited as a result of the failure to meet target revenues

In 2014 an ongoing contractual dispute was resolved and a final settlement figure of £167 000 was agreed and paid During 2014 the Group incurred costs of £72 000 in relation to the move to AIM

SERVICES PROVIDED BY THE GROUP'S AUDITORS AND NETWORK FIRMS

During the year the Group (including its overseas subsidiaries) obtained the following services from the Groups auditors at costs detailed below

	2015 £000	2014 £000
Analysis of fees payable to PricewaterhouseCoopers LLP		
Audit of the parent company and consolidated financial statements	58	61
Audit of the Companys subsidiaries	96	77
Audit related assurance services	15	15
	169	153
Taxation compliance services	42	30
Taxation advisory services	19	23
Services relating to corporate finance transactions	68	9
Other non audit services	–	6
	298	221

A description of the work of the Audit Committee is set out in the corporate governance statement on pages 42 to 45 and includes an explanation of how the auditors objectivity and independence is safeguarded when non-audit services are provided by the auditors

7 DIRECTORS AND EMPLOYEES

Staff costs during the year for the continuing business were as follows

	2015 £000	2014 £000
Wages and salaries	14 837	15 362
Social security costs	1,906	1 992
Other pension costs defined contribution plans (note 26)	562	545
Share based payments (note 23)	403	500
	17,708	18 399

The monthly average number of employees employed by the Group during the year was as follows

	2015 Number	2014 Number
Average monthly number of employees		
Broadcast sales and marketing	60	53
Surveillance and Public Safety sales and marketing	2	5
Services	2	4
Technology	88	85
Logistics	66	91
Projects and support	23	20
General and Admin	39	43
	280	301

The average number of employees has been calculated on a pro rata basis from the date of disposal or acquisition of subsidiaries and businesses The average number of employees includes directors with service contracts The total number of employees at 31 December 2015 was 268 (2014 296)

Key management compensation for the continuing business

	2015 Number	2014 Number
Short term employee benefits including salaries social security costs and non-monetary benefits	2,236	2 568
Post-employment benefits defined contribution pension plans	204	159
Share-based payments (note 23)	399	500
	2,839	3 227

The analysis of key management compensation above includes Executive Directors Key management is defined as the senior management teams in each of the business units of the Group Details of directors emoluments are included in the remuneration report on pages 46 to 52

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8 FINANCE COSTS – NET

	2015 £000	2014 £000
Finance costs	248	169
Finance income	(8)	(24)
Finance costs – net	240	145

Finance costs represent interest payable on bank borrowings

Finance income is derived from cash held on deposit

9 INCOME TAX (CREDIT)/EXPENSE

A) ANALYSIS OF THE TAX (CREDIT)/CHARGE IN YEAR

	2015 £000	2014 £000
Current tax		
UK corporation tax	160	585
Foreign tax current year	182	74
Adjustments in respect of prior years	(34)	–
Total current tax	308	659
Deferred tax		
UK corporation tax	188	112
Impact of change in tax rate	(117)	–
Foreign tax	(613)	837
Adjustments in respect of prior years	143	15
Total deferred tax	(399)	964
Total taxation	(91)	1 623

B) FACTORS AFFECTING TAX (CREDIT)/CHARGE FOR YEAR

The (credit)/charge for the year can be reconciled to the (loss)/profit in the income statement as follows

	2015 £000	2014 £000
(Loss)/profit before tax on continuing operations	(994)	5 367
Tax at the UK corporation tax rate of 20 25% (2014 21 5%)	(201)	1 154
Adjustments in respect of prior years	109	15
Permanent differences	523	347
Enhanced R&D tax relief	(485)	(390)
Deferred consideration not taxable	–	(430)
Underwater share options	108	–
Current year losses not recognised	428	1 117
Brought forward losses used in the year	(12)	–
Additional losses now recognised	(200)	(36)
Effect of changes in UK tax rate	(117)	(40)
Effects of different tax rates of subsidiaries operating in other jurisdictions	(244)	(114)
Total taxation	(91)	1 623

The standard rate of corporation tax in the UK changed from 21 per cent to 20 per cent with effect from 1 April 2015 Accordingly the Company's profits for this accounting year are taxed at an effective rate of 20 25 per cent

10 DIVIDENDS AND RETURNS TO SHAREHOLDERS

	2015 £000	2014 £000
Final dividend paid of 1 50 pence per share (2014 1 25 pence per share)	1,830	1 473

The directors are proposing a final dividend in respect of the financial year ending 31 December 2015 of 1 50 pence per share which will absorb an estimated £1 8 million of shareholders funds It will be paid on 18 July 2016 to shareholders who are on the register of members on 24 June 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares The dilutive shares are those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year

Reconciliation of the earnings and weighted average number of shares used in the calculations are set out below

	2015			2014		
	Earnings £000	Weighted average number of shares 000s	Earnings per share pence	Earnings £000	Weighted average number of shares 000s	Earnings per share pence
Basic (loss)/earnings per share						
(Loss)/profit attributable to ordinary shareholders	(903)	121,910	(0 7)	3 744	117 797	3 2
Basic (loss)/earnings per share	(903)	121 910	(0 7)	3 744	117 797	3 2
Diluted (loss)/earnings per share						
(Loss)/profit attributable to ordinary shareholders	(903)	124,694	(0 7)	3 744	120 250	3 1
Diluted (loss)/earnings per share	(903)	124 694	(0 7)	3 744	120 250	3 1

ADJUSTED EARNINGS

The directors believe that adjusted operating profit adjusted profit before tax adjusted earnings and adjusted earnings per share provide additional useful information on underlying trends to shareholders These measures are used by management for internal performance analysis and incentive compensation arrangements The term adjusted is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies The principal adjustments are made in respect of the amortisation of acquired intangibles and non-recurring items and their related tax effects

The reconciliation between reported and underlying earnings and basic earnings per share is shown below

	2015 £000	2015 Pence	2014 £000	2014 Pence
Reported (loss)/earnings per share	(903)	(0 7)	3 744	3 2
Amortisation of acquired intangibles after tax	2 188	1 7	2 209	1 9
Non-recurring items after tax	2,449	2 0	(1 093)	(1 0)
Adjusted earnings per share	3,734	3 0	4 860	4 1

12 INTANGIBLE ASSETS

	Goodwill £000	Acquired customer relationships £000	Acquired intellectual property £000	Acquired brands £000	Capitalised development costs £000	Total £000
Cost						
At 1 January 2014	37 027	12 504	5 089	1 687	17 970	74 277
Additions	–	–	–	–	3 647	3 647
Additions from acquisition of business	3 218	4 494	3 350	–	–	11 062
Exchange adjustment	588	402	–	39	653	1 682
At 1 January 2015	40 833	17 400	8 439	1 726	22 270	90 668
Additions	99	–	–	–	3 582	3 681
Disposals	–	–	(61)	–	–	(61)
Exchange adjustment	560	93	–	38	676	1 367
At 31 December 2015	**41,492**	**17,493**	**8 378**	**1,764**	**26,528**	**95,655**
Accumulated amortisation						
At 1 January 2014	15 443	10 908	3 872	620	10 401	41,244
Charge for the year continuing business	–	976	985	169	2 092	4 222
Impairment charge	500	–	–	–	–	500
Exchange adjustment	258	402	–	23	336	1 019
At 1 January 2015	16 201	12 286	4 857	812	12 829	46 985
Charge for the year continuing business	–	1 134	1 096	174	3 224	5 628
Exchange adjustment	244	95	–	28	384	751
At 31 December 2015	**16,445**	**13,515**	**5 953**	**1,014**	**16,437**	**53,364**
Net book value						
At 31 December 2015	**25 047**	**3,978**	**2,425**	**750**	**10 091**	**42,291**
At 31 December 2014	24 632	5 114	3 582	914	9 441	43 683
At 1 January 2014	21 584	1 596	1 217	1 067	7 569	33 033

The estimated useful life for the intellectual property and customer relationships acquired with the business of Pebble Beach Systems has been determined to be five years and six years respectively based on the expected future cash flows that they would generate in arriving at their fair value

The remaining net book value of IP brands and customer relationships were acquired with the businesses of Gigawave Amplifier Technology and PMR and are associated with the Broadcast and Surveillance and Public Safety markets The estimated useful lives had been determined to be between five and ten years based on the expected future cash flows that they would generate in arriving at their fair value

The amortisation of development costs is included in research and development expenses in the Consolidated Income Statement Within development costs there are £11 8 million (2014 £9 8 million) of fully written down assets that are still in use

The amortisation of customer relationships brands and intellectual property are all charged to other expenses in the Consolidated Income Statement and are referred to as the amortisation of acquired intangibles

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12 INTANGIBLE ASSETS (CONTINUED)

IMPAIRMENT TEST FOR CASH GENERATING UNITS CONTAINING GOODWILL

Historical goodwill acquired in business combinations was allocated at acquisition to the cash-generating units (CGUs) that were expected to benefit from those business combinations being the markets that the Group serves namely Broadcast Surveillance and Public Safety Amplifier Technology Limited and Pebble Beach Systems Limited

In accordance with the requirements of IAS 36 "Impairment of assets goodwill is required to be tested for impairment on an annual basis with reference to the value of the cash-generating units in question The goodwill relating to the Surveillance and Public Safety market was fully written down in 2010 The Group acquired Amplifier Technology in 2013 which is a separate CGU and Pebble Beach Systems in 2014 which is also a separate CGU therefore impairment reviews have been undertaken in respect of the Broadcast market Amplifier Technology and Pebble Beach Systems The carrying value of goodwill at 31 December 2015 is £25 0 million (2014 £24 6 million) consisting of £20 6 million for the Broadcast market (2014 £20 3 million) £1 1 million for Amplifier Technology (2014 £1 1 million) and £3 3 million for Pebble Beach Systems (2014 £3 2 million)

The carrying value of all CGUs (including goodwill) have been assessed with reference to value in use over a projected period of four years with a terminal value This reflects projected cash flows based on actual operating results and 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 four years long term growth rates beyond 2015 and the discount rate applied

The cash flow projections have been discounted to present value using the Group's pre-tax weighted average cost of capital which has been calculated on a consistent basis using the capital asset pricing model to determine cost of equity and debt This has resulted in a pre-tax discount rate of 14 6 per cent (2014 13 0 per cent) which has been used for the purpose of the impairment test In respect of the Broadcast market Amplifier Technology and Pebble Beach Systems the value in use was found to be higher than the carrying value hence no impairment is necessary

Our impairment test for Amplifier Technology CGU indicated headroom of £0 4m A reduction of 16 1 per cent in overall cash flows or an increase in the discount rate by 2 3 per cent would cause the carrying value to equal the recoverable amount

Our impairment test for the Broadcast CGU indicated headroom of £17 0 million A reduction of 36 4 per cent in overall cash flows or an increase in the discount rate by 5 1 per cent would cause the carrying value to equal the recoverable amount

For Pebble Beach Systems Limited any reasonable movement in the assumptions used in the impairment tests would not result in any impairment

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £000	Leasehold improvements fixtures and fittings £000	Plant tools test and computer equipment £000	Total £000
Cost				
At 1 January 2014	907	1 441	8 501	10 849
Additions	73	287	559	919
Additions from acquisition of business	32	144	281	457
Disposals	–	–	(102)	(102)
Exchange adjustment	27	48	1 693	1 768
At 1 January 2015	1 039	1 920	10 932	13 891
Additions	7	24	574	605
Disposals	(508)	–	(366)	(874)
Exchange adjustment	11	48	550	609
At 31 December 2015	**549**	**1,992**	**11,690**	**14 231**
Accumulated depreciation				
At 1 January 2014	245	1 135	7 039	8 419
Charge for the year continuing business	37	115	734	886
Additions from acquisition of business	14	102	179	295
Disposals	–	–	(101)	(101)
Exchange adjustment	9	33	1 685	1 727
At 1 January 2015	305	1 385	9 536	11 226
Charge for the year continuing business	22	124	615	761
Disposals	(169)	–	(366)	(535)
Exchange adjustment	2	35	541	578
At 31 December 2015	**160**	**1,544**	**10 326**	**12 030**
Net book value				
At 31 December 2015	**389**	**448**	**1,364**	**2 201**
At 31 December 2014	734	535	1 396	2 665
At 1 January 2014	662	306	1 462	2 430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14 INVENTORIES

	2015 £000	2014 £000
Raw materials and consumables	7,678	4 410
Work in progress	414	880
Finished goods and goods for resale	4,604	7 594
	12,696	12 884

During the year the Group consumed £25 8 million (2014 £31 9 million) of inventories and credited £nil (2014 £nil) to the income statement in respect of inventory write downs Inventory write downs are written back on the sale of products against which provisions have previously been made Such products have a net realisable value that is below their cost hence the requirement for the provision

15 TRADE AND OTHER RECEIVABLES

	2015 £000	2014 £000
Current		
Trade receivables	16,749	11 802
Less provision for impairment	(643)	(962)
Trade receivables net	16,106	10 840
Amounts recoverable on contracts	–	3 867
Other receivables	43	169
Prepayments and accrued income	2,602	1 080
	18,751	15 956

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date The concentration of credit risk is limited due to the customer base being large and unrelated to each other

Trade receivables that are less than three months past due are not considered impaired unless there are specific financial or commercial reasons that lead management to conclude that the customer will default At 31 December 2015 trade receivables of £4 2 million (2014 £6 1 million) were past due but not impaired The credit quality of the Group s customers is good being a combination of large broadcast stations (public and private) government agencies and departments Controls within Group companies are in place to ensure that appropriate credit limits are in place The overdue amounts relate to customers with no history of default The ageing of these receivables is as follows

	2015 £000	2014 £000
Up to three months	2,197	4 559
Three to six months	803	866
Over six months	1,228	635
	4 228	6 060

At 31 December 2015 trade receivables of £0 6 million (2014 £1 0 million) were impaired and provided for in whole or in part The provision of £0 6 million (2014 £1 0 million) is set against specific customer debts In general customer debts that are considered impaired are as a result of contractual disputes rather than as a result of customer cash flow difficulties although some specific customers in the US for which the debts have been provided in full have filed for relief from their creditors under Chapter 11 in the United States The ageing of these receivables is as follows

	2015 £000	2014 £000
Over six months	643	1 026
	643	1 026

The gross amounts of the Group's trade receivables are denominated in the following currencies

	2015 £000	2014 £000
Pounds sterling	7 857	5 760
US dollars	8,299	6 004
Euros	593	38
	16,749	11 802

Movements on the Group provision for impairment of trade receivables are as follows

	2015 £000	2014 £000
At 1 January	962	752
Provision for receivable impairment	16	411
Receivables written off during the year as uncollectable	(349)	(134)
Receivables previously provided that were recovered in full or part	–	(184)
Transfer on acquisition of business	–	115
Exchange adjustment	14	2
At 31 December	643	962

Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash

The other classes within trade and other receivables do not contain impaired assets

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above The Group does not hold any collateral as security

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16 CASH AND CASH EQUIVALENTS

	2015 £000	2014 £000
Cash and bank balances	3,251	8 380
Cash and cash equivalents at 31 December	3,251	8 380

The credit quality of the cash and cash equivalents that are not impaired can be assessed by reference to the external credit ratings of the banks where the deposits are held

Credit rating (S&P)	2015 £000	2014 £000
A-1+	1,183	1 107
A 1	1,943	6 113
A-2	120	1,129
A 3	–	31
B	5	–
Total	3,251	8 380

Reconciliation of (decrease)/increase in cash and cash equivalents to movement in net cash

			2015			2014
	Net cash and cash equivalents £000	Other borrowings £000	Total net cash £000	Net cash and cash equivalents £000	Other borrowings £000	Total net cash £000
At 1 January	8,380	(8,000)	380	3 705	–	3 705
Cash flow for the year before financing and acquisition of subsidiary	(4,346)	–	(4,346)	3 187	–	3 187
Proceeds on issue of shares	–	–	–	2 000	–	2 000
Purchase of subsidiary	–	–	–	(13 092)	–	(13 092)
Cash acquired from subsidiary	–	–	–	6 089	–	6 089
Movement in borrowings in the year	1,000	(1,000)	–	8 000	(8 000)	–
Dividend paid	(1,830)	–	(1,830)	(1 473)	–	(1 473)
Exchange rate adjustments	47	–	47	(36)	–	(36)
Cash and cash equivalents at 31 December	3 251	(9 000)	(5,749)	8 380	(8 000)	380

17 TRADE AND OTHER PAYABLES

	2015 £000	2014 £000
Payments received on account	1,778	1 033
Trade payables	7,984	8 589
Accruals and deferred income	3,489	5 361
Other taxes and social security costs	303	827
	13,554	15 810

18 CURRENT TAX LIABILITIES

	2015 £000	2014 £000
UK corporation tax	45	691
Foreign corporation tax	194	56
Current tax liabilities	239	747

19 FINANCIAL LIABILITIES — BORROWINGS

	2015 £000	2014 £000
Non-current		
Bank loans (secured)	–	2 400
Current		
Bank loans (secured)	9,000	5 600

BANK BORROWING FACILITIES

On 30 June 2015 the Group restructured its existing debt facilities and replaced the original £7 0 million Revolving Credit Facility (RCF) and £3 0 million term loan with a £10 0 million RCF On 26 November 2015 the Group extended its RCF to £15 0 million to provide greater flexibility As at 31 December 2015 £9 0 million of the facility had been utilised The RCF is committed until November 2018

The Group overdraft facility expires within one year and is therefore subject to review during 2016 in the normal course of business At 31 December 2015 the Group had a gross bank overdraft facility of £2 0 million and a net limit of £1 0 million Interest on the overdraft facility is charged at 2 75 per cent over base rate

All bank facilities are secured by fixed and floating charges over the Group s assets and by cross-guarantees between the Company and certain UK and US subsidiaries

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities Due to the dynamic nature of the underlying businesses Group treasury aims to maintain flexibility in funding by keeping committed credit lines available

The Group does not use interest rate swaps to manage its exposure to interest rate movements on its bank borrowings The effective interest rates at the balance sheet dates were as follows

	2015	2014
Bank overdraft	3 25%	3 25%
Bank borrowings	2 40%	2 40%

The Group held net debt at 31 December 2015 of £5 7 million (2014 net cash of £0 4 million) and the Group was not utilising the available net overdraft facility

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20 FINANCIAL INSTRUMENTS

Numerical financial instrument disclosures are set out below Additional disclosures are set out in the accounting policies (note 2)

FINANCIAL INSTRUMENTS BY CATEGORY

	2015 Loans and receivables £000	2014 Loans and receivables £000
Assets as per statement of financial position at 31 December		
Trade and other receivables excluding prepayments and accrued income	16,149	14 876
Cash and cash equivalents	3 251	8 380
Total	19,400	23 256

There are no financial assets that are pledged as collateral for liabilities or contingent liabilities

	2015 Other financial liabilities at amortised cost £000	2014 Other financial liabilities at amortised cost £000
Liabilities as per statement of financial position at 31 December		
Trade and other payables excluding payments received on account and social security liabilities	11,473	13 950
Borrowings	9,000	8 000
Total	20,473	21 950

21 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Warranty provisions £000	Property provisions £000	Total £000
At 1 January 2015	270	288	558
Additional provision in the year	–	216	216
Utilisation of provision	(87)	–	(87)
Foreign exchange	5	–	5
At 31 December 2015	**188**	**504**	**692**

Provisions have been analysed between current and non current as follows

	2015 £000	2014 £000
Current	272	280
Non-current	420	278
At 31 December	692	558

Warranty provisions are made in respect of the expected future warranty costs in certain businesses based on historical actual costs Warranty periods on products are generally between one and two years Other than a warranty provision of £0 1 million (2014 £0 1 million) all provisions are denominated in sterling The warranty provision is reassessed annually based on the warranty claim experience of the previous 12 months relative to the aggregate outstanding warranty period at the year end

The onerous property provision movement in the year relates to the creation of a vacant property provision at the Vislink International Hemel Hempstead site arising following the restructure This was offset by a release of a provision on the Gigawave acquired site which had its sublet agreement renewed in 2015 This movement is not discounted

22 DEFERRED TAXATION

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate appropriate to the country in which the deferred tax liability or asset has arisen Deferred tax assets have been recognised in respect of all tax losses and other temporary differences to the extent that they are regarded as more likely than not to be recoverable against future profits

No deferred tax is recognised on unremitted earnings of overseas subsidiaries As the earnings are continually reinvested by the Group no tax is expected to be payable on them in the foreseeable future

From 1 April 2015 the corporation tax rate was 20 per cent from 1 April 2017 will be 19 per cent and from 1 April 2020 was expected to be 18 per cent, the 2017 and 2020 rates were substantively enacted on 26 October 2015 The corporation tax rate is now expected to fall to 17% from 1 April 2020 but this has not yet been substantively enacted hence deferred tax assets and liabilities are calculated at 18% in so far as they relate to the UK

	Accelerated tax depreciation £000	Intang ble assets £000	Losses £000	Other £000	Total £000
Deferred tax liabilities					
At 1 January 2015	2 283	3 055	–	–	5 338
Charge to profit or loss	131	50	–	–	181
Exchange adjustment	111	84	–	–	195
At 31 December 2015	2 525	3,189	–	–	5,714

	Accelerated tax depreciation £000	Intang ble assets £000	Losses £000	Other £000	Total £000
Deferred tax assets					
At 1 January 2015	–	–	2 371	1 341	3 712
(Credit)/charge to profit or loss	–	–	(163)	743	580
Exchange adjustment	–	–	79	90	169
At 31 December 2015	–	–	2,287	2,174	4,461

	Accelerated tax depreciation £000	Intangible assets £000	Losses £000	Other £000	Total £000
Deferred tax liabilities					
At 1 January 2014	1 632	1 521	–	–	3 153
Acquired during the year	16	1 591	–	–	1 607
Charge/(credit) to profit or loss	538	(136)	–	–	402
Reclassification to deferred tax assets	(27)	–	–	–	(27)
Exchange adjustment	124	79	–	–	203
At 31 December 2014	2 283	3 055	–	–	5 338

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22 DEFERRED TAXATION (CONTINUED)

	Accelerated tax depreciation £000	Intangible assets £000	Losses £000	Other £000	Total £000
Deferred tax assets					
At 1 January 2014	27	–	2 740	1 383	4,150
Charge to profit or loss	–	–	(451)	(111)	(562)
Reclassification from deferred tax liabilities	(27)	–	–	–	(27)
Exchange adjustment	–	–	82	69	151
At 31 December 2014	–	–	2,371	1 341	3,712

The movement on net deferred tax (liability)/asset in the year was

	2015 £000	2014 £000
Net deferred tax (liability)/asset at 1 January	(1,626)	997
Credited/(charged) in the year continuing business	399	(964)
Acquisition of a business	–	(1 607)
Exchange adjustment	(26)	(52)
Net deferred tax liability at 31 December	(1 253)	(1 626)

Certain deferred tax assets have not been recognised where they are not probable of recovery

	2015 £000	2014 £000
Losses	8,021	4 172
Unutilised ACT	–	584
	8,021	4 756

23 ORDINARY SHARES

	Number 000s	2015 £000	Number 000s	2014 £000
Ordinary shares of 2 5 pence each at 31 December				
Authorised	200,000	5 000	200 000	5 000
Allotted and fully paid				
At 1 January	122,603	3,066	113 902	2 848
Share issues	–	–	8 701	218
At 31 December	122,603	3,066	122 603	3 066

23 ORDINARY SHARES (CONTINUED)

POTENTIAL ISSUE OF SHARES

The Group has the following share based payment schemes

A) EXECUTIVE SHARE OPTION SCHEMES

Executive share options are granted at a fixed exercise price equal to the market price of the shares under option at the date of grant The contractual life of an option is ten years Awards are at the discretion of the Remuneration Committee Options will become exercisable on the third anniversary of the date of grant Exercise of an option is subject to continued employment There are no performance criteria attached to the options granted in 2006 2007 and 2012

2 896 000 executive options were granted during 2015 (2014 nil) These options all have performance criteria attached

Certain senior executives hold options to subscribe for shares in the Company at prices ranging from 29 0 pence to 86 3 pence under the share option schemes approved by shareholders

The number of shares subject to options and the exercise prices are

Date of grant	Exercise price	Exercise period	2015 Number 000s	2014 Number '000s
13 April 2006	53 5p	13/04/09 – 12/04/16	54	120
27 April 2007	86 3p	27/04/10 – 26/04/17	50	50
29 March 2012	29 0p	29/03/15 – 28/03/22	100	450
14 May 2015	54 0p	01/04/18 – 13/05/25	2,090	–
25 June 2015	59 5p	25/06/18 – 24/06/25	726	–
30 September 2015	40 9p	30/09/18 – 29/09/25	80	–
			3,100	620

A reconciliation of executive option movements over the year is shown below

	Number 000s	2015 Weighted average exercise price	Number 000s	2014 Weighted average exercise price
Outstanding at beginning of year	620	38 4p	1 124	31 8p
Forfeited during the year	(66)	53 5p	(124)	30 1p
Lapsed during the year	–	–	(34)	34 5p
Exercised during the year	(350)	29 0p	(346)	20 4p
Issued during the year	2 896	55 0p	–	–
Outstanding at the end of the year	3 100	54 7p	620	38 4p
Exercisable at the end of the year	204	49 5p	170	63 1p

350 000 options were exercised in 2015 (2014 345 580) some of these options were cash settled and the cash cost has been debited to reserves The options outstanding at 31 December 2015 had a weighted average exercise price of 54 7 pence (2014 38 4 pence) and a weighted average remaining contractual life of 9 0 years (2014 5 7 years)

Expected volatility was determined by calculating the historical volatility of the Groups share price over the previous three years The risk-free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

23 ORDINARY SHARES (CONTINUED)

B) LONG TERM INCENTIVE PLAN (LTIP)

Options have been granted as nil cost options under this scheme The options granted under this scheme are generally exercisable at the end of the performance period and for seven years thereafter Awards under this scheme are reserved for employees at senior management level and above If an employee leaves the employment of the Group a proportion of his award may be deemed to have vested subject to satisfying any performance conditions and at the discretion of the Remuneration Committee

Awards under the LTIP scheme are subject to performance criteria the scales relating to which will be determined annually by the Remuneration Committee Details of the performance criteria are disclosed in the Remuneration Report

No new LTIP options were granted during the year

The number of shares subject to LTIP options and the exercise prices are

Date of grant	Share price at award date	Vesting date	2015 Number 000s	2014 Number 000s
28 March 2012	29 5p	28 March 2015	2 200	2 200
15 December 2012	26 0p	15 December 2015	404	404
12 November 2013	48 5p	12 November 2016	3,481	3 550
03 June 2014	45 1p	03 June 2017	600	600
			6,685	6 754

A reconciliation of LTIP option movements over the year is shown below

	Number 000s	2015 Weighted average exercise price	Number 000s	2014 Weighted average exercise price
Outstanding at beginning of year	6,754	40 6p	6 804	39 8p
Lapsed during the year	–	–	(650)	39 7p
Forfeited during the year	(69)	48 5p	–	–
Granted	–	–	600	45 1p
Outstanding at the end of the year	6,685	40 6p	6 754	40 6p

There were 2 604 000 LTIP options that were exercisable at the end of the year (2014 nil)

The weighted average contractual life remaining on the LTIP options outstanding at 31 December 2015 is 7 5 years (2014 8 5 years)

C) SHARE OPTIONS — VALUE OF EMPLOYEE SERVICES

The Group recognised total expenses of £403 330 (2014 £500 448) related to equity-settled share based payment transactions in the income statement in the year

24 CASH FLOW GENERATED FROM OPERATING ACTIVITIES

Reconciliation of (loss)/profit before taxation to net cash flows from operating activities

	2015 £000	2014 £000
(Loss)/profit before tax	(994)	5 367
Depreciation of property plant and equipment	761	886
Acquisition related costs	–	224
Write back of deferred consideration unearned	–	(2 000)
Amortisation of development costs	3,224	2 092
Amortisation and impairment of acquired intangibles	2 404	2 630
Share based payment expense	(43)	500
Finance income	(8)	(24)
Finance costs	248	169
Decrease/(increase) in inventories	557	(1 268)
Increase in trade and other receivables	(2,411)	(2 233)
(Decrease)/increase in trade and other payables	(3,261)	1 807
Increase/(decrease) in provisions	128	(151)
Net cash generated from operating activities	605	7 999

25 CONTINGENT LIABILITIES AND COMMITMENTS

The aggregate future minimum lease payments due under non-cancelable operating leases are as follows

	2015 Land and buildings £000	2015 Other £000	2014 Land and buildings £000	2014 Other £000
Not later than one year	888	16	939	15
Later than one year and not later than five years	3 229	28	4 204	41
Later than five years	197	–	619	–
	4,314	44	5 762	56

The Group leases a number of office and factory premises under operating leases of periods between five and ten years None of these leases contain contingent rentals Other leases comprise leases for office equipment During the year £0 2 million (2014 £0 2 million) of operating lease payments were recognised in the consolidated income statement

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

26 PENSIONS

DEFINED CONTRIBUTION PLANS

The Group currently operates a Group Personal Pension Plan and funds are invested with Standard Life plc UK employees are entitled to join the plan to which the Company contributes varying amounts subject to status In addition the Group operates a stakeholder pension scheme in the UK In the US the Group contributes to a 401K plan on behalf of employees up to US$2 500 (£1 545) per employee The total Group pension charge for the year was £0 6 million (2014 £0 5 million)

The Group has no unfunded pension liabilities

27 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation and are not disclosed in this note

Key management includes directors (executive and non-executive) members of the senior management the Company Secretary and the head of Internal Audit The compensation paid or payable to key management for employee services is disclosed in note 7

Pebble Beach Systems Limited a wholly owned subsidiary of Vislink Group Holdings Limited, leases a property (Unit 12 Horizon Business Village) owned by Denton Trust of which Ian Cockett Peter Hajittofi and Julian Hepworth directors of Pebble Beach Systems Limited are trustees along with Paul Hatcher an employee of Pebble Beach Systems Limited The rent was £95 000 per annum for the year to December 2015 but was increased to £105 000 per annum with effect from 1 January 2016 Pebble Beach Systems Limited also lease (for £65 000 per annum) a second property (Unit 15 Horizon Business Village) also owned by Denton Trust of which Ian Cockett Peter Hajittofi and Julian Hepworth directors of Pebble Beach Systems Limited are trustees along with Paul Hatcher an employee of Pebble Beach Systems Limited

Included within accruals is an accrual for £18 000 for consultancy work carried out by Maximum Clarity a company in which John Varney a non-executive director of the company has a controlling interest (2014 £nil)

The subsidiaries of the Group which are unlisted unless otherwise indicated are shown below

The following subsidiaries are included in the Group's consolidated results

	Proportion of ordinary shares held by the Group	Principal activity	Country of incorporation and operation	Registered office
Vislink Group Holdings Limited*	83 3%	Management holding company	UK	Hungerford England
Vislink International Limited (incorporating the business of Advent Communications, Link Research and Gigawave)	100%	Design and manufacture of wireless camera systems satellite uplink and downlink equipment	UK	Hungerford England
Vislink, Inc (Incorporating the businesses of Microwave Radio Communications Pacific Microwave Research and Western Technical Services)	100%	Design and manufacture of microwave radio transmission equipment	USA	Delaware USA
Amplifier Technology Limited	100%	Design and manufacture of amplifiers	UK	Hungerford England
Pebble Beach Systems Limited	100%	Software service video capture and playout provider for the broadcast industry	UK	Weybridge England
Pebble Broadcast Systems, Inc	100%	Software service video capture and playout provider for the broadcast industry	USA	Colorado USA
Vislink Holdings Limited	100%	Management holding company	UK	Hungerford England
Continental Microwave Limited	100%	Broadcast transmission systems integration and project management	UK	Hungerford England
Vislink Holdings, Inc	100%	Management holding company	USA	Delaware USA
Vislink Technology Limited	100%	Dormant Company**	UK	Hungerford England

OUR FINANCIALS

	Proportion of ordinary shares held by the Group	Principal activity	Country of incorporation and operation	Registered office
Link Research Limited	100%	Dormant Company**	UK	Hungerford England
Vislink Communications Limited	100%	Dormant Company**	UK	Hungerford England
Advent Communications Limited	100%	Dormant Company**	UK	Hungerford England
Multipoint Communications Limited	100%	Dormant Company**	UK	Hungerford England
Vislink Limited	100%	Dormant Company**	UK	Hungerford England
Gigawave Limited	100%	Dormant Company**	UK	Hungerford England
Vislink (Singapore) Pte Limited	100%	Dormant Company**	SGP	Singapore

Owned directly by the Company

Unaudited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISLINK PLC

REPORT ON THE COMPANY FINANCIAL STATEMENTS

OUR OPINION

In our opinion Vislink Plcs Company financial statements (the "financial statements")

- give a true and fair view of the state of the Companys affairs as at 31 December 2015 and of its loss and cash flows for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies Act 2006

WHAT WE HAVE AUDITED

The financial statements included within the Annual Report & Accounts (the Annual Report) comprise

- the Statement of Financial Position as at 31 December 2015,
- the Income Statement for the year then ended
- the Statement of Cash Flows for the year then ended
- the Statement of Changes in Equity for the year then ended and
- the notes to the financial statements which include a summary of significant accounting policies and other explanatory information

Certain required disclosures have been presented elsewhere in the Annual Report rather than in the notes to the financial statements These are cross referenced from the financial statements and are identified as audited

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and applicable law

In applying the financial reporting framework the directors have made a number of subjective judgements for example in respect of significant accounting estimates In making such estimates they have made assumptions and considered future events

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, 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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

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

- we have not received all the information and explanations we require for our audit or
- adequate accounting records have not been kept by the Company or returns adequate for our audit have not been received from branches not visited by us or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are required to report to you if in our opinion certain disclosures of directors remuneration specified by law are not made We have no exceptions to report arising from this responsibility

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors Responsibilities set out on page 53 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Boards Ethical Standards for Auditors

This report including the opinions has been prepared for and only for the companys members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not in giving these opinions accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the directors and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors judgements against available evidence forming our own judgements and evaluating the disclosures in the financial statements

We test and examine information using sampling and other auditing techniques to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls substantive procedures or a combination of both

In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or materially inconsistent with the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OTHER MATTER

We have reported separately on the group financial statements of Vislink plc for the year ended 31 December 2015

Mark Ellis

Mark Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Bristol
6 April 2016

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Administrative expenses		(1,472)	(2 005)
Other expenses		(199)	(342)
Operating loss		(1 671)	(2 347)
Operating loss is analysed as			
Adjusted operating loss		(1,472)	(2 005)
Non-recurring items		(199)	(342)
Finance costs		(449)	(327)
Finance income		473	447
Loss before tax		(1,647)	(2 227)
Tax	G	367	374
Loss for the year being loss attributable to shareholders	R	(1 280)	(1 853)

The Company has no recognised gains and losses other than the losses for the years stated above and therefore no separate statement of comprehensive income has been presented

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 £000	2014 £000	2013 £000
Assets				
Non-current assets				
Property plant and equipment	I	148	54	131
Investments in subsidiaries	J	26,507	26 507	13 639
Deferred tax assets	O	119	102	33
Total non-current assets		26,774	26 663	13 803
Current assets				
Trade and other receivables	K	18,336	15 960	17 154
Current tax assets	N	1,560	305	103
Cash and cash equivalents	L	297	1 850	2 051
Total current assets		20,193	18 115	19 308
Liabilities				
Current liabilities				
Trade and other payables	M	16,085	12 338	8 384
Total current liabilities		16,085	12 338	8 384
Net current assets		4 108	5 777	10 924
Total assets less current liabilities		30,882	32 440	24 727
Non-current liabilities				
Bank loans	P	–	2 400	–
Total non-current liabilities		–	2 400	–
Net assets		30 882	30 040	24 727
Equity attributable to shareholders				
Ordinary shares	Q	3,066	3 066	2 848
Share premium	R	6 800	6 800	4 900
Capital redemption reserve	R	617	617	617
Merger reserve	R	4,552	4 552	2 670
Retained earnings	R	15,847	15 005	13 692
Total equity		30,882	30 040	24 727

The financial statements on pages 90 to 104 were approved by the Board of Directors on 6 April 2016 and were signed on its behalf by:

John Hawkins

Ian Davies

Directors

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Merger reserve £'000	Retained earnings £ 000	Total equity £ 000
At 1 January 2014	2 848	4 900	617	2 670	13 692	24 727
New share issue	100	1 900	–	–	–	2 000
Adjustment in respect of Employee Share Ownership Plan	–	–	–	–	(30)	(30)
Acquisition	118	–	–	1 882	–	2 000
Loss for the financial year	–	–	–	–	(1 853)	(1 853)
Value of employee services	–	–	–	–	500	500
Income from shares in Group undertakings	–	–	–	–	4 169	4 169
Dividends paid	–	–	–	–	(1 473)	(1 473)
At 31 December 2014	3 066	6 800	617	4 552	15 005	30 040
At 1 January 2015	3 066	6 800	617	4 552	15 005	30 040
Adjustment in respect of Employee Share Ownership Plan	–	–	–	–	(5)	(5)
Loss for the financial year	–	–	–	–	(1 280)	(1 280)
Value of employee services	–	–	–	–	(43)	(43)
Income from shares in Group undertakings	–	–	–	–	4 000	4 000
Dividends paid	–	–	–	–	(1,830)	(1 830)
At 31 December 2015	3,066	6,800	617	4,552	15,847	30,882

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £000	2014 £000
Cash flow from operating activities			
Cash used in operations	S	(3,730)	(1 998)
Interest paid		(449)	(327)
Taxation paid		(905)	103
Net cash used in operating activities		(5 084)	(2 222)
Cash flow from investing activities			
Interest received		473	447
Acquisition of subsidiary		–	(13 092)
Purchase of property plant and equipment	I	(107)	–
Income from shares in Group undertakings	H	4 000	4 169
Net cash generated from/(used in) investing activities		4 366	(8 476)
Cash flow from financing activities			
New bank loans		1,000	8 000
Dividend paid	H	(1 830)	(1 473)
Proceeds on (purchase)/issue of shares		(5)	3 970
Net cash (used in)/generated from financing activities		(835)	10 497
Net decrease in cash and cash equivalents		(1,553)	(201)
Cash and cash equivalents at 1 January		1,850	2 051
Cash and cash equivalents at 31 December	L	297	1 850

NOTES TO THE COMPANY FINANCIAL STATEMENTS

A GENERAL INFORMATION

Vislink plc (the Company") and its subsidiaries (together the Group) is a leading global software and technology business specialising in solutions for the live collection delivery and playout automation of high quality live video from scene to screen For the Broadcast markets the Group provides wireless communication solutions for the collection of live news sport and entertainment as well as software solutions for channel playout automation Channel in a Box and video content management The Group also provides secure video communications for surveillance and public safety applications such as law enforcement and homeland security The Group employs over 250 people worldwide with offices in the UK, USA, UAE and Singapore and manufacturing operations in the UK and the USA

The Company is listed on the AIM market of the London Stock Exchange (AIM VLK) For further information visit www vislinkplc com

The Company is incorporated and domiciled in the UK The address of its registered office is Marlborough House Charnham Lane Hungerford Berkshire RG17 0EY

The registered number of the Company is 04082188

B ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to all the years presented unless otherwise stated

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) The financial statements have been prepared on a going concern basis under the historical cost basis of accounting except where fair value measurement is required under IFRS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise judgement in the process of applying the Company's accounting policies The areas involving a higher degree of judgement or complexity or areas where assumption and estimates are significant to the Company financial statements are disclosed in note 4 of the Group financial statements

INVESTMENTS

All investments are initially recorded at cost being the fair value of consideration given including the acquisition costs associated with the investment Subsequently they are reviewed for impairment on an individual basis if events or changes in circumstances indicate the carrying value may not be fully recoverable

In addition there is a judgement for the Company over whether the carrying value of the investments held are fully recoverable

PROPERTY, PLANT AND EQUIPMENT

Property plant and equipment are stated at cost less accumulated depreciation and any provision for impairment

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Depreciation is calculated in order to write off the cost of property plant and equipment over their estimated useful lives by equal annual instalments using the following rates

Plant and computer equipment	10%-33%

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes

Deferred tax assets are recognised for all deductible timing differences carry-forward of unused tax assets and tax losses to the extent that they are regarded as recoverable They are regarded as recoverable where on the basis of available evidence there will be suitable taxable profits against which the future reversal of the underlying timing differences can be deducted The carrying value of the amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the tax asset to be utilised

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on the tax rates (and tax laws) that have been enacted at the balance sheet date Deferred tax is measured on an undiscounted basis

B ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCIES
Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date and non-monetary transactions at the exchange rates ruling at the dates of the transactions All differences on exchange are taken to the income statement

SHARE BASED PAYMENTS
The fair value of employee share plans is calculated using an option-pricing model In accordance with IFRS 2 "Share-based Payment the resulting cost is charged to the income statement over the vesting period of the plans The value of the charge is adjusted to reflect the expected and actual levels of options vesting

DIVIDENDS
Under IAS 10 dividends are not to be recognised as a liability until the dividend is approved by the Company's shareholders

PENSIONS
Company employees are members of money purchase schemes where the obligations of the Company are charged to the income statement as they are incurred

NON RECURRING ITEMS
These are material items excluded from management's assessment of profit because by their nature they could distort the Group's underlying quality of earnings These are excluded to reflect performance in a consistent manner and are in line with how the business is managed and measured on a day-to-day basis

C SERVICES PROVIDED BY THE COMPANY'S AUDITOR
During the year the Company obtained the following services from the Company's auditors at the costs detailed below

	2015 £000	2014 £000
Analysis of fees payable to PricewaterhouseCoopers LLP		
Fees payable to the Company's auditor for the audit of the Company's financial statements	58	61
Fees payable to the Company's auditor for other services		
Audit-related assurance services	15	15
	73	76
Taxation compliance services	17	12
Taxation advisory services	19	23
Services relating to corporate finance transactions	68	9
Other non-audit services	–	6
	177	126

A description of the work of the Audit Committee is set out in the Corporate Governance Statement on pages 42 to 45 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditors

D DIRECTORS AND EMPLOYEES
Staff costs (gross of recharges to subsidiary undertakings) during the year were as follows

	2015 £000	2014 £000
Wages and salaries	1,264	2 032
Social security costs	82	145
Other pension costs defined contribution plans (note 26)	168	126
Share based payments (note 23)	27	490
	1,541	2 793

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

D DIRECTORS AND EMPLOYEES (CONTINUED)

The monthly average number of employees employed by the Company during the year was as follows

	2015 Number	2014 Number
Average monthly number of employees		
General and Admin	8	7
	8	7

The average number of employees has been calculated on a pro rata basis The average number of employees includes directors with service contracts The total number of employees at 31 December 2015 was 8 (2014 7)

Key management compensation for the continuing business

	2015 £000	2014 £000
Short term employee benefits including salaries social security costs and non-monetary benefits	581	1 004
Post-employment benefits defined contribution pension plans	107	89
Share-based payments (note 23)	24	490
	712	1 583

The analysis of key management compensation above includes Executive Directors Key management is defined as the senior management team Details of directors emoluments are included in the remuneration report on pages 46 to 52

E OPERATING LOSS

The following items have been included in arriving at the operating loss for the continuing business

	2015 £000	2014 £000
Depreciation of property plant and equipment (note I)	13	77
Exchange gains credited to profit and loss	(473)	(474)

	2015 £000	2014 £000
OTHER EXPENSES		
Other expenses comprise		
Non-recurring items	199	342

F FINANCE INCOME - NET

	2015 £000	2014 £000
Finance costs	449	327
Finance income	(473)	(447)
Finance income net	(24)	(120)

Finance costs represent interest payable on bank borrowing
Finance income is derived from cash held on deposit

G INCOME TAX CREDIT

A) ANALYSIS OF THE TAX CREDIT IN YEAR

	2015 £000	2014 £000
Current tax		
UK corporation tax	(354)	(305)
Adjustments in respect of prior years	4	–
Total current tax	(350)	(305)
Deferred tax		
UK corporation tax	(31)	(69)
Impact of change in tax rate	14	–
Total deferred tax	(17)	(69)
Total taxation	(367)	(374)

B) FACTORS AFFECTING TAX CREDIT FOR YEAR

The credit for the year can be reconciled to the loss in the income statement as follows

	2015 £000	2014 £000
Loss before tax on continuing operations	(1,647)	(2 227)
Tax at the UK corporation tax rate of 20 25% (2014 21 5%)	(334)	(479)
Adjustments in respect of prior years	4	–
Permanent differences	41	75
Underwater share options	108	30
Additional losses now recognised	(200)	–
Effect of changes in UK tax rate	14	–
Total taxation	(367)	(374)

H INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2015 £000	2014 £000
Income from shares in Group undertakings	(4 000)	(4 169)
Final dividend paid of 1 50 pence per share (2014 1 25 pence per share)	1,830	1 473

The directors are proposing a final dividend in respect of the financial year ending 31 December 2015 of 1 50 pence per share which will absorb an estimated £1 8 million of shareholders funds It will be paid on 18 July 2016 to shareholders who are on the register of members on 24 June 2016

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

I PROPERTY, PLANT AND EQUIPMENT

	Plant and computer equipment £000
Cost	
At 1 January 2014	445
Additions	–
At 1 January 2015	445
Additions	107
At 31 December 2015	**552**
Accumulated depreciation	
At 1 January 2014	314
Charge for the year	77
At 1 January 2015	391
Charge for the year	13
At 31 December 2015	**404**
Net book value	
At 31 December 2015	148
At 31 December 2014	54
At 1 January 2014	131

The directors are of the opinion that there is no material difference between the fair value and carrying value of the property plant and equipment

J INVESTMENTS IN SUBSIDIARIES

	Investments in subsidiaries unlisted shares £000
Cost	
At 1 January 2015	36 413
Additions	26 507
Disposals	(36 413)
At 31 December 2015	**26,507**
Provision for impairment	
At 1 January 2015	9 906
Disposals	(9 906)
At 31 December 2015	**–**
Net book value	
At 31 December 2015	26,507
At 31 December 2014	26 507

The cost addition in the year represents the investment in Vislink Group Holdings Limited

The disposal in the year represents the transfer of Vislink Plc s investments to Vislink Group Holdings Limited

The directors believe that the carrying amount of the investments is supported by the value of their underlying net assets

K TRADE AND OTHER RECEIVABLES

	2015 £000	2014 £000
Amounts owed by Group undertakings	18,063	15 767
Other debtors	138	39
Prepayments and accrued income	135	154
	18,336	15 960

Amounts owed by Group undertakings includes loans of £17 6 million (2014 £15 4 million) that bear interest at 2 75 per cent and loans of £0 5 million (2014 £0 4 million) that bear interest at 5 per cent both of which are repayable on demand

There are no receivables that are either past due or impaired

L CASH AND CASH EQUIVALENTS

	2015 £000	2014 £000
Cash and bank balances	297	1 850
Cash and cash equivalents at 31 December	297	1 850

The credit quality of the cash and cash equivalents that are not impaired can be assessed by reference to the external credit ratings of the banks where the deposits are held

	2015 £000	2014 £000
Credit rating (S&P)		
A 1	297	1 850
Total	297	1 850

Reconciliation of decrease in cash and cash equivalents to movement in net cash

			2015			2014
	Net cash and cash equivalents £000	Other borrowings £000	Total net cash £000	Net cash and cash equivalents £000	Other borrowings £000	Total net cash £000
At 1 January	1,850	(8,000)	(6,150)	2 051	–	2 051
Cash flow for the year before financing and acquisition of subsidiary	(723)	–	(723)	2 394	–	2 394
Proceeds on issue of shares	–	–	–	3 970	–	3 970
Purchase of subsidiary	–	–	–	(13 092)	–	(13 092)
Movement in borrowings in the year	1,000	(1,000)	–	8 000	(8 000)	–
Dividend paid	(1,830)	–	(1,830)	(1 473)	–	(1 473)
Cash and cash equivalents at 31 December	297	(9,000)	(8,703)	1 850	(8 000)	(6 150)

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

M TRADE AND OTHER PAYABLES

	2015 £000	2014 £000
Bank loans and overdrafts (note P)	9,000	5 600
Trade creditors	227	112
Amounts owed to Group undertakings	6 299	5 544
Taxation and social security costs	39	256
Accruals and deferred income	520	826
	16,085	12 338

N CURRENT TAX ASSETS

	2015 £000	2014 £000
UK corporation tax	1,560	305
	1,560	305

O DEFERRED TAXATION

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate appropriate to the country in which the deferred tax liability or asset has arisen Deferred tax assets have been recognised in respect of all tax losses and other temporary differences to the extent that they are regarded as more likely than not to be recoverable against future profits

From 1 April 2015 the corporation tax rate was 20 per cent from 1 April 2017 will be 19 per cent and from 1 April 2020 will be 18 per cent The 2017 and 2020 rates were substantively enacted on 26 October 2015 and hence defered tax assets are calculated at 18 per cent

	Accelerated tax depreciation £000	Losses £000	Other £000	Total £000
At 1 January 2015	33	–	69	102
(Charge)/credit to profit or loss	(27)	88	(44)	17
At 31 December 2015	6	88	25	119

P BANK LOANS

	2015 £000	2014 £000
Non-current		
Bank loans and overdrafts (secured)	–	2 400
Current		
Bank loans and overdrafts (secured)	9,000	5 600

Further information about these facilities is given in note 19 of the Group Financial Statements

Q CALLED UP SHARE CAPITAL

	Number 000s	2015 £000	Number 000s	2014 £000
Authorised ordinary shares of 2 5 pence each at 31 December	200,000	5 000	200 000	5 000
Allotted and fully paid				
31 December	122,603	3 066	122 603	3 066

POTENTIAL ISSUE OF SHARES

The Company has the following share based payment schemes

A) EXECUTIVE SHARE OPTION SCHEMES

Executive share options are granted at a fixed exercise price equal to the market price of the shares under option at the date of grant The contractual life of an option is ten years Awards are at the discretion of the Remuneration Committee Options will become exercisable on the third anniversary of the date of grant Exercise of an option is subject to continued employment There are no performance criteria attached to the options granted in 2006 2007 and 2012

2 896 000 executive options were granted during 2015 (2014 nil) These options all have performance criteria attached

Certain senior executives hold options to subscribe for shares in the Company at prices ranging from 29 0 pence to 86 3 pence under the share option schemes approved by shareholders

The number of shares subject to options and the exercise prices are

Date of grant	Exercise price	Exercise period	2015 Number 000s	2014 Number 000s
13 April 2006	53 5p	13/04/09 – 12/04/16	54	120
27 April 2007	86 3p	27/04/10 – 26/04/17	50	50
29 March 2012	29 0p	29/03/15 – 28/03/22	100	450
14 May 2015	54 0p	01/04/18 – 13/05/25	2,090	–
25 June 2015	59 5p	25/06/18 – 24/06/25	726	–
30 September 2015	40 9p	30/09/18 – 29/09/25	80	–
			3,100	620

A reconciliation of executive option movements over the year is shown below

	Number '000s	2015 Weighted average exercise price	Number 000s	2014 Weighted average exercise price
Outstanding at beginning of year	620	38 4p	1 124	31 8p
Forfeited during the year	(66)	53 5p	(124)	30 1p
Lapsed during the year	–	–	(34)	34 5p
Exercised during the year	(350)	29 0p	(346)	20 4p
Issued during the year	2,896	55 0p	–	–
Outstanding at the end of the year	3 100	54 7p	620	38 4p
Exercisable at the end of the year	204	49 5p	170	63 1p

350 000 options were exercised in 2015 (2014 345 580) some of these options were cash settled and the cash cost has been debited to reserves The options outstanding at 31 December 2015 had a weighted average exercise price of 54 7 pence (2014 38 4 pence) and a weighted average remaining contractual life of 9 0 years (2014 5 7 years)

Expected volatility was determined by calculating the historical volatility of the Group s share price over the previous three years The risk-free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

Q CALLED UP SHARE CAPITAL CONTINUED

B) LONG TERM INCENTIVE PLAN (LTIP)

Options have been granted as nil cost options under this scheme The options granted under this scheme are generally exercisable at the end of the performance period and for seven years thereafter Awards under this scheme are reserved for employees at senior management level and above If an employee leaves the employment of the Group a proportion of his award may be deemed to have vested subject to satisfying any performance conditions and at the discretion of the Remuneration Committee

Awards under the LTIP scheme are subject to performance criteria the scales relating to which will be determined annually by the Remuneration Committee Details of the performance criteria are disclosed in the Remuneration Report

No new LTIP options were granted during the year

The number of shares subject to LTIP options and the exercise prices are

Date of grant	Share price at award date	Vesting date	2015 Number 000s	2014 Number 000s
28 March 2012	29 5p	28 March 2015	2 200	2 200
15 December 2012	26 0p	15 December 2015	404	404
12 November 2013	48 5p	12 November 2016	3,481	3 550
03 June 2014	45 1p	03 June 2017	600	600
			6,685	6 754

A reconciliation of LTIP option movements over the year is shown below

	Number 000s	2015 Weighted average exercise price	Number 000s	2014 Weighted average exercise price
Outstanding at beginning of year	6,754	40 6p	6 804	39 8p
Lapsed during the year	–	–	(650)	39 7p
Forfeited during the year	(69)	48 5p	–	–
Granted	–	–	600	45 1p
Outstanding at the end of the year	6,685	40 6p	6 754	40 6p

There were 2 604 000 LTIP options that were exercisable at the end of the year (2014 nil)

The weighted average contractual life remaining on the LTIP options outstanding at 31 December 2015 is 7 5 years (2014 8 5 years)

C) SHARE OPTIONS – VALUE OF EMPLOYEE SERVICES

The Group recognised total expenses of £403 330 (2014 expenses of £500 448) related to equity-settled share based payment transactions in the year

R RESERVES

	Called up share capital £000	Share premium £000	Capital redemption reserve £000	Merger reserve £000	Retained earnings £000
At 1 January 2015	3 066	6 800	617	4 552	15 005
Adjustment in respect of Employee Share Ownership Plan	–	–	–	–	(5)
Loss for the financial year	–	–	–	–	(1 280)
Value of employee services	–	–	–	–	(43)
Income from shares in Group undertakings	–	–	–	–	4 000
Dividends paid	–	–	–	–	(1 830)
At 31 December 2015	**3 066**	**6 800**	**617**	**4,552**	**15 847**

At 31 December 2015 the trustee of the Employees Share Ownership Plan (ESOP) held 626 496 shares (2014 786 420) with a market value of £0 2 million (2014 £0 2 million) The net book value of these shares was £0 2 million (2014 £0 2 million) and was deducted from the income statement

S CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of loss before taxation to net cash flows from operating activities

	2015 £000	2014 £000
Loss before tax	(1,647)	(2 227)
Depreciation of property plant and equipment	13	77
Acquisition related costs	–	224
Write back of deferred consideration unearned	–	(2 000)
Share based payment expense	(43)	500
Finance income	(473)	(447)
Finance costs	449	327
(Increase)/decrease in trade and other receivables	(2 376)	1 194
Increase in trade and other payables	347	354
Net cash used in operating activities	**(3,730)**	**(1 998)**

T CONTINGENT LIABILITIES AND COMMITMENTS

The Company is party to a cross guarantee to secure bank borrowings and facilities for credit cards bonds and guarantees to certain members of the Group At 31 December 2015 there was £9 0 million of bank borrowings outstanding (2014 £8 0 million)

The Company has no capital expenditure contracted for but not provided at 31 December 2015 (2014 £nil)

U RELATED PARTY TRANSACTIONS

Included within accruals is an accrual for £18 000 for consultancy work carried out by Maximum Clarity a company in which John Varney a non-executive director of the company has a controlling interest (2014 £nil)

The subsidiaries of the Group which are unlisted unless otherwise indicated are shown below

The following subsidiaries are included in the Groups consolidated results

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

U RELATED PARTY TRANSACTIONS (CONTINUED)

	Proportion of ordinary shares held by the Group	Principal activity	Country of incorporation and operation	Registered office
Vislink Group Holdings Limited*	83.3%	Management holding company	UK	Hungerford England
Vislink International Limited (incorporating the business of Advent Communications Link Research and Gigawave)	100%	Design and manufacture of wireless camera systems satellite uplink and downlink equipment	UK	Hungerford England
Vislink, Inc (Incorporating the businesses of Microwave Radio Communications Pacific Microwave Research and Western Technical Services)	100%	Design and manufacture of microwave radio transmission equipment	USA	Delaware USA
Amplifier Technology Limited	100%	Design and manufacture of amplifiers	UK	Hungerford England
Pebble Beach Systems Limited	100%	Software service video capture and playout provider for the broadcast industry	UK	Weybridge England
Pebble Broadcast Systems Inc	100%	Software service video capture and playout provider for the broadcast industry	USA	Colorado USA
Vislink Holdings Limited	100%	Management holding company	UK	Hungerford England
Continental Microwave Limited	100%	Broadcast transmission systems integration and project management	UK	Hungerford England
Vislink Holdings Inc	100%	Management holding company	USA	Delaware USA
Vislink Technology Limited	100%	Dormant Company**	UK	Hungerford England
Link Research Limited	100%	Dormant Company *	UK	Hungerford England
Vislink Communications Limited	100%	Dormant Company *	UK	Hungerford England
Advent Communications Limited	100%	Dormant Company *	UK	Hungerford England
Multipoint Communications Limited	100%	Dormant Company *	UK	Hungerford England
Vislink Limited	100%	Dormant Company**	UK	Hungerford England
Gigawave Limited	100%	Dormant Company**	UK	Hungerford England
Vislink (Singapore) Pte Limited	100%	Dormant Company*	SGP	Singapore

* Owned directly by the Company

* Unaudited

V FIRST TIME ADOPTION OF IFRS

This is the first year the company has presented its results under International Financial Reporting Standards as adopted by the European Union (IFRSs) The policies applied under the entity's previous accounting framework are not materially different to IFRS and have not impacted on equity or profit or loss

ANALYSIS OF SHAREHOLDERS

As at 31 December 2015

Hold ng size range	Number of shareholders	Percentage of total shareholders	Number of shares (000)	Percentage of issued share capital
0–1 000	3 595	56 3	1,598	1 3
1 001–5 000	2 015	31 6	4 610	3 8
5 001–10 000	351	5 5	2 653	2 2
10 001–100 000	316	5 0	9 746	7 9
Over 100 000	102	1 6	103 996	84 8
	6 379	100 0	122 603	100 0

WARNING TO SHAREHOLDERS BOILER ROOM SCAMS

Over the last few years many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters These are typically from overseas based brokers who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments These operations are commonly known as 'boiler rooms' These brokers can be very persistent and extremely persuasive

The directors have been made aware that approaches have been made to Vislink shareholders Shareholders are advised to be very wary of any unsolicited advice offers to buy shares at a discount or offers of free company reports

More detailed information on this or similar activity can be found on the FCA website **http://www.fca.org uk/** or by calling the FCA Consumer Helpline on **0800 111 6768**

SHAREHOLDER INFORMATION

BOARD OF DIRECTORS

John Hawkins
Executive Chairman

Ian Davies
Group Finance Director

Robin Howe
Senior Independent Non-executive Director
Remuneration Committee Chairman

Oliver Ellingham
Independent Non-executive Director
Audit Committee Chairman

John Varney
Independent Non-executive Director

SECRETARY

Ian Davies

REGISTERED OFFICE
Marlborough House
Charnham Lane
Hungerford
Berkshire
RG17 0EY

COMPANY REGISTRATION NUMBER
04082188

AUDITORS

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

BANKERS

Santander Corporate Banking
Solent Corporate Banking Centre
1 Dorset Street
Southampton
Hampshire
SO15 2DP

LEGAL ADVISERS

Pinsent Masons LLP
3 Colmore Circus
Birmingham
B4 6BH

REGISTRARS

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

NOMINATED ADVISER AND BROKER

N+1 Singer Advisory LLP
One Bartholomew Lane
London EC2N 2AX

SHAREHOLDER QUERIES

All queries regarding shareholdings dividends, lost share certificates or changes of address should be communicated in writing to Vislink plc c/o Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ stating the registered shareholder s name and address

Telephone 0370 703 6270

Shareholders may also check their shareholding dividend payments or update their personal details via the Investor Services section of the Registrars website at www computershare com This is a secure section of the Computershare website To access your details you will require the unique Shareholder Reference Number found on the corresponding share certificate

SHAREHOLDER ECOMS

Website

For further up-to-date shareholder information please visit www vislinkplc com

NEWS ALERTS

To receive the latest news announcements and press releases by email please visit www vislinkplc com and follow the link to the news & events/email alerts page to register your details

UNSOLICITED MAIL

The Company is required by law to make its share register available on request to the public and organisations which may use it as a mailing list resulting in shareholders receiving unsolicited mail Shareholders wishing to limit the receipt of such mail should write to the Mailing Preference Service DMA House 70 Margaret Street London, W1W 8SS or register online at www mpsonline org uk