The Vitec Group plc

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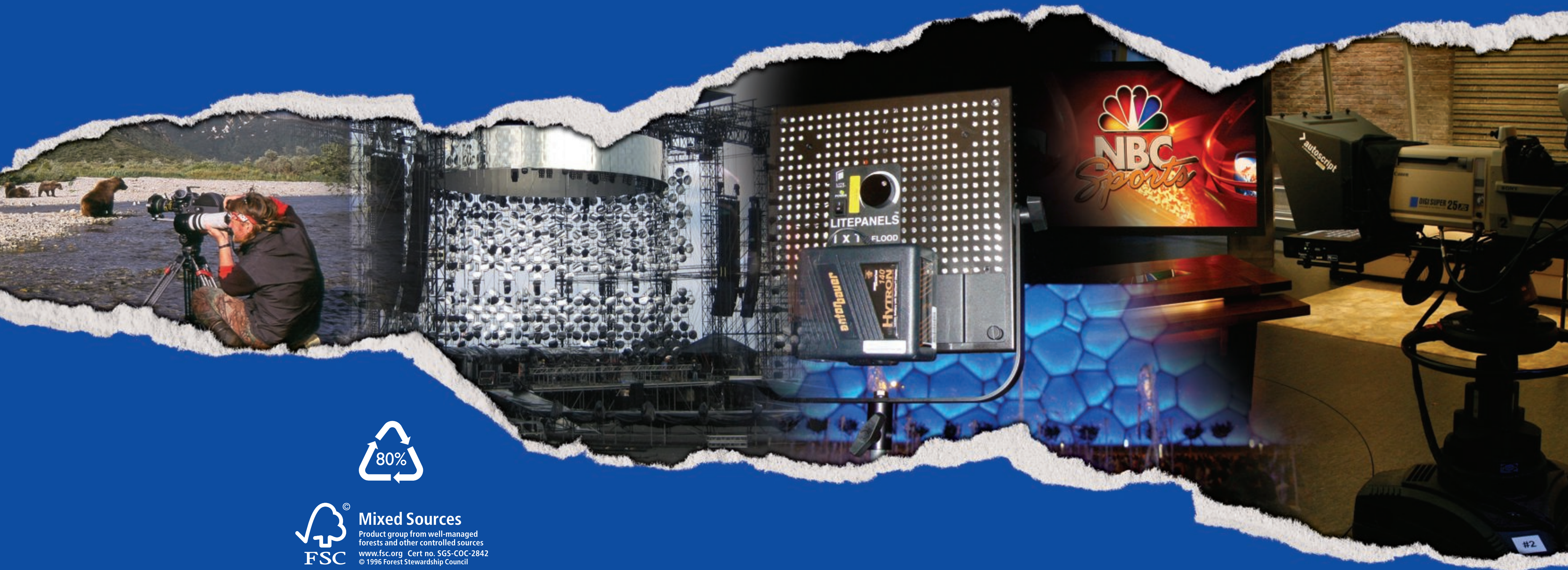

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vitecgroup

Half Yearly Financial Report **2008**

Highlights

We are delighted to be able to report a further six months of strong sales and profit growth.

- Reported revenue growth of 26%, with constant currency organic growth of 5%
- Profit before tax** up by 21%, with constant currency organic growth of 11%
- Broadcast Systems division revenue up 53%, with a strong contribution from RF Systems
- Imaging & Staging division revenue up 10%, margins affected by US$ and Staging
- Basic EPS** up 26%, headline tax rate reduced from 37% to 34%
- Interim dividend increased by 7% to 7.4p per share
- Increased £125 million, 5 year debt facility
- Acquisition of Litepanels announced on 22 August

** before significant items

The Board looks forward to continued progress in 2008.

Innovation awards won in the first half of 2008

Technical Image Press Association's Award for Manfrotto's 585 MODOSTEADY Camcorder Stabilisation System.

TV Technology's Superior Technology Star Award for RF Central's RF Extreme PRX-II Handheld COFDM Receiver/Monitor.

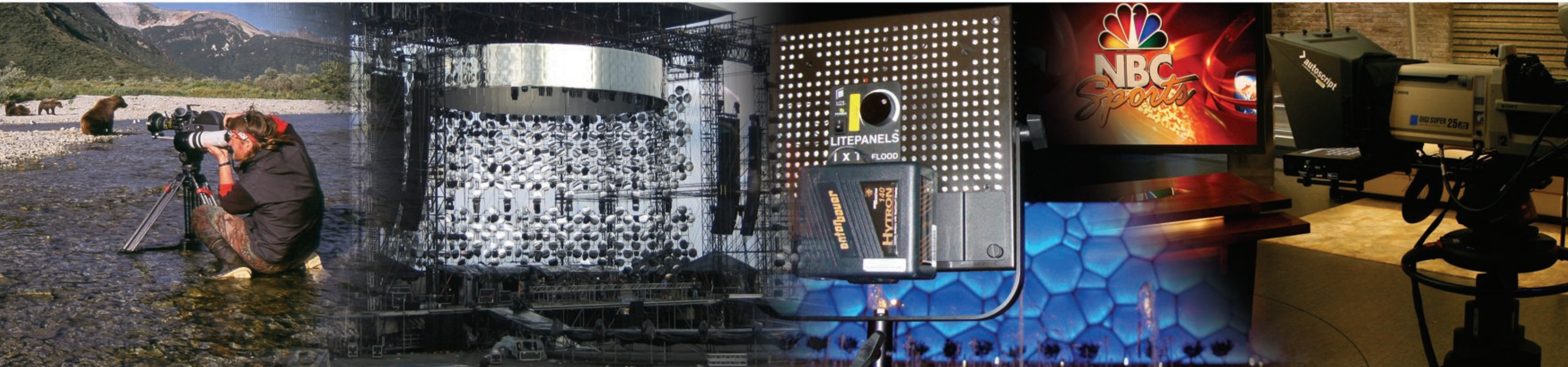
TV Technology's Superior Technology Star Award for Vinten's Vector 750 Pan and Tilt Head.

4Ever Group's Product Innovation Award for Sachtler's Reporter 8LED On-camera LED Light.

4Ever Group's Product Innovation Award for Anton/Bauer's Stasis FLEX Power Support System.

Digital Content Producer's Pick Hit Award, 4Ever Group's Product Innovation Award, TV Technology's Superior Technology Star Award, DV Magazine's Black Diamond Award and Videography Magazine's Vidy Award for Sachtler's SOOM System.

Digital Content Producer's Pick Hit Award, TV Technology's Superior Technology Star Award and DV Magazine's Black Diamond Award for Litepanels' Micro Portable LED Camera Light.



Back cover pictures:
Documentary film maker and cameraman Andreas Kieling has been relying on Sachtler support equipment for years "because it delivers outstanding pictures in extreme situations." The camera man's love of exceptional images takes him to Alaska every year to film grizzly bears.

The stage for 2008 Vasco Rossi tour made using Myte, the new fully bolted (no welding) Tomcat truss, for the load bearing roofing structure. The total estimated load of the equipment supported by the structure was 57 tons!

Front cover pictures:
The 2008 Beijing Olympics attracted a record amount of television coverage with Vitec Group companies being the biggest supplier of broadcast rental equipment to the Games, with 50 tonnes of Group rental equipment alone being used by broadcasters.

Half Year Management Report

Overview

We are pleased to report a strong set of results for the first six months of 2008.

Reported revenue grew 26% to £159.1 million and operating profit before significant items* grew 24%. Before the beneficial effects of foreign exchange translation, constant currency revenue was up almost 20%, of which 15% was acquisition-related and 5% was organic. Group operating margin before significant items* was 11.8% versus 12.0% last year, despite a 1.6% adverse foreign exchange transaction effect. Reported profit before tax and significant items* was up 21% whilst in constant currency the organic improvement was 11%, underlining the strength of the business.

With a further reduction in our headline tax rate, from 37% to 34%, basic earnings per share before significant items* rose by 26% to 27.5p.

The strongest organic growth came from the Broadcast Systems division. Camera Dynamics and Communications have benefited from purchases for the Beijing Olympics, but all businesses saw increased demand for our many new products, with robotics and intercoms products being in particularly high demand.

Imaging & Staging's revenue grew again, and in the second half we will benefit from the launch of a number of new products at Photokina, the bi-annual photographic trade show in Cologne. Staging has been held back by a lack of large projects, but there are encouraging signs for 2009. We have announced the closure of Tomcat UK, based in the Wirral, and introduced new management in both Europe and the USA. The related closure cost, as well as the significant effect of the strengthening Euro against the Dollar, adversely affected the division's margins in the period.

Broadcast Services had a slow start to the year, partly due to the effects of the Hollywood writers' strike, but will benefit from our biggest ever presence at a Summer Olympics.

The RF Systems businesses, which we acquired in May 2007, contributed six months of trading. The integration of these three businesses has gone well. They share an increasing number of functions and are now firmly established as the No 2 player in the US market for microwave video links, with a growing reputation for launching exciting new wireless products. Deliveries under the BAS programme continue at the accelerated rate achieved in H2 2007.

The minority investment of £1.3 million in Media Numerics has been fully written down within significant items.

Cash generation remains good after taking into account the normal seasonal increase in working capital and a significant impact arising from the unwinding of pre-payments for the BAS contracts at RF Systems. Excluding RF Systems, inventory days were up at 127 (H1 2007: 114) principally due to inventory build at Imaging's European logistics hub in Padua and to Bogen Imaging UK where we brought our Manfrotto distribution in-house in February. Debtor days were stable at 57 (H1 2007: 54). Capital expenditure in the half was £9.0 million (H1 2007: £6.7 million), with a similar amount anticipated in the second half.

Net debt at the 30 June 2008 was £50.3 million (30 June 2007: £41.8 million). The increase is due principally to higher working capital, reflecting the higher revenue, and to higher capital expenditure, partly rental assets to support our Olympics contracts. We recently announced the renewal of our core debt facility with a new £125 million arrangement that runs until August 2013.

The Board has declared an increased interim dividend of 7.4p per share (2007: 6.9p), a rise of 7.2%.

*Significant items are those items of financial performance that the directors consider should be separately disclosed to assist in the understanding of the underlying trading and financial performance achieved by the Group.

Broadcast Systems Division

Products and systems primarily for broadcast applications

	H1 2008	H1 2007	△%
Revenue	£81.8m	£53.4m	53.2%
Operating Profit*	£11.0m	£4.0m	175.0%
Operating Margin*	13.4%	7.5%	5.9 pts

*Before significant item. Significant item is amortisation of acquired intangibles of £3.3 million (H1 2007: £0.8 million).

The division's revenue grew 53% in Sterling, or 46% in constant currency, of which 12% was organic and 34% was from the acquisition of RF Systems.

The Camera Dynamics business had an excellent first half with strong growth in Asia, largely attributable to activity around the Beijing Olympics, and significant growth in sales of our new robotics products. Whilst we enter the second half with a very good order book, we expect demand to moderate post-Olympics. Sachtler launched its Soom multipurpose camera support, and OConnor's 1030 HD and 2060 HD models have enjoyed strong sales as the first choice support for the new generation of lightweight HD movie cameras. There was further significant investment in advanced machine tools for our Bury plant which will help to combat cost inflation and we commenced the move of OConnor's manufacturing to Costa Rica from Costa Mesa in California, which will become an R&D site.

At RF Systems, sales have increased significantly as Sprint-Nextel accelerates the roll-out of the BAS relocation programme, which is still expected to be completed by the end of 2009. The business has successfully handled the changeover to High Definition (HD) digital, with delivery of the first HD radios taking place in H1. The rate of new product introduction remains high with demonstrations of the Messenger product, a portable IP-based transmitter, as well as the launch of new handheld devices. Non-BAS activity is growing; the company delivered a helicopter-based transmission system, which was used at the 2008 Beijing Olympics, and an integrated sales structure has been put in place to develop international and non-broadcast markets. A new President has been recruited from the microwave industry to manage the business through the next stage of its development. Given the significant impact of the BAS project on the Group results in 2008 and 2009, we have set out more details of RF Systems' performance in the notes to the Financial Statements.

The Mobile Power unit, Anton/Bauer, is performing well in a difficult market but, as anticipated, suffered from the cessation of its OEM contract for batteries for the healthcare industry. Its Cine VCLX battery for digital cinema and film cameras has been extremely well received, although its launch was adversely affected by the Hollywood writers' strike and threatened actors' strike.

Our Communications business experienced strong growth in revenues due to a combination of favourable market conditions in live performance, as well as a management-driven turnaround that has delivered many new products, consistent product availability and operational improvements, including further outsourcing. We now offer an integrated range of products that cover the needs of production crews, ranging from relatively simple belt packs through digital matrices to wireless and IP-based products.

Imaging & Staging Division

Products for the photographic, video and live event markets

	H1 2008	H1 2007	△%
Revenue	£65.5m	£59.5m	10.1%
Operating Profit*	£7.7m	£10.4m	-26.0%
Operating Margin*	11.8%	17.5%	-5.7 pts

*Before significant item. The significant item is amortisation of acquired intangibles of £0.4 million (H1 2007: £0.3 million).

The Imaging & Staging division consists of three business units, Imaging Accessories, Imaging Distribution and Staging Systems, all of which grew in the first half with revenues up 10%. Total constant currency revenue growth was 3%, all of which was organic. This is a robust performance against the background of challenging market conditions in the USA and Europe. The operating margin in H1, lower than last year and similar to H2 2007, reflects a 3.4% effect of the strengthening Euro against the US Dollar, a higher cost base implemented in H2 2007 to manage the division's significant revenue growth and a poor result at Staging, which includes a £0.5 million one-off charge in H1 for the closure of Tomcat UK.

There is a strong stimulus for increased sales of camera accessories, with the volume of global digital SLR shipments in the six months to June growing a further 25%, according to CIPA. Innovation is also a major driver of our sales and there is a strong pipeline of new products, which we expect to continue to deliver results. The Manfrotto 585 Modosteady has won the 2008 TIPA Award for Best Innovative Design and the latest range of Gitzo heads and the new Kata DPS range have both been greeted positively.

Bogen Imaging UK, our in-house distribution business, took over UK distribution of our Manfrotto products in February and is trading well, albeit in a weaker UK market than last year. Bogen Imaging KK, established in Japan last year, delivered good revenue growth and shows the benefits of integrating these operations into our Imaging

Half Year Management Report continued

division. The outsourced logistics hub in Padua, set up at the end of 2007, now supplies all our European Imaging customers, including our four Bogen Imaging businesses. This allows faster delivery of both in-house and third party products across Europe, while freeing factory space for further volume growth.

In Staging Systems we saw growth in the Litec truss and IFF lighting control systems, which now operate together with Tomcat. There were no large contracts for our projects businesses, Brilliant Stages and Tomcat US, which has adversely affected their performance compared to H1 2007 but there are already encouraging signs of an improved pipeline of projects for 2009. Due to the buoyant local oil industry, retention of staff is very difficult at our plant at Midland, Texas; we will move Tomcat's Mexican operation to new, larger premises by the end of 2008, enabling us to manufacture a wider range of Tomcat trusses more cheaply. In June we announced the closure of the loss-making Tomcat plant in the Wirral and we have taken a £0.5 million charge for the associated closure costs. Tomcat products for Europe will now be manufactured in our existing plants in Italy and Slovakia which have lower manufacturing costs than the UK.

Broadcast Services Division

Rental services and technical support mainly for the broadcast market

	H1 2008	H1 2007	△%
Revenue	£11.8m	£13.5m	-12.6%
Operating Profit	£0.1m	£0.8m	-87.5%
Operating Margin	0.8%	5.9%	-5.1 pts

Broadcast Services had a slow start to the year, partly due to the Hollywood writers' strike, which reduced activity levels there for several months and delayed other shows. Although demand was steady from major recurring sporting events (eg The Super Bowl, the Triple Crown horse races and Masters golf tournament), which regularly require Bexel's services, there were insufficient new one-off events to compensate for the large fibre installation project in 2007 that was not repeated this year. The result for the first half was also impacted by a £0.2 million bad debt provision which is still being pursued.

Our strategy of building alliances with other industry players is serving us well. We have been able to utilise the Virtual Media and 3G Wireless alliances, plus our existing and developing cooperative agreements with Sony, Panasonic, Evertz, EVS and Fujinon, to meet customers' demands for nearly $20 million of rental gear during the Beijing Olympic Games, where we anticipate a significant boost in profits from a number of large projects without a matching investment in owned equipment. The world-leading Hercules HD flypack supported the high-profile swimming and diving events for NBC Sports, for whom we are also providing over thirty systems to manage instant replay and other critical broadcast functions. In addition the Beijing Olympic Broadcast group and NBC Network News fulfilled the majority of their wide-ranging equipment needs from us.

Foreign Exchange

The weaker US Dollar in the first half reduced reported Sterling operating profit by £1.4 million, of which £2.4 million is due to adverse transaction effects, partly offset by £1.0 million favourable foreign exchange translation. If current rates of £1 = $1.85, £1 = €1.25 and €1 = $1.48 continue for the rest of the year, the full year effect will be a total impact of £1.5 million, ie an adverse effect of a further £0.1 million in the second half.

Tax

The Group has made further progress in reducing its headline tax rate, forecast to be 34% of profit before tax and significant items* for 2008, 3% down on 2007's full year rate of 37%. As previously stated, there are significant deferred or non-cash taxes in that charge, so our ongoing guidance is for effective cash taxes to be about 5% below that headline rate.

Significant items

As expected, amortisation of intangible assets was £3.7 million (2007: £1.1 million), with the increase due to the acquisition of RF Systems.

Despite launching a number of market-leading products, Media Numerics, the Frankfurt-based supplier of digital audio networks for live events, has not made the financial progress that we had hoped. As a consequence we have fully provided for the £1.3 million carrying value of our 29% shareholding and loan, which has been charged as an operating expense within significant items.

There was finance income of £0.3 million (2007: £0.4 million) related to currency translation differences on certain intra-group funding balances and timing differences on foreign exchange options which are marked to market at each balance sheet date.

Post-balance sheet events

On 15 August we signed an agreement to acquire the business and assets of The Camera Store, a UK business specialising in the hire of pedestals, tripods, cranes and pan & tilt heads to the broadcast industry, for a consideration of £0.4 million.

On 22 August we announced the acquisition of Litepanels, the leading provider of on-camera and stand-mounted LED lights to the video and film industries, for $14.5 million, with further potential performance-related payments for the years 2008-2011 of up to $50 million. We expect this business to grow rapidly and play an exciting part in the development of Vitec.

Outlook

We are delighted to be able to report a further six months of strong sales and profit growth, reflecting the strength of our underlying businesses and markets. The second half has started well: order intake remains good and our order book is in line with expectations. Our Broadcast Services business has benefitted from August's Beijing Olympic Games.

The Group has an ever-increasing range of highly innovative products targeted at our professional media customers, delivered through an integrated, global distribution network. The combination of organic growth in our broadcast, live entertainment and imaging businesses based on multiple positive drivers, in particular the roll-out of HD digital broadcasting and the growth in sales of digital SLR cameras, combined with acquisitions, will continue to generate attractive long-term returns for our shareholders.

The Board looks forward to continued progress in 2008.

Principal risks and uncertainties

Details of the principal risks and uncertainties that the Group is exposed to are set out on page 14 of the 2007 Annual Report.

Cautionary statement

This announcement contains forward-looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries and sectors in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.

Responsibility statement

On behalf of the Board of the Company, we confirm that to the best of our knowledge:

(a) the condensed set of financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) as adopted by the European Union

(b) the Half Year management report includes a fair review of the information required by DTR 4.2.7R; and

(c) the Half Year management report includes a fair review of the information required by DTR 4.2.8R.

Michael Harper
Chairman

Gareth Rhys Williams
Chief Executive

Half Year Management Report continued

Business Review

Overview
Vitec is an international Group, principally serving customers in the worldwide media sector with products, services and solutions for the Broadcast, Photographic and Entertainment industries. Vitec is based on strong, well known, premium brands that professionals rely on. Vitec is organised in three divisions: Imaging & Staging, Broadcast Systems and Broadcast Services.

Strategy: 'Consolidate - Leverage - Grow'
The Group's strategy is summarised in the phrase 'Consolidate – Leverage – Grow'. After the initial phase, during which we consolidated multiple locations, smaller businesses and distribution channels into a more streamlined structure in order to extract scale economies, the focus has shifted to leveraging our skills in product development and to expanding and exploiting our routes to market in pursuit of growth. While continuous improvement activities are ongoing, the emphasis is on generating growth. We continue to look for value-adding acquisitions.

Broadcast Systems – Products and systems primarily for broadcast applications

Activities
Design and manufacture of high quality equipment used principally by broadcast and live entertainment professionals. Focused on studio, outside broadcast, film production and government markets.

Products
Manual and remotely controlled camera support pedestals, tripods and heads. Camera and equipment bags. Studio and portable lighting. Fixed and mobile wireless camera links. Prompting products and services. Microprocessor-controlled batteries and chargers for video cameras. Multi-locational wired and wireless intercom systems.

Locations: China, Costa Rica, France, Germany, Israel, Japan, The Netherlands, Singapore, UK, USA

Imaging & Staging - Products for the photographic, video and live event markets

Activities
Design and manufacture of high quality equipment principally for photography, video, cinematography and live events professionals. Distribution of in-house and third party photographic accessories.

Products
Photographic and video camera tripods and heads. Lighting stands, grips and accessories. Lighting and scenery suspension equipment. Camera bags. Live entertainment and exhibition lighting suspension structures and staging systems. Third party products distributed include flash units, light meters and filters.

Locations: China, France, Germany, Israel, Italy, Japan, Mexico, Slovakia, UK, USA

Broadcast Services – Rental services and technical support, mainly for the broadcast market

Activities
Rental services and selected sales of camera, video, wireless communication and audio equipment, including engineering support for the film and TV programme production markets.

Products
Rental of broadcast video equipment. Rental of audio equipment. Rental of high definition TV production support. Provision of support for major event broadcasting and webcasting. Sales of communications, audio equipment and used video equipment.

Location: USA

Independent Review Report to The Vitec Group plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the Consolidated Income Statement, Consolidated Statement of Recognised Income and Expense, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules (the DTR) of the UK's Financial Services Authority (the UK FSA). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of our review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

KPMG Audit Plc
Chartered Accountants
London
27 August 2008

Consolidated Income Statement

For the half year ended 30 June 2008 (unaudited)

		Half year to 30 June 2008			Half year to 30 June 2007			Year to 31 December 2007		
	Notes	Before significant items £m	Significant items[1] £m	Total £m	Before significant items £m	Significant items[1] £m	Total £m	Before significant items £m	Significant items[1] £m	Total £m
Revenue	2	**159.1**		**159.1**	**126.4**		**126.4**	**273.8**		**273.8**
Cost of sales		(93.3)		(93.3)	(73.1)		(73.1)	(162.5)		(162.5)
Gross profit		**65.8**		**65.8**	**53.3**		**53.3**	**111.3**		**111.3**
Provision against equity-accounted investment	3	-	(1.3)	(1.3)	-	-	-	-	-	-
Operating expenses	3	(47.0)	(3.7)	(50.7)	(38.1)	(1.1)	(39.2)	(78.7)	(4.9)	(83.6)
Operating profit	2	**18.8**	**(5.0)**	**13.8**	**15.2**	**(1.1)**	**14.1**	**32.6**	**(4.9)**	**27.7**
Interest payable on borrowings		*(1.5)*		*(1.5)*	*(1.1)*		*(1.1)*	*(2.8)*		*(2.8)*
Interest income		-		-	-		-	*0.2*		*0.2*
Pension scheme:										
Interest charge		*(1.3)*		*(1.3)*	*(1.1)*		*(1.1)*	*(2.3)*		*(2.3)*
Expected return on assets		*1.5*		*1.5*	*1.5*		*1.5*	*2.9*		*2.9*
Other financial income/ (expense)	3	*(0.2)*	*0.3*	*0.1*	*(0.2)*	*0.4*	*0.2*	*(0.3)*	*0.4*	*0.1*
Net financial expense		(1.5)	0.3	(1.2)	(0.9)	0.4	(0.5)	(2.3)	0.4	(1.9)
Profit before tax		**17.3**	**(4.7)**	**12.6**	**14.3**	**(0.7)**	**13.6**	**30.3**	**(4.5)**	**25.8**
Taxation	3/6	(5.8)	3.5	(2.3)	(5.3)	0.9	(4.4)	(11.2)	3.7	(7.5)
Profit for the period (attributable to Equity Shareholders of the parent)		**11.5**	**(1.2)**	**10.3**	**9.0**	**0.2**	**9.2**	**19.1**	**(0.8)**	**18.3**

	Notes	Half year to 30 June 2008	Half year to 30 June 2007	Year to 31 December 2007
Earnings per share	4			
Basic earnings per share		24.6p	22.3p	44.1p
Diluted earnings per share		24.4p	22.0p	43.5p
Dividends per share	5			
Interim dividend per share		7.40	6.90	6.90
Final dividend per share		-	-	10.90
Average exchange rates				
Euro		1.30	1.49	1.47
US$		1.98	1.97	2.00

[1] See Note 3.

Consolidated Statement of Recognised Income and Expense

For the half year ended 30 June 2008 (unaudited)

	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Actuarial (loss)/gain on pension obligations	(2.7)	4.4	2.5
Currency translation differences on foreign net investments	2.9	(1.4)	2.3
Net gain/(loss) on hedge of net investment in foreign subsidiaries	(1.4)	0.5	(0.6)
Cash flow hedging:			
Amounts released to income statement	(0.7)	(0.9)	(1.3)
Effective portion of changes in fair value	0.8	0.4	0.3
Net income/(expense) recognised directly in equity	**(1.1)**	**3.0**	**3.2**
Profit for the period	10.3	9.2	18.3
Total recognised income for the period	**9.2**	**12.2**	**21.5**

Consolidated Balance Sheet

As at 30 June 2008 (unaudited)

	Notes	As at 30 June 2008 £m	As at 30 June 2007 £m	As at 31 December 2007 £m
Assets				
Non-current assets				
Property, plant & equipment		49.7	38.3	45.6
Intangible assets		52.4	62.7	55.5
Investments		-	1.0	-
Investment in equity-accounted investee		-	-	1.3
Deferred tax assets		14.4	4.5	13.7
		116.5	106.5	116.1
Current assets				
Inventories		71.6	67.9	65.6
Trade and other receivables		58.8	49.7	50.7
Derivative financial instruments		1.6	1.8	1.2
Current tax assets		0.2	-	2.1
Cash and cash equivalents		10.7	7.5	8.4
		142.9	126.9	128.0
Total assets		**259.4**	**233.4**	**244.1**
Liabilities				
Current liabilities				
Bank overdrafts		1.4	-	1.1
Bank loans and other borrowings		-	0.5	-
Trade and other payables		55.5	40.7	48.2
Advanced payments received		14.0	33.0	26.2
Derivative financial instruments		0.7	-	0.5
Current tax liabilities		10.3	9.7	10.2
Provisions		2.8	4.2	4.1
		84.7	88.1	90.3
Non-current liabilities				
Bank loans		59.6	48.8	45.7
Other payables		0.1	0.2	0.1
Post-employment obligations		5.7	0.5	2.8
Provisions		4.8	5.9	5.7
Deferred tax liabilities		2.2	0.4	2.2
		72.4	55.8	56.5
Total liabilities		**157.1**	**143.9**	**146.8**
Net assets		**102.3**	**89.5**	**97.3**
Equity				
Share capital		8.4	8.3	8.4
Share premium		6.6	6.4	7.0
Translation reserve		(4.3)	(8.4)	(5.8)
Other reserves		2.0	2.4	1.9
Retained earnings		89.6	80.8	85.8
Total equity	9	**102.3**	**89.5**	**97.3**

Consolidated Cash Flow Statement

For the half year ended 30 June 2008 (unaudited)

	Notes	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Cash flows from operating activities:				
Profit for the period		10.3	9.2	18.3
Adjustments for:				
Taxation		2.3	4.4	7.5
Depreciation		5.5	4.5	9.1
Impairment losses on property, plant & equipment		-	-	0.2
Provision against equity-accounted investment		1.3	-	-
Amortisation of acquired intangible assets		3.7	1.1	5.0
Amortisation of capitalised software and development costs		0.6	0.6	1.3
Negative goodwill		-	-	(0.1)
Net gain on disposal of property, plant & equipment		(0.6)	(0.4)	(1.2)
Fair value profits on derivative financial instruments		0.1	-	0.1
Cost of equity-settled employee share schemes		0.8	0.7	1.4
Financial income		(1.8)	(1.9)	(3.1)
Financial expense		3.0	2.4	5.0
Operating profit before changes in working capital and provisions:		25.2	20.6	43.5
Increase in inventories		(4.3)	(3.6)	(0.7)
Increase in receivables		(6.8)	(8.2)	(6.3)
(Decrease)/Increase in payables		(6.9)	1.1	(2.5)
Decrease in provisions		(0.2)	(0.2)	(0.2)
Adjustments for foreign exchange gains/(losses)		0.1	(0.1)	-
Cash generated from operations:		7.1	9.6	33.8
Interest paid		(1.7)	(1.1)	(3.2)
Tax paid		(1.5)	(4.7)	(9.5)
Net cash flow from operating activities		**3.9**	**3.8**	**21.1**
Cash flows from investing activities:				
Proceeds from sale of property, plant & equipment		1.0	0.4	1.8
Purchase of property, plant & equipment		(8.4)	(6.2)	(17.3)
Software and IT development costs capitalised as intangible assets		(0.6)	(0.5)	(1.1)
Interest received		-	-	0.2
Acquisition of investment		-	(0.3)	-
Acquisition of investment resulting in significant influence		-	-	(0.6)
Acquisition of subsidiaries, net of cash acquired		(1.9)	(14.9)	(15.0)
Net cash flow from investing activities		**(9.9)**	**(21.5)**	**(32.0)**
Cash flows from financing activities:				
Proceeds from the issue of shares		0.3	1.5	2.2
Transfer of own shares		-	0.6	0.6
Purchase of treasury shares		(0.7)	-	-
Drawdown of bank loans and other borrowings		12.4	18.9	13.5
Dividends paid		(4.6)	(4.1)	(7.0)
Net cash flow from financing activities		**7.4**	**16.9**	**9.3**
Increase/(decrease) in cash and cash equivalents		**1.4**	**(0.8)**	**(1.6)**
Cash and cash equivalents at the beginning of the period		7.3	7.5	7.5
Exchange rate movements(1)		0.6	0.8	1.4
Cash and cash equivalents at the end of the period	11	**9.3**	**7.5**	**7.3**

(1) Exchange rate movements result from the adjustment of opening balances and cash flows in the year to closing exchange rates.

Notes to the Half Year Financial Statements

For the half year ended 30 June 2008 (unaudited)

1 Basis of preparation and statement of compliance

The Half Year financial information has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) as adopted by the European Union. The accounting policies adopted in the preparation of this interim financial information are consistent with the policies applied by the Group in the consolidated financial statements as at, and for the year ended, 31 December 2007 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Annual Report 2007.

The comparative figures for the year ended 31 December 2007 do not constitute statutory accounts for the purpose of section 240 of the Companies Act 1985. The auditors have reported on the 2007 accounts, and these have been filed with the Registrar of Companies; their report was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis, and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

Notes to the Half Year Financial Statements continued

For the half year ended 30 June 2008 (unaudited)

2 Segment Reporting

Primary format - by business segments
For the half year ended 30 June 2008 (unaudited)

	Broadcast Systems		Imaging & Staging		Broadcast Services		Corporate and unallocated		Consolidated	
	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m
Revenue from external customers:										
Sales	81.8	53.4	65.5	59.5	1.9	1.7	-	-	149.2	114.6
Services	-	-	-	-	9.9	11.8	-	-	9.9	11.8
Total revenue from external customers	**81.8**	**53.4**	**65.5**	**59.5**	**11.8**	**13.5**	**-**	**-**	**159.1**	**126.4**
Inter-segment revenue[1]	1.0	0.5	1.4	0.6	-	-	(2.4)	(1.1)	-	-
Total revenue	82.8	53.9	66.9	60.1	11.8	13.5	(2.4)	(1.1)	159.1	126.4
Operating profit before significant items	**11.0**	**4.0**	**7.7**	**10.4**	**0.1**	**0.8**	**-**	**-**	**18.8**	**15.2**
Amortisation of intangible assets	(3.3)	(0.8)	(0.4)	(0.3)	-	-	-	-	(3.7)	(1.1)
Provision against equity-accounted investment	-	-	-	-	-	-	(1.3)	-	(1.3)	-
Segment result	**7.7**	**3.2**	**7.3**	**10.1**	**0.1**	**0.8**	**(1.3)**	**-**	**13.8**	**14.1**
Net financial (expense)/income									(1.2)	(0.5)
Taxation									(2.3)	(4.4)
Profit for the period									**10.3**	**9.2**

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

Secondary format - by geographical segments
For the half year ended 30 June 2008 (unaudited)

	United Kingdom		The rest of Europe		The Americas		The rest of the World		Consolidated	
	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m
Revenue from external customers:										
By location of customer	**9.4**	**10.2**	**44.6**	**37.6**	**80.5**	**59.4**	**24.6**	**19.2**	**159.1**	**126.4**

3 Significant Items

Significant items are those items of financial performance that the directors consider should be separately disclosed to assist in the understanding of the underlying trading and financial performance achieved by the Group.

Significant items comprise the following:

	2008 £m	2007 £m
(a) Provision against investment in equity-accounted investee	(1.3)	-

The Group holds a 29% interest in Media Numerics Ltd, which is accounted for as an equity-accounted investee. Full impairment provision of £1.3 million has been made against this investment because Media Numerics Ltd is insolvent.

(b) Operating expenses

	2008 £m	2007 £m
Amortisation of intangible assets	(3.7)	(1.1)

The increase in amortisation of intangible assets in 2008 relates primarily to the acquired intangible assets of RF Systems.

(c) Other financial income

	2008 £m	2007 £m
Currency translation gains	0.3	0.3
Gain on currency options	-	0.1
	0.3	0.4

Currency translation differences, which arise on long-term intra-group funding loans that are similar in nature to equity, are charged/credited to reserves. The currency translation differences which arise on certain other intra-group funding balances, that do not meet this strict criteria but are very similar in nature, are recorded in significant items within other financial income.

The Group uses options as part of its hedging of future foreign exchange cash flows. As such options are held to maturity, the ultimate net amount charged to the income statement in respect of any option will always equate to the initial premium paid for that option. However, as a result of the the time value of such options being marked to market at each balance sheet date, volatile gains and losses can be introduced between periods and such amounts are therefore identified as significant other financial expense.

(d) Taxation

	2008 £m	2007 £m
Deferred tax credit	3.5	0.9

The Group is paying no cash taxes in the UK, due to brought forward losses. A UK deferred tax asset of £2.3 million (2007: £0.9 million) has been recognised in the first half in respect of those brought forward losses that are expected to be utilised.

A deferred tax asset of £1.2 million (2007: £nil) has been recognised in the first half as a result of timing differences between the amortisation for accounting purposes of intangible assets acquired on the acquisition of RF Systems in the US and the amortisation of these assets for tax purposes.

Notes to the Half Year Financial Statements continued

For the half year ended 30 June 2008 (unaudited)

4 Earnings per ordinary share

Basic earnings per share of 24.6 pence (2007: 22.3 pence) is calculated using profit after tax of £10.3 million (2007: £9.2 million) and the weighted average number of shares in issue during the period of 41,816,024 (2007: 41,314,900), excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted earnings per share of 24.4 pence (2007: 22.0 pence) is calculated using profit after tax of £10.3 million (2007: £9.2 million) and 42,184,740 (2007: 41,876,150) ordinary shares.

Adjusted basic earnings per share is presented as the directors consider that this gives a useful additional indication of the ongoing earnings performance of the Group. Adjusted basic earnings per share of 27.5 pence (2007: 21.8 pence) is calculated using profit after tax but before significant items of £11.5 million (2007: £9.0 million) and the weighted average number of shares in issue during the period of 41,816,024 (2007: 41,314,900).

5 Interim dividend

After the balance sheet date, an interim dividend of 7.4 pence per share was recommended by the directors. This will cost £3.1 million (2007: 6.9 pence per share costing £2.9 million). The dividend will be paid on 31 October 2008 to shareholders on the register at the close of business on 26 September 2008. The dividend has not been provided for at half year and there are no tax consequences.

6 Income tax

The tax rate on profits before significant items for the half year is estimated at 34% (2007: 37%) on the basis of the anticipated tax rates which will apply for the full year. The tax charge before significant items comprises current tax of £3.0 million (2007: £4.7 million) and deferred tax of £2.8 million (2007: £0.6 million).

The tax rate on profits after significant items for the full year is estimated at 24% (2007: 29%), due to the recognition of deferred tax credits in significant items.

The tax rate on profits after significant items for the half year is estimated at 19% (2007: 32%) due to the timing of the recognition of these deferred tax credits where more of the tax credits are recognised in the first half of the year than in the second half. The tax charge after significant items comprises current tax of £3.0 million (2007: £4.7 million) and deferred tax credit of £0.7 million (2007: £0.3 million charge).

7 Employee benefits

An actuarial assessment of the UK defined benefit scheme under IAS 19 was carried out as at 30 June 2008, reflecting the most up-to-date assumptions on membership and mortality. The scheme has moved from being an asset of £1.2 million at 31 December 2007 to becoming a liability of £1.4 million at 30 June 2008. This movement was mainly due to the poor performance of investment markets since 31 December 2007.

	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Defined benefit asset/(liability) at the beginning of the period	1.2	(1.0)	(1.0)
Total pension expense	(0.4)	(0.3)	(0.8)
Employer contributions actually paid	0.5	0.6	0.9
(Loss)/Gain recognised in SORIE	(2.7)	4.4	2.1
Defined benefit (liability)/asset at the end of the period	(1.4)	3.7	1.2

The assumptions used for the actuarial assessment are set out in the table below:

	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
Discount rate	6.7%	5.9%	5.8%
Expected rate of salary increases	5.5%	5.3%	5.3%
Rate of increase in payment and deferred pensions	4.0%	3.3%	3.3%
Inflation rate	4.0%	3.3%	3.3%

8 Vitec Group RF Systems

Vitec Group RF Systems, a sub division of the Broadcast Systems division, supplies wireless equipment under the Broadcast Auxiliary Services (BAS) Relocation Project, which is managed by Sprint Nextel.

Under this contract, Sprint Nextel makes advance payments to RF Systems to build up an inventory of 2GHz wireless equipment which can be called upon by US broadcasters, free of charge, at a later date. The effects of these are:

- Although RF Systems has received the full sale price of equipment from Sprint Nextel, under IAS 11 the revenue and profit cannot be recognised until the equipment is delivered to the broadcaster.

- RF Systems has significant inventory and advanced payments on their balance sheet related to the BAS Relocation Project. By the end of 2009, the project is planned to be largely complete and these amounts are expected to have reduced to zero.

The results of RF Systems are as follows:

	Half year to 30 June 2008 £m	Half year to 30 June[1] 2007 £m	Year to 31 December[2] 2007 £m
Revenue	22.9	2.7	23.5
Operating profit/(loss)	3.7	(0.3)	3.3
Working capital trend:			
Inventory	16.6	23.2	19.4
Advanced payments under BAS contract	(14.0)	(33.0)	(26.2)
Other working capital	(4.4)	0.8	(2.4)
Total working capital	(1.8)	(9.0)	(9.2)

(1) Half year to 30 June 2007 includes results of RF Systems for one month.
(2) Year to 31 December 2007 includes results of RF Systems for seven months.
(3) After Group charges.

Notes to the Half Year Financial Statements continued

For the half year ended 30 June 2008 (unaudited)

9 Changes in equity

	Half year to 30 June 2008 £m	Half year to 30 June 2007 £m	Year to 31 December 2007 £m
At 1 January	97.3	76.8	76.8
Total recognised income for the year	9.2	12.2	21.5
Purchase of own shares	-	0.6	1.3
Treasury shares	(0.7)	-	-
Dividends paid	(4.6)	(4.1)	(7.0)
Equity-settled transactions, net of tax	0.8	0.7	0.7
New shares issued	0.3	3.3	4.0
At end of period	**102.3**	**89.5**	**97.3**

10 Consideration paid for previous acquisitions

The table below provides an analysis of the consideration paid for previous acquisitions, conditional upon achievement of sales and profitability targets in the current year.

	Half year to 30 June 2008 £m
Autoscript	1.0
Kata	0.9
	1.9

The total purchase consideration for Kata comprises:

	£m
Net cash paid for acquisition, including expenses and after net cash acquired	4.6
Consideration paid for achievement of sales and profitability targets for the following years:	
2005	1.0
2006	1.2
2007	0.9
Total	3.1
Total purchase consideration, including expenses	7.7

As at 30 June 2008, no further consideration is payable for Kata.

11 Reconciliation of Decrease in Cash and Cash Equivalents to Movement in Net Debt[(1)]

	As at 30 June 2008 £m	As at 30 June 2007 £m	As at 31 December 2007 £m
Increase/(decrease) in cash and cash equivalents	1.4	(0.8)	(1.6)
Loan acquired on acquisition of businesses	-	(4.2)	(4.3)
Net borrowing of loans	(12.4)	(18.9)	(13.5)
Increase in net debt resulting from cash flows	(11.0)	(23.9)	(19.4)
Exchange on cash movements	0.6	0.8	1.4
Exchange on loan movements	(1.5)	0.2	(1.5)
Exchange rate movements	(0.9)	1.0	(0.1)
Movements in net debt in the period	**(11.9)**	**(22.9)**	**(19.5)**
Net debt at beginning of period	(38.4)	(18.9)	(18.9)
Net debt at end of period	**(50.3)**	**(41.8)**	**(38.4)**

Exchange rate movements result from the adjustment of opening balances and cash flows in the year to closing exchange rates.

(1) The table below provides an analysis of Net Debt at end of period.

	As at 30 June 2008 £m	As at 30 June 2007 £m	As at 31 December 2007 £m
Cash and cash equivalents per balance sheet	10.7	7.5	8.4
Bank overdrafts	(1.4)	-	(1.1)
Cash and cash equivalents per cash flow statement	9.3	7.5	7.3
Bank loans	(59.6)	(48.8)	(45.7)
Other borrowings	-	(0.5)	-
Net debt at end of period	**(50.3)**	**(41.8)**	**(38.4)**

12 Post balance sheet events. On 15 August 2008, the Group signed an agreement to acquire the business and assets of The Camera Store, a UK business specialising in the hire of pedestals, tripods, cranes and pan & tilt heads to the broadcast industry, for a consideration of £0.5 million. The Camera Store will form part of the Broadcast Systems division.

On 22 August 2008, the Group announced the acquisition of Litepanels, the leading provider of on-camera and stand-mounted LED lights to the video and film industries, for a consideration of $14.5 million, with further potential performance-related payments for the years 2008 to 2011 of up to $50 million. Litepanels will form part of the Broadcast Systems division.

13 Copies of this statement will be sent to all shareholders on the share register as at 27 August 2008. Copies are available on application to the Company Secretary.

Group Directory

Broadcast Systems

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	Tel: +1 (203) 929 1100	Fax: +1 (203) 925 4988	www.antonbauer.com
Autoscript	Unit A8, Poplar Business Park, 10 Prestons Road, London, E14 9RL, UK		
	Tel: +44 (0)20 7588 1427	Fax: +44 (0)20 7515 9529	www.autoscript.tv
Camera Dynamics - OConnor	100 Kalmus Drive, Costa Mesa, CA 92626, USA		
	Tel: +1 (714) 979 3993	Fax: +1 (714) 957 8138	www.ocon.com
Camera Dynamics - Petrol Bags	3 Hasolelim Street, Tel-Aviv 67897, Israel		
	Tel: +972 3 5621631	Fax: +972 3 5621632	www.petrolbags.com
Camera Dynamics - Sachtler	Erfurter Strasse 16, D-85386 Eching, Germany		
	Tel: +49 (89) 3215 8200	Fax: +49 (89) 3215 8227	www.sachtler.com
Camera Dynamics - Vinten and Vinten Radamec	William Vinten Building, Western Way, Bury St Edmunds, Suffolk, IP33 3TB, UK		www.vinten.com
	Tel: +44 (0)1284 752121	Fax: +44 (0)1284 750560	www.vintenradamec.com
Litepanels	10932 Burbank Blvd, North Hollywood, California, 91601, USA		
	Tel: +1 818 752 7009	Fax: +1 818 752 2437	www.litepanels.com
Microwave Service Company	15 Thornton Avenue, Haverhill, MA 01832, USA		
	Tel: +1 978 556 0970	Fax: +1 978 556 0400	www.microwaveservice.com
Nucomm	101 Bilby Road, Hackettstown, NJ 07840, USA		
	Tel: +1 908 852 3700	Fax: +1 908 813 0399	www.nucomm.com
RF Central	99 Garden Parkway, Carlisle, PA 17013, USA		
	Tel: +1 717 249 4900	Fax: +1 717 249 3630	www.rfcentral.com
The Camera Store	Unit 8, Teddington Business Park, Teddington, Middlesex, TW11 9BQ, UK		
	Tel: +44 (0)20 8943 4222	Fax: +44 (0)20 8943 9995	www.thecamerastore.co.uk
Vitec Group Communications - Clear-Com Americas and Asia	850 Marina Village Parkway, Alameda, CA 94501, USA		
	Tel: +1 (510) 337 6600	Fax: +1 (510) 337 6699	www.clearcom.com
Vitec Group Communications - Clear-Com Europe, Middle East and Africa	7400 Beach Drive, Cambridge Research Park, Waterbeach, Cambridge, CB5 9TP, UK		
	Tel: +44 (0)1223 815000	Fax: +44 (0)1223 815099	www.vitecgroupcomms.com

Imaging & Staging

Bogen Imaging	565 East Crescent Avenue, PO Box 506, Ramsey, NJ 07446-0506, USA		
	Tel: +1 (201) 818 9500	Fax: +1 (201) 818 9177	www.bogenimaging.us
Brilliant Stages	2 Hillgate, Hitchin, Hertfordshire, SG4 0RY, UK		
	Tel: +44 (0)1462 455366	Fax: +44 (0)1462 436219	www.brilliantstages.com
IFF, Litec and Tomcat Europe	Via Raffaello 12, 31021 Mogliano Veneto, Italy		
	Tel: +39 (041) 596 0000	Fax: +39 (041) 597 0186	www.litectruss.com
Kata	PO Box 45078, 8 Hartom Street, Beck-Tech Science Building, Har Hotzvim, Jerusalem, 91450 Israel		
	Tel: +972 2 5911000	Fax: +972 2 5400504	www.kata-bags.com
Manfrotto, Gitzo and Avenger	Via Sasso Rosso 19, PO Box 216, I-36061 Bassano del Grappa, Italy		
	Tel: +39 (0424) 555855	Fax: +39 (0424) 808999	www.manfrotto.com
Tomcat USA	2160 Commerce, Midland, Texas 79703, USA		
	Tel: +1 (432) 694 7070	Fax: +1 (432) 689 3805	www.tomcatglobal.com

Broadcast Services

Bexel	**Bexel Broadcast Services (BBS) - Bexel Fiber Optic Solutions (BFS) - Bexel Technical Services (BTS) - Broadcast Video Gear (BVG) - Intercom Specialties (ICS) - Systems Wireless (SWL)**		
	2701 North Ontario Street, Burbank, CA 91504, USA		
	Tel: +1 (818) 841 5051	Fax: +1 (818) 841 1572	www.bexel.com