27 August 2014

Company Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Electronic Lodgement via ASX Online

Veda Group Limited (VED) – Annual Financial Report for the full year ended 30 June 2014

In accordance with ASX Listing Rule 4.3A, I enclose the Annual Financial Report for the full year ended 30 June 2014 for immediate release. The Annual Financial Report comprises:

1. the Directors' Report, including;
    a. the Operating and Financial Review; and
    b. the Remuneration Report;
2. the Financial Statements; and
3. the Auditor's Report.

Yours faithfully

Tim Woodforde
Company Secretary
Veda Group Limited

Veda Group Limited and its Controlled Entities
Annual financial report
for the year ended 30 June 2014

Veda Group Limited and its Controlled Entities ABN 26 124 306 958
Annual financial report - 30 June 2014

Contents

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as "the Group" or "Veda") consisting of Veda Group Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2014.

1 Principal activities

The Group is a supplier of data based business intelligence services, including credit related decision support services, data, software and marketing information services in Australia and internationally.

The Group provides the following types of products, services and solutions:

- Products, services and solutions which enable the Group's customers to more efficiently manage credit and other financial risks. This includes servicing enquiries in relation to consumer credit reporting, fraud, commercial credit reporting, provision of third party data and other services.
- A range of data driven products and services that assist businesses to optimise the value and efficiency of their direct marketing investment. Services include consulting, marketing analytics and modelling, data integration and enhancement, campaign management and customer and market segmentation tools.
- Provision of loss assistance and retrieval services in both Australia and New Zealand by providing a range of services to its members to assist in preventing fraudulent use of their financial cards, passport or mobile phones should they be lost or stolen, as well as helping with the retrieval of lost or stolen keys and luggage.

International operations also include shareholdings in the Credit Bureau of Singapore and of Cambodia Credit Bureau and also providing business information services in Singapore and Malaysia.

There were no significant changes in the nature of the activities of the Group during the year.

2 Review of operations

A review of the operations and results of operations of the Group during the year, and the business strategies and prospects for future financial years, is set out in the Operational and Financial Review, which is attached and forms part of this Directors' Report.

3 Significant changes in the state of affairs

Capital reduction

On 15 November 2013 a resolution was passed by the Directors approving a share capital reduction of $96.0 million. As a result the accumulated losses of the Company and the Group were reduced by $96.0 million. There was no impact on the number of shares on issue.

Listing

The Company listed on 5 December 2013.

A diversified group of retail and institutional shareholders, both domestic and international, acquired stock in Veda at the listing.

As a result of the IPO and related conversion of warrants and management performance shares 329.0 million additional shares were issued raising $392.8m of additional capital which was used primarily to repay debt as noted below.

Funding

On 10 December 2013, the Group established a three year unsecured revolving facilities agreement consisting of an AU$240 million facility (of which up to NZ$40m can be drawn) and a NZ$93 million facility. Funds raised from the new financing and equity raised from the IPO were used to repay all of the Group's existing mezzanine preference notes and senior debt.

4 Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

5 Dividends

In respect of the current financial year, the Directors have determined to pay a final dividend as follows:

	Cents per share	Total amount $'000	Date of payment
Final ordinary (unfranked)	4.0	33,682	9 October 2014
Total amount		33,682	

The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2014 and will be recognised in subsequent financial reports.

No dividends were paid or determined by the Company to members in respect of the year ended 30 June 2013.

6 Directors and Company secretary

The directors of the Company at any time during or since the end of the financial year were:

Helen Nugent, Chairman (appointed 20 September 2013)
Nerida Caesar, Chief Executive Officer & Managing Director
Bruce Beeren (appointed 24 September 2013)
Diana Eilert (appointed 4 October 2013)
Peter Shergold (appointed 4 October 2013)
Anthony Kerwick
Geoff Hutchinson
Anthony Duthie (resigned 15 October 2013)

Olga Ganopolsky and Clark Butler were joint company secretaries during the year. Olga Ganopolsky resigned on 11 June 2014. Clark Butler was appointed on 13 November 2013 and resigned on 26 August 2014.

Tim Woodforde and Emma Lawler were appointed joint company secretaries on 26 August 2014.

7 Information on directors

Dr Helen Nugent AO
Independent Chairman
BA. (Hons.); MBA (Dist.); PhD; HonDBus; FAICD

Helen was appointed Independent Chairman of the Company in September 2013. She is a professional company director, with thirty years experience in the financial services and energy and resources sectors.

Helen is a non-executive director of Origin Energy, as well as being Chairman of Funds SA, the $24 billion investment fund of the South Australian Government. Until July 2014, she was also a non-executive director of Macquarie Group.

Previously, in the financial services sector, she has been Chairman of Swiss Re (Australia) and Swiss Re (Life and Health) Australia and a non-executive director of Mercantile Mutual and the State Bank of New South Wales. As Director of Strategy at Westpac Banking Corporation, she was part of the executive team responsible for a major turnaround in the bank’s performance. As an associate and then a partner at McKinsey & Company, she worked extensively in the financial services and resources sectors.

Over a long period, Helen has given back to the community in education and the arts. Currently, she is Chancellor at Bond University, President of Cranbrook School and Chairman of the National Portrait Gallery of Australia.

She was made an Officer of the Order of Australia in 2004 for her services to the performing arts, to business and the financial services industry, particularly in the area of corporate governance, and to the community. In 2001, she was awarded a Centenary Medal for her service to Australian society in business and the arts.

Nerida Caesar
CEO and Managing Director
BCom.; MBA; GAICD

Nerida was appointed CEO and Managing Director of the Company in February 2011, and has over 25 years experience in sales, marketing and business management.

Nerida was previously the Group Managing Director of Telstra Enterprise and Government where she was responsible for Telstra's corporate, government and large business customers in Australia, as well as the international sales division. She was also Group Managing Director of Telstra Wholesale, and prior to that, Nerida held the position of Executive Director National Sales where she was responsible for managing products, services and customer relationships throughout Australia.

Prior to joining Telstra, Nerida was Vice President of IBM's Intel Server Division for the Asia Pacific region, and held several senior management and sales positions with IBM over a 20 year career, both in Australia and internationally.

Nerida is a member of the University of Technology Vice Chancellor's Industry Advisory board.

Bruce Beeren
Independent Non-Executive Director
BCom. BSc.; MBA; FCPA; FAICD

Bruce was appointed Non-Executive Director of the Company in October 2013.

Bruce is currently a non-executive director of Origin Energy (where he previously held the position of Finance Director), a director of Contact Energy, Equipsuper and The Hunger Project Australia.

Bruce was formerly a non-executive director of Veda Advantage, ConnectEast Group, Coal & Allied Industries and Envestra Limited. He has also held senior executive roles in major listed companies. Bruce was previously the Chief Financial Officer of AGL, General Manager of AGL Pipelines and Chief Executive Officer of VENCorp.

7 Information on directors (continued)

Diana Eilert
Independent Non-Executive Director
BSc.; MCom.; GAICD

Diana was appointed Non-Executive Director of the Company in October 2013.

Diana is currently a non-executive director of Navitas Limited (a global education provider), AMP Life and Queensland Urban Utilities (Queensland's largest water distributor/retailer). She was previously a non-executive director of realestate.com.au (REA Group) and digital start-ups "onthehouse" and "OurDeal".

With more than 25 years as an executive in financial services, Diana brings significant industry and technology experience to Veda. She was Group Executive for Suncorp’s entire insurance business and subsequently Group Executive for Technology, People and Marketing. In her 10 years with Citibank, Diana's roles included Head of Credit Risk Policy, running the Mortgage business, the Retail funds management business and also Head of Lending Operations for Australia and New Zealand.

Diana developed a deep understanding of digital trends and business impacts whilst Head of Strategy and Corporate Development at News Ltd.

Dr Peter Shergold AC
Independent Non-Executive Director
BA (Hons); MA; PhD; FAICD

Peter was appointed Non-Executive Director of the Company in October 2013.

Peter is currently a director of AMP, AMP Life and Corrs Chambers Westgarth. He is also chairman of Quintessence Labs.

Peter has had a distinguished career in the public service, including having served as Secretary of the Department of Prime Minister and Cabinet, Secretary of the Department of Education, Science and Training and Secretary of the Department of Employment, Workplace Relations and Small Business.

In 2011 Peter was appointed the Chancellor of the University of Western Sydney. He was also appointed as chairman of New South Wales' Public Service Commission Advisory Board and is chair of the National Centre for Vocational Education Research.

Peter was made a Companion of the Order of Australia for his services to the Community in 2007. This is the highest honour that Australia can award.

Anthony Kerwick
Non-Executive Director
BCom.; LLB (Hons.)

Anthony was appointed Non-Executive Director of the Company in March 2007. He is a Board nominee on behalf of the Pacific Equity Partners (PEP) shareholders.

Anthony was a managing director of PEP from January 2004 until April 2014. During this time he led transactions, oversaw investments and served on the boards of private companies in sectors including financial services, technology, business services and retail and consumer products.

Before joining PEP in 1999, Anthony was a consultant with Bain & Company in the United States and Australia, where he advised clients in the financial services, telecommunications, airline, health care, retail, utilities and manufacturing industries on strategy, mergers and acquisitions, operations improvement, industrial relations and e-commerce.

Geoff Hutchinson
Non-Executive Director
BCom. BSc.; MBA (Dist)

Geoff and was appointed Non-Executive Director of the Company in July 2011. He is a Board nominee on behalf of the PEP shareholders.

7 Information on directors (continued)

Geoff also currently serves as a managing director of PEP and a director on the Board of Spotless Group Holdings Limited.

Before joining PEP in 2008, Geoff was a manager with Bain & Company where he consulted to clients in Australia, the UK and South Africa. The sectors in which he advised included fast-moving consumer goods, retail, industrial services, telecommunications, airlines and mining industries on issues such as strategy, performance improvement and organisational design. Geoff also worked with Bain & Company's UK private equity team leading due diligence projects.

8 Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2014, and the numbers of meetings attended by each director were:

<table>
<tr><th rowspan="2"></th><th colspan="2" rowspan="2">Full meetings of directors</th><th colspan="6">Meetings of committees</th></tr>
<tr><th colspan="2">Audit and risk</th><th colspan="2">Remuneration and nomination</th><th colspan="2">Disclosure</th></tr>
<tr><th></th><th>A</th><th>B</th><th>A</th><th>B</th><th>A</th><th>B</th><th>A</th><th>B</th></tr>
<tr><td>Helen Nugent</td><td>18</td><td>18</td><td>*</td><td>*</td><td>3</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Nerida Caesar</td><td>20</td><td>20</td><td>*</td><td>*</td><td>*</td><td>*</td><td>1</td><td>1</td></tr>
<tr><td>Bruce Beeren</td><td>18</td><td>18</td><td>3</td><td>3</td><td>*</td><td>*</td><td>1</td><td>1</td></tr>
<tr><td>Diana Eilert</td><td>15</td><td>15</td><td>3</td><td>3</td><td>*</td><td>*</td><td>*</td><td>*</td></tr>
<tr><td>Peter Shergold</td><td>15</td><td>15</td><td>*</td><td>*</td><td>3</td><td>3</td><td>*</td><td>*</td></tr>
<tr><td>Anthony Kerwick</td><td>20</td><td>20</td><td>*</td><td>*</td><td>3</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Geoff Hutchinson</td><td>17</td><td>20</td><td>3</td><td>3</td><td>*</td><td>*</td><td>*</td><td>*</td></tr>
<tr><td>Anthony Duthie</td><td>7</td><td>8</td><td>*</td><td>*</td><td>*</td><td>*</td><td>*</td><td>*</td></tr>
</table>

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the period
* = Not a member of the relevant committee
There were no meetings of non-executive directors during the year.

9 Shares, rights and options

Details of shares under option and warrants are included in notes 22 and 26 in the attached financial statements respectively.

Shares and options held by Directors as at 30 June 2014 are as follows:

	Ordinary Shares	Options over ordinary shares
Nerida Caesar	6,648,039	25,000,000
Helen Nugent	200,000	-
Bruce Beeren	100,000	-
Diana Eilert	132,000	-
Peter Shergold	80,000	-
Anthony Kerwick	724,300	-
Geoff Hutchinson	170,000	-

Note: Prospectus did not include shares held by the Directors' close family members.

9 Shares, rights and options (continued)

Options granted during the financial year, including to key management personnel, are included the Remuneration Report which forms part of this Directors' Report.
No rights have been granted during the financial year.
No Options or Rights were granted since the end of the financial year.

10 Environmental regulation

The Group takes environmental regulation and sustainability seriously. Although there is no environmental regulation that applies specifically to the Group's industry sector, the Group has and abides by a Corporate Sustainability Policy based on the following principles:

- Demonstrate good governance by incorporating sustainability principles into all Veda activities and processes;
- Continue to identify and implement alternative business practices to minimise Veda's environmental and carbon footprint;
- Creating and promoting an environmentally sustainable and responsible culture;
- Engaging with suppliers and stakeholders to improve the sustainability performance of our supply chain;
- Enhancing the communities in which we operate by acting sustainably; and
- Pursuing continual improvement in corporate responsibility and sustainability management and performance.

There have been no incidents concerning environment regulation during the year.

11 Indemnification and insurance of directors and officers

Indemnification

The Company (and its predecessor companies) have indemnified a number of current and former Directors, Secretaries and Chief Financial Officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The indemnity stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The Company has paid insurance premiums in respect of Directors' and Officers' liability insurance and prospectus liability insurance contracts for current, future and former officers, including executive officers of the Company and directors, executive officers and secretaries of the Group. In accordance with commercial practice, the insurance policies prohibit disclosure of the nature of the insurance cover and the amount of the premiums.

12 Relationship with ultimate controlling party

The Group is ultimately controlled by various entities managed or advised by Pacific Equity Partners Pty Limited (collectively 'PEP'). The relationship between the Company and PEP is governed by a Relationship Deed (Deed). The key provisions of this Deed are:

- The parties have agreed to procedures for the management of conflicts of interest and appropriate use of confidential information. The Company and the PEP shareholders have also entered into separate confidentiality arrangements which govern access to the Company's information. Refinements to those processes were documented on 30 June 2014 and on 21 August 2014;
- The PEP shareholders have the right to appoint two Directors to the Board of the Company while they hold at least 30 per cent of the issued share capital of the Company and the right to appoint one Director while they hold at least 15 per cent of the issued share capital; and
- The Company is required to provide market disclosure (subject to certain conditions) to permit PEP shareholders to sell their shares in the Company without the need to prepare a prospectus.

13 Auditor's independence declaration

There is no former partner or director of KPMG, the Company's auditor's, who is or was at anytime during the year ended 30 June 2014 an officer of the Group. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 70.

14 Non-audit services

The amounts paid or payable to the Group's auditor KPMG for non-audit services provided by that firm during the year are as follows:

	$
IPO related:	
Transaction services	1,486,907
Other services:	
Other audit related services	31,000
Taxation compliance services	108,000
Other tax advisory services	41,114
Other advisory services	40,000
Other transaction services	30,315

15 Proceedings on behalf of the Company

No proceedings have been brought on behalf of the Group, nor have any applications been made in respect of the Group under section 237 of the Corporations Act.

16 Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

17 Remuneration report

The Remuneration Report is attached and forms part of this Directors' Report.

Veda Group Limited and its Controlled Entities
Operating and Financial Review - 30 June 2014

OPERATING AND FINANCIAL REVIEW

Introduction

The Directors are pleased to present the first full year Operating and Financial Review (OFR) for Veda since it was relisted on the ASX in December 2013.

In line with ASIC's Regulatory Guide 247 'Effective Disclosure in an Operating and Financial Review', this OFR is designed to assist shareholders' understanding of Veda's business performance and the factors underlying its results and financial position. It complements the financial disclosure in the Annual Financial Report which is incorporated by cross-referencing.

The OFR covers the period from 1 July 2013 to 30 June 2014, including the comparative period previous to listing.

The OFR includes pro forma numbers prepared on the same basis as presented in the Prospectus dated 18 November 2013.

Overview

Veda has delivered strong financial results for the financial year ended 30 June 2014 and is well positioned for future growth.

1. Veda's strong financial results, which have exceeded prospectus forecasts and FY2013 results, reflect positive underlying cost–revenue dynamics.
2. Veda has a strong financial position and cash flow.
3. Veda's focused strategy has helped drive growth.
4. Business risks are being proactively managed.
5. Future growth is anticipated.

Each of these points is elaborated on below.

1. Veda's strong financial results, which have exceeded prospectus forecasts and FY2013 results, reflect positive underlying cost–revenue dynamics

Veda's financial results for FY2014 exceeded its full-year prospectus forecasts on a statutory and pro forma basis, with the Company continuing its history of consistently growing revenue across its business lines. The way this has occurred is discussed below.

1.1 NPAT exceeded the prospectus forecast through better operating results

Statutory NPAT was $22.7 million against the statutory prospectus forecast of $17.3 million and a statutory result for FY2013 of $9.4 million.

Pro forma NPAT was $68.9 million. This compares to the pro forma prospectus forecast of $63.9 million. The pro forma adjustments remove the impact of IPO costs, Veda's previous financing arrangements and PEP management fees. The pro forma adjustments also provide for a full year of listed company costs and adjust tax expense.

Tables 1 and 2 reconcile statutory and pro forma NPAT and EBITDA for FY2014 actual and prospectus, showing that NPAT exceeding prospectus stemmed predominantly from continuing operations, rather than from variances in pro forma estimates.

Table 1: Pro forma adjustments to statutory results for FY2014 NPAT

$'m	FY2014 Actual	FY2014 Prospectus
Statutory Net Profit after Tax	**22.7**	**17.3**
Management fees [1]	1.8	1.8
Listed company expenses [1]	(1.1)	(1.1)
IPO expenses [2]	25.7	26.2
Total operating expense adjustments	**26.3**	**26.8**
Net finance costs [3]	18.9	18.9
Net finance costs - upfront fees [3]	15.9	15.8
Net finance costs adjustment [3]	**34.8**	**34.7**
Tax expense [4]	(14.9)	(15.0)
Pro forma Net Profit after Tax	**68.9**	**63.9**

Table 2: Pro forma adjustments to statutory results for EBITDA

$'m	FY2014 Actual	FY2014 Prospectus	FY2013 Actual
Statutory Net Profit after Tax	**22.7**	**17.3**	**9.4**
Add back:			
Tax expense	10.2	10.5	2.9
Share of NPAT from associates	(2.5)	(2.5)	(2.0)
Finance income	*(1.1)*	-	*(0.7)*
Finance expenses	*50.4*	-	*71.0*
Net finance costs	49.3	50.3	70.3
Depreciation and amortisation	23.0	22.7	24.9
IPO expenses	25.7	26.2	0.0
Operating EBITDA	**128.4**	**124.5**	**105.5**
Management fees [1]	1.8	1.8	4.0
Listed company expenses [1]	(1.1)	(1.1)	(2.5)
Pro forma EBITDA	**129.0**	**125.1**	**107.0**

Notes for Tables 1 and 2:

1. *Pro forma operating expense adjustments (excluding IPO expenses) have been made for the period 1 July 2013 to 10 December 2013 to remove the PEP management fees and include listed company expenses.*
2. *IPO expenses include $11.6 million of share based payments for both FY2014 actual and prospectus forecast.*
3. *Net finance costs have been adjusted to reflect the debt profile following completion of the IPO.*
4. *Income tax impact of the adjustments for notes 1-3. The share based payments (included in IPO costs) is non-tax deductible.*

1.2 Veda's EBITDA has been stronger than its prospectus forecast and the previous year's outcome

EBITDA grew strongly on a statutory and pro forma basis relative to both the prospectus forecast and previous year. This can be seen in Table 3.

Table 3: EBITDA: Statutory and pro forma FY2014 and FY2013

$'m	Statutory			Pro forma		
	FY2014 Actual[1]	FY2014 Adjusted Prospectus[2]	FY2013 Actual[1]	FY2014 Actual	FY2014 Prospectus	FY2013 Actual
EBITDA	**128.4**	**124.5**	**105.5**	**129.0**	**125.1**	**107.0**

Notes:

1. *Operating EBITDA which excludes IPO related costs per Note 5 of the Financial Statements.*
2. *Prospectus EBITDA excluding IPO related costs (i.e. share based payments and IPO expenses).*

Operating EBITDA was 3.1 per cent higher than forecast in the prospectus and 21.7 per cent higher than FY2013. Pro forma EBITDA was 3.1 per cent greater than the prospectus forecast and greater than the FY2013 result by 20.6 per cent.

1.3 Veda's EBITDA result reflects strong cost–revenue dynamics

Veda's EBITDA result reflects strong revenue growth relative to the control that has been exercised over costs on a year-on-year basis.

Table 4: Revenue and total operating costs: Statutory and pro forma FY2014 and FY2013

$'m	Statutory			Pro forma		
	FY2014 Actual[1]	FY2014 Adjusted Prospectus[2]	FY2013 Actual[1]	FY2014 Actual	FY2014 Prospectus	FY2013 Actual
Revenue	**302.0**	**290.0**	**268.6**	**302.0**	**290.0**	**268.6**
Total operating expenses (excluding IPO expenses)	**(173.7)**	**(165.5)**	**(163.1)**	**(173.0)**	**(164.9)**	**(161.6)**
EBITDA	**128.4**	**124.5**	**105.5**	**129.0**	**125.1**	**107.0**
Expense to revenue ratio	**57.5%**	**57.1%**	**60.7%**	**57.3%**	**56.9%**	**60.2%**

Notes:

1. *Operating EBITDA which excludes IPO related costs per Note 5 of the Financial Statements.*
2. *Prospectus EBITDA excluding IPO related costs (i.e. share based payments and IPO expenses).*

Revenue grew at 4.1 per cent above the prospectus forecast and 12.4 per cent above FY2013. At the same time, statutory operating costs (excluding IPO expenses) and pro forma operating costs grew at a slower rate relative to FY2013 of 6.5 per cent and 7.1 per cent respectively. While pro forma total operating costs exceeded the prospectus forecast, expenses as a percentage of revenue were 57.3 per cent, down from 60.2 per cent in FY2013, although marginally exceeding the projected prospectus ratio. FY2013 expenses as a percentage of revenue—normalised for the change in the ASIC data supply contract—were 58.5 per cent for statutory and 57.9 per cent on a pro forma basis (see section 1.3.2 for further detail).

1.3.1 Revenue performance by segment and business line was strong

More specifically, revenue in both Australia and International grew strongly against the previous year at rates of 11.7 per cent and 18.3 per cent respectively. International benefitted from favourable currency movements. On a local currency basis, International revenue grew 4.7 per cent against the previous year, being 1.5% ahead of prospectus.

Table 5: Revenue growth by segment

	FY2014 Actual $'m	FY2014 Prospectus $'m	Variance %	FY2013 Actual $'m	Variance %
Australia	266.5	258.0	3.3%	238.5	11.7%
International	35.6	32.0	11.3%	30.1	18.3%
Total Revenue	**302.0**	**290.0**	**4.1%**	**268.6**	**12.4%**

<u>Click and non-click revenue growth</u>

Veda distributes most of its products to its customers electronically on a 'per click' basis (through mainframe-to-mainframe linkage, server-to-server linkage and online web portals). Veda's FY2014 revenue was 86.7 per cent 'click revenue'. The Company's non-click products comprise batch data sales, decisioning software, marketing services, subscriptions, licensing and consulting services.

The revenue growth overachievement was driven by growth primarily in click revenue.

Table 6: Revenue summary by click versus non-click

	FY2014 Actual $'m	FY2014 Prospectus $'m	FY2013 Actual $'m
Daily click revenue ($ million per business day) [1]	1.04	0.99	0.94
Click revenue	262.3	250.4	234.8
Non-click revenue	39.8	39.6	33.8
Total revenue	**302.0**	**290.0**	**268.6**
Click revenue as a percentage of total	86.7%	86.3%	87.4%

Note: 1. FY2014 has 252 business days and FY2013 has 251 business days.

Click revenue of $262.3 million was 4.8 per cent above prospectus forecast and 11.7 per cent above the previous year. Non-click revenue of $39.8 million was 0.5 per cent above prospectus forecast and 17.8 per cent above previous year.

Higher click revenue growth against prospectus forecast was primarily driven by demand for Personal Property Securities Register (PPSR), ASIC and Land Titles searches in Commercial & Property Solutions (CPS). Year-on-year growth, apart from CPS, was consistent with expectations in the other business lines in particular, Commercial Credit Risk, B2C, Consumer Credit Risk and Fraud & Identity Solutions.

Daily click revenue has trended higher, with per day and aggregate click revenue being higher in the second half versus the first half FY2014.

Non-click revenue growth above prospectus forecast and the previous year was driven by Decisioning projects in New Zealand and Scoring projects for customers. Second-half non-click revenue drove full-year outperformance. At the first half, non-click was tracking at 11.6 per cent above the previous period, whereas at the full year it was 17.8 per cent above the previous year.

Segment and business line revenue growth

Strong revenue growth occurred in all business lines, with each achieving above 10 per cent growth versus FY2013.

Table 7: Revenue summary by business line

	FY2014 Actual $'m	FY2014 Prospectus $'m	Variance %	FY2013 Actual $'m	Variance %
Consumer Risk & Identity	100.0	100.7	(0.7%)	90.1	11.0%
Commercial Risk & Information Services	125.7	117.8	6.7%	111.4	12.8%
B2C & Marketing Services	40.7	39.5	3.0%	36.9	10.3%
Australia	**266.5**	**258.0**	**3.3%**	**238.5**	**11.7%**
International	**35.6**	**32.0**	**11.3%**	**30.1**	**18.3%**
Total Revenue	**302.0**	**290.0**	**4.1%**	**268.6**	**12.4%**

Consumer Risk & Identity

Consumer Risk & Identity revenue grew to $100.0 million, 11.0 per cent above FY2013. It was short of the prospectus forecast by 0.7 per cent.

Drivers of the year-on-year growth were Fraud and Identity Solutions, Consumer Credit Risk, Verify and Scoring.

Business performance of Veda's core bureau within Consumer Risk & Identity was in line with expectations. The shortfall of $0.7 million against the prospectus forecast in this line was caused by lower than anticipated revenue from Veda's employee verification and pre-screening business, Verify. Although Verify experienced strong double-digit growth on FY2013, revenue was short of expectations as a result of a slowdown in employment growth, particularly in the resources and mining sector.

Fraud and Identity Solutions growth above the previous year was driven by fraud solutions' growth for existing customers and IDMatrix growth, particularly with online betting.

Scoring analytics required for customer regulatory projects drove overachievement against the previous year and expectations for FY2014.

Commercial Risk & Information Services

Commercial Risk & Information Services revenue grew to $125.7 million, a 12.8 per cent increase over the previous year and 6.7 per cent above the prospectus forecast.

Drivers of the year-on-year growth were CPS, the full-year impact of Corporate Scorecard, acquired in April 2013, and an improved product portfolio offering, including Scored Trading History Reports and Veda's commercial credit analytics product, Debtor IQ.

CPS performed strongly against the previous year and over-performed against expectations due to the success of the search capability product enhancement positively impacting PPSR and Land Titles growth. Some of the Land Titles growth came from the regulated consolidation of more than 70 land title registers into a national register. In addition, the anticipated decline in bankruptcy searches, due to the government register becoming readily available to more subscribers, was not as significant as had been expected.

B2C and Marketing

B2C and Marketing revenue grew to $40.7 million, a 10.3 per cent increase over the previous year and 3.0 per cent above the prospectus forecast.

B2C revenue growth was driven by growth in consumer credit products including the launch of VedaScore along with the suite of Your Credit & Identity products. The Secure Sentinel product increased value for customers by adding new cyber monitoring functionality resulting in revenue above expectations.

Digital marketing and lead generation contributed to growth in Inivio. Veda's marketing services business experienced strong pipeline growth, positioning itself, along with the acquisition of Datalicious, to support the Company's digital marketing strategy.

International

International revenue grew to $35.6 million, 18.3 per cent higher than FY2013 and 11.3 per cent above the prospectus forecast. On a local currency basis revenue was 4.7 per cent higher than FY2013 and 1.5 per cent above prospectus forecast.

Excluding the favourable FX conversion between AUD and NZD impact, higher Decisioning and Scoring revenue driven by Comprehensive Credit Reporting (CCR) related activity and the introduction of a new anti-money laundering (AML) product drove revenue growth.

1.3.2 Operating cost increases were controlled, reflecting revenue growth

Although certain operating expenses rose as a consequence of above forecast revenue, the overall expense-to-revenue ratio was lower this year than in FY2013, reducing from 60.2 per cent in FY2013 to 57.3 per cent this year (see Table 4). The FY2013 expense-to-revenue ratio, normalised for the change in the ASIC data supply contract, was 57.9 per cent.

Table 8 outlines operating expenses and their composition.

Table 8: Profile of operating costs: statutory and pro forma FY2014 and FY2013

$'m	Statutory			Pro forma		
	FY2014 Actual	FY2014 Prospectus	FY2013 Actual	FY2014 Actual	FY2014 Prospectus	FY2013 Actual
Costs of external data and products for resale	(56.4)	(53.4)	(55.5)	(56.4)	(53.4)	(55.5)
Staff costs	(84.0)	(81.9)	(76.0)	(84.0)	(81.9)	(76.0)
Other operating expenses	(29.9)	(27.1)	(27.6)	(29.9)	(27.1)	(27.6)
Management fees	(1.8)	(1.8)	(4.0)	0.0	0.0	0.0
Listed company expenses	(1.6)	(1.4)	0.0	(2.7)	(2.5)	(2.5)
Total operating expenses (excluding IPO expenses)	**(173.7)**	**(165.5)**	**(163.1)**	**(173.0)**	**(164.9)**	**(161.6)**

Total statutory operating expenses (excluding IPO expenses) were $173.7 million for FY2014, 5.0 per cent higher than the prospectus forecast and an increase of 6.5 per cent against the previous year.

Total pro forma operating expenses were $173.0 million for FY2014, 4.9 per cent higher than the prospectus forecast and an increase of 7.1 per cent against the previous year.

Pro forma basis operating expenses remove the PEP management fees and provide for a full year of listed company expenses.

Costs of external data and products used for resale

Costs of external data and products used for resale increased by 1.6 per cent over the previous year and were 5.6 per cent above the prospectus forecast.

The increase over the previous year related to higher than expected demand for CPS products, partially offset by the full year effect of the capitalisation of ASIC data of $6.8 million. The increased ASIC data capitalisation is a result of a new supply contract effective from 1 February 2013 which has resulted in Veda capitalising about half of the data bought from ASIC in connection with Veda's creation of value-added products. The resulting impact on costs of external data in FY2013 was a $4.2 million decrease and in FY2014 it was a $11 million decrease. Normalising FY2013 for a full year of ASIC data capitalisation would decrease costs of external data by a further $6 million.

The increase against the prospectus forecast was driven by higher CPS revenue.

Staff costs

Staff costs were forecast to increase against the previous year by $5.9 million, but have increased by a further $2.1 million due to the appreciation of the New Zealand dollar (NZD); revenue overachievement driving higher incentive payments; and the acquisition of Datalicious.

Other operating expenses

Other operating expenses increased by $2.3 million against the previous year due to marketing related to the launch of VedaScore; increased operating system usage linked to revenue growth; higher hardware maintenance costs; and acquisition related costs.

The $2.8 million increase in other operating expenses against prospectus forecast was due to Verify and Corporate Scorecard earn-out fees driven by higher revenue contributions; acquisition costs; fees related to the establishment of governance; and other administrative functions and marketing related to the launch of VedaScore.

Management fees

Statutory management fees are fees for services charged by PEP Advisory and reflect a partial year in FY2014 up to 10 December 2013 compared to a full year in FY2013. For the pro forma view, management fees have been removed in both years.

Listed company expenses

Listed company expenses include director remuneration, directors' and officers' liability insurance premiums, additional audit and tax advice costs, additional staff costs, listing fees and share registry fees.

Statutory listed company expenses reflect a partial year in FY2014 from 11 December 2013. No listed company expenses were incurred in FY2013.

1.3.3 Other costs reflect the transition to being a publicly listed company

FY2014 was a year of transition reflecting a change in the costs incurred by Veda in the move to becoming a publicly listed company. The nature of those changes can be seen in Table 9, below the EBITDA line.

Table 9: Other costs: statutory and pro forma FY2014 and FY2013

$'m	Statutory			Pro forma		
	FY2014 Actual	FY2014 Prospectus	FY2013 Actual	FY2014 Actual	FY2014 Prospectus	FY2013 Actual
EBITDA	**128.4**	**124.5**	**105.5**	**129.0**	**125.1**	**107.0**
IPO expenses	(25.7)	(26.2)	0.0	0.0	0.0	0.0
Depreciation and amortisation	(23.0)	(22.7)	(24.9)	(23.0)	(22.7)	(24.9)
EBIT [1]	**79.6**	**75.6**	**80.6**	**106.0**	**102.4**	**82.1**
Net finance costs	(49.3)	(50.3)	(70.3)	(14.5)	(15.5)	n/a
Share of NPAT from associates	2.5	2.5	2.0	2.5	2.5	n/a
Profit before tax	**32.9**	**27.8**	**12.3**	**94.0**	**89.4**	n/a
Tax expense	(10.2)	(10.5)	(2.9)	(25.1)	(25.5)	n/a
NPAT	**22.7**	**17.3**	**9.4**	**68.9**	**63.9**	n/a

Note: 1. The pro forma FY2013 result has been calculated to EBIT, rather than NPAT, because Veda's funding structure following the IPO was materially different from that in place during the prior period.

Additional information on the key drivers of costs (and revenue) below EBITDA that have had an impact on statutory and pro forma NPAT are outlined below.

IPO expenses

IPO-related costs are non-recurring and include share based payments and bonuses, hedge termination costs and professional and legal fees.

Depreciation and amortisation

Depreciation and amortisation was $23 million for FY2014, a decrease of 7.6 per cent against the previous year and an increase of 1.3 per cent above prospectus forecast.

The decrease against the previous year reflects the impact of certain assets coming to the end of their depreciable life, partially offset by the increased amortisation of capitalised ASIC data costs of $2.7 million. The ASIC data amortisation in FY2013 was $0.4 million and in FY2014 it was $3.1 million.

Net financing costs

Statutory net financing costs decreased against the previous year due to the funding restructuring implemented as part of the IPO.

Pro forma net financing costs were $14.5 million for FY2014, 6.5 per cent better than the prospectus forecast. This resulted from better operating cash flows and lower debt facility interest rates than assumed in the prospectus forecast.

Share of NPAT from associates

Share of NPAT from associates was $2.5 million, in line with prospectus forecast, representing an increase of $0.5 million above the previous year, primarily due to a full year of growth in the Cambodian Bureau associate.

Tax expense

Statutory tax expense movement over the previous year was driven by higher profit before tax and the non-deductible portion of IPO expenses of the Management Performance Shares and Executive Options (MPS), partially offset by R&D tax offsets available in respect of the higher capital expenditure.

The pro forma tax expense of $25.1 million for FY2014 was 1.6 per cent lower than the prospectus forecast due to higher than expected R&D tax offsets available in respect of capital expenditure.

2. Veda's has a strong financial position and cash flow

Veda is well positioned for the future given its strong cash generation capability and the refinancing that accompanied the IPO.

2.1 Veda has a strong balance sheet

Table 10 compares the statutory financial position as at 30 June 2014 with the pro forma financial position as at 30 June 2013. The pro forma financial position, rather than a statutory profile, is presented for 30 June 2013 because the pro forma is adjusted to include the impact of the offer and the proposed new funding structure as if it was in place as at 30 June 2013. This provides a more meaningful analysis.

Table 10: Statement of financial position comparison

	Actual 30-Jun-14 $'m	Pro forma[1] Actual 30-Jun-13 $'m
Cash	30.0	22.9
Other current assets	42.0	40.8
Current assets	**72.0**	**63.7**
Other non-current assets	77.2	83.5
Intangible assets	910.2	862.1
Total non-current assets	**987.4**	**945.6**
Total assets	**1,059.4**	**1,009.3**
Trade and other payables	26.1	26.7
Other current liabilities	25.2	29.1
Total current liabilities	**51.3**	**55.8**
Loans and borrowings	267.9	310.1
Other non-current liabilities	12.6	11.8
Total non-current liabilities	**280.5**	**321.9**
Total liabilities	**331.8**	**377.7**
Net assets	**727.6**	**631.6**
Share capital	791.4	789.3
Reserves	10.8	(2.5)
Accumulated losses	(76.6)	(156.0)
Non-controlling interests	2.0	0.8
Total equity	**727.6**	**631.6**
Balance Sheet Ratios:		
Current ratio [2]	1.40	1.14
Net debt / (net debt + equity) [3]	24.7%	31.3%
Net debt / pro forma EBITDA [4]	1.84x	2.68x

Notes:

1. *The 30 June 2013 statement of financial position is based on the statutory statement adjusted to include the impact of the offer and the proposed new funding structure as if it was in place as at 30 June 2013. The full detail is contained in the Veda Group Limited Prospectus pages 50–51.*
2. *Current ratio = current assets / current liabilities.*
3. *Net Debt = Loans and borrowings less cash. Equity = Total Equity less non-controlling interests.*
4. *Pro forma EBITDA FY2014 = $129.0 million, pro forma EBITDA FY2013 = $107.0 million.*

The balance sheet as at 30 June 2014 reflected the restructured Veda Group post-IPO, showing a strong position and the impact of deleveraging during the year.

The current ratio was positive and an improvement, notwithstanding a $50 million loan repayment, reflecting Veda's strong cash generation ability.

The increase in intangibles was driven by the capital investment in product development and CCR, data set purchases (including ASIC data), NZD appreciation and the acquisitions of Datalicious and ITM, partially offset by amortisation of software and data sets.

The debt position reduced over the year due to the above $50 million loan repayment. This resulted in the improved Net Debt / (Net Debt + Equity) and Net Debt / Pro forma EBITDA ratios shown in Table 10.

Accumulated losses declined, reflecting the profitability in excess of prospectus forecast and IPO and refinancing costs being somewhat lower than the prospectus forecast (see Table 9).

2.2 Veda has a strong cash flow generation capability

Table 11 compares the FY2014 pro forma net cash flow before financing and taxation to the prospectus forecast and FY2013.

Table 11: Pro forma cash flow results year on year and against prospectus

	FY2014 Actual $'m	FY2014 Prospectus $'m	FY2013 Actual $'m
Pro forma EBITDA	**129.0**	**125.1**	**107.0**
Net changes in working capital and non-cash items in EBITDA	8.1	(8.1)	7.2
Capital expenditure	(46.1)	(47.0)	(29.6)
Acquisition of subsidiaries	(8.0)	(9.2)	(5.1)
Pro forma net cash flow before financing and taxation[1]	**83.0**	**60.8**	**79.5**

Note: 1. Table 12 shows a reconciliation between pro forma net cash flow before financing and taxation and statutory cash flow before financing and taxation.

Table 12 provides a reconciliation between statutory and pro forma cash flows.

Table 12: Statutory to pro forma cash flow reconciliation

	FY2014 Actual $'m	FY2014 Prospectus $'m	FY2013 Actual $'m
Statutory net cash from operating activities [1]	**130.5**	**108.4**	**110.0**
Add: interest and income tax (included in net cash from operating activities)	2.0	3.9	0.5
Less: Capital expenditure	(46.1)	(47.0)	(29.6)
Less: Acquisition of subsidiaries	(8.0)	(9.2)	(5.1)
Statutory net cash flow before financing and taxation [2]	**78.3**	**56.1**	**75.9**
Current year management fees	1.8	1.8	0.0
Listed company expenses	(1.1)	(1.1)	(2.5)
Prior management fee paid	4.0	4.0	4.0
Management shares expense	0.0	0.0	0.6
Pre-paid IPO costs	0.0	0.0	1.5
Pro forma net cash flow before financing and taxation	**83.0**	**60.8**	**79.5**

Notes:
1. *Statutory net cash from operating activities is extracted from the statement of cash flows in the annual financial report.*
2. *Consistent with the presentation in the prospectus, cash flows are presented before financing and taxation.*

The Company's FY2014 pro forma cash flow reflected its strong EBITDA result and a positive movement in working capital.

The positive working capital movement against prospectus forecast was driven by the FY2014 actual result exceeding the prospectus assumptions. The actual achievement was driven by an increase in trade payables and employee provisions of $2.7 million; higher deferred income driven by higher than expected sales of data licences which are billed annually in advance; and collection efforts resulting in debtor days remaining better than expected.

FY2014 capital expenditure was in line with the prospectus forecast. The drivers of growth in capital expenditure compared to FY2013 were primarily CCR of $14.8 million and a full year, versus part year in FY2013, of ASIC data capitalisation expenditure of $6.8 million.

Capital expenditure as a percent of revenue in FY2014 was 15.3 per cent, compared to the prospectus forecast of 16.2 per cent and FY2013 of 11.0 per cent. The rate of capital expenditure for FY2014, excluding the impact of CCR, was 10.4 per cent as a percentage of revenue.

Acquisition cash flow primarily relates to earn out payments for previous acquisitions and upfront consideration for new acquisitions.

2.3 Veda has an acceptable level of indebtedness

Table 13 compares the consolidated indebtedness of Veda as at 30 June 2014 and 30 June 2013. The pro forma for 30 June 2013 has been adjusted to reflect the financial position of Veda following completion of the offer.

Table 13: Statutory consolidated indebtedness of Veda as at 30 June 2014 compared to pro forma as at 30 June 2013

	Actual 30 June 2014 $'m	Pro forma [1] Actual 30 June 2013 $'m
Non-current loans and borrowings:		
Senior debt	269.1	311.7
Less: upfront fees paid	(1.2)	(1.6)
Total non-current loan and borrowings	**267.9**	**310.1**
Cash and cash equivalents	(30.0)	(22.9)
Net total indebtedness	**237.9**	**287.2**
Debt Ratios:		
Net debt / pro forma actual EBITDA [2]	1.84x	2.68x
Net debt / FY2014 pro forma prospectus EBITDA [3]	1.90x	2.30x
Net debt / (net debt + equity)	24.7%	31.3%
Interest coverage (FY2014 pro forma actual EBITDA / FY2014 pro forma actual net finance costs)	8.9x	n/a
Interest coverage (FY2014 pro forma prospectus EBITDA / FY2014 pro forma prospectus net finance costs)	8.1x	n/a

Notes:

1. *Pro forma actual 30 June 2013, as presented in the prospectus, sets out the indebtedness of Veda following completion of the offer.*
2. *FY2014 calculation = $237.9 million / $129.0 million*
   FY2013 calculation = $287.2 million / $107.0 million
3. *FY2014 calculation = $237.9 million / $125.1 million*
   FY2013 calculation = $287.2 million / $125.1 million

Veda's principal sources of funds are cash flow from operations and borrowings under its new facilities. The flexibility of its new facilities and strong operating cash flows has enabled Veda to grow its business in excess of the prospectus forecast.

The improvement in net total indebtedness was a result of Veda's strong cash flow generation in FY2014 partially offset by appreciation of the NZD.

The financial covenants contained in the new facility agreement outlined in the prospectus were tested and audited as at 30 June 2014 and show significant headroom.

3. Veda's focused strategy has helped drive growth

Veda has a clearly articulated business model that has provided it with a number of sources of competitive advantage. In turn, the specific business strategies, outlined in the prospectus, that are being progressively implemented, have helped continue to drive growth.

Each of these points is discussed below.

3.1 Veda has a clearly articulated business model

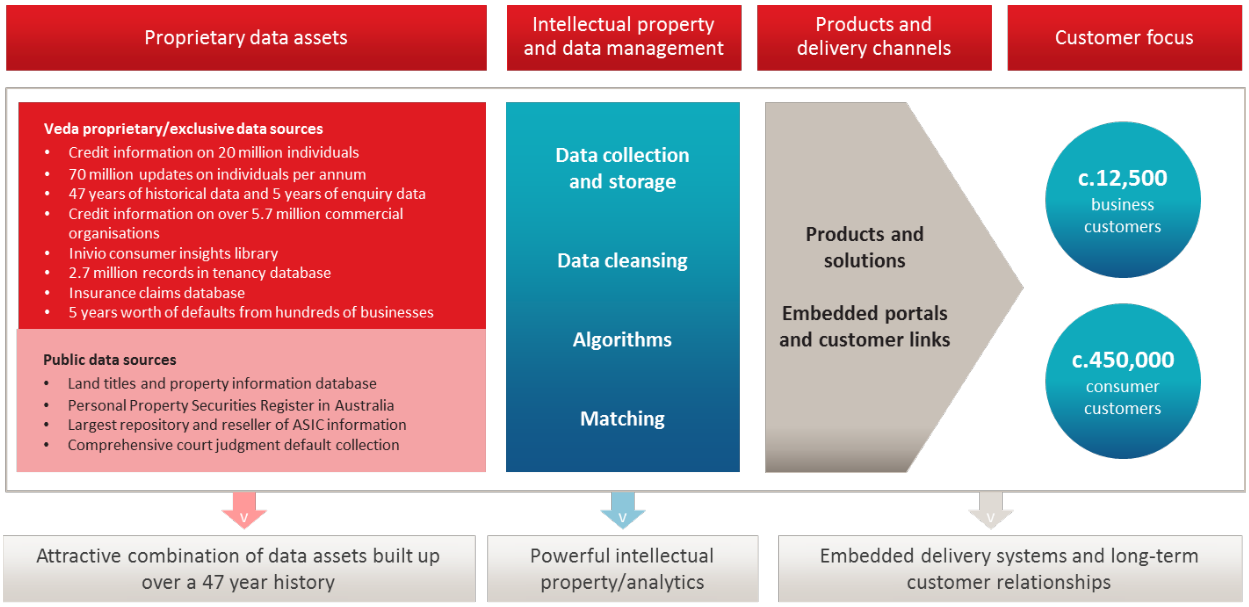
Veda's business model was clearly outlined in the prospectus.

Veda is a data analytics business. It collects stores and analyses data so that it can provide information to customers to enable them to improve decision making and reduce risks.

Veda's business model, as outlined in the prospectus and summarised in Figure 1, has the following characteristics:

- customer focus
- valuable data assets
- intellectual property in data management and analytics
- embedded delivery channels and long-term customer relationships.

Figure 1: Veda's business model



Veda's extensive customer base comprises circa 12,500 businesses and circa 450,000 consumers. Its customers depend on Veda's information to make commercial decisions about credit and other risks associated with businesses, assets and individuals.

Veda is well positioned to provide these services given the significant scale and quality of its data and analytical capabilities that have been developed over its 47-year history. Veda's data includes credit information on more than 20 million individuals and over 5.7 million commercial entities in Australia and New Zealand. As Veda's products are integrated into the technology platforms of its major customers, it has a service offering that cannot be easily replicated.

Veda's core product offering includes the provision of credit reports in relation to individuals and businesses. From its core credit bureau business, Veda has expanded to deliver a suite of credit and other analytical products targeted to specific industry segment needs. These are described in detail in the annual report.

3.2 Veda has a number of sources of competitive advantage

The prospectus outlined in detail Veda's sources of competitive advantage. The table from the prospectus is produced below.

Table 14: Sources of sustainable competitive advantage

Advantage	Description	Veda value proposition
Data sources	• Competitive offering requires a large database, with quality and depth of data • Economies of scale accrue over time • Resources, including time, cost and effort, required to integrate data from multiple sources to provide useful insights	• Veda has one of the largest and highest quality consumer and commercial databases in Australia and New Zealand • Veda's data has been built up over a long period of time following significant investment, and is supported by a number of exclusive arrangements
Predictive score and matching capabilities	• Analysis requires a high degree of data matching expertise and established algorithms • A lack of expertise and proprietary systems will lead to inferior match rates	• Capabilities built up over 40 years with Veda using over 90 variables to generate its market leading VedaScore • Veda's historical data and data cleansing algorithms are designed to provide high accuracy in matching consumers and individuals to data records • Veda's trade secrets and proprietary consulting and analytical tools are known only to a small number of well-trained experts within the Company, and managed in a highly secure and confidential manner
Customer relationships	• Establishing a customer base and building customer relationships takes time and is costly • There are implications for customers when switching with regard to costs, processes, quality of data and products	• Veda has strong links to major financial institutions and a long history with major customers, many of whom have been customers since the business commenced operations • Veda's products are embedded and integrated within the technology and delivery/supply systems of its major customers • Many of Veda's major customers are connected to Veda through multiple links (e.g. mainframe links, server links and online portals) • Substantial time and monetary investment for major customers to change providers

Secure and reliable IT systems	• Given the high level of sensitive data, IT systems security is essential • System reliability is important to attract and retain customers	• Veda has established mechanisms designed to prevent data security breaches and its systems are supported by highly trained and specialised IT personnel • Veda's data is stored in purpose-built infrastructure with back-up systems and a data centre which services and houses all the hardware used to store and process Veda's data and applications
Regulatory compliance	• Credit reporting is subject to a number of federal and state-based regulations in Australia, such as the Privacy Act, as well as regulations in other jurisdictions in which it operates • Market participants require established systems to meet compliance requirements in a cost- and time-effective manner	• Veda has made a large investment in robust internal systems and processes to meet its compliance and regulatory obligations
Capital expenditure	• Competing across the board with Veda would require substantial upfront and ongoing capital expenditure to create new products	• Veda invested 15.3 per cent of its revenues in capital expenditure in FY2014, and has historically invested over 10 per cent of its revenues in capital expenditure

3.3 Veda has clearly outlined its growth strategies, which it is progressively implementing

Veda's strategy has been articulated to grow from its core business by:

- **focusing on customer needs:** investment in relationship management to better understand and serve customers
- **diversifying industry sectors and products:** investment in product and industry specialists that has enabled Veda to broaden its customer base and develop new products for existing customers, to increase the spread of revenue and improve the resilience of the business
- **collecting more data:** the more data Veda collects, the better it can augment, match and develop value-added products
- **enhancing delivery channels:** Veda has integrated new products into its delivery channels to provide an easy way for customers to buy them.

From these core strategies, a number of growth strategies and opportunities were identified in the prospectus. Table 15 provides an update on progress in implementing these strategies.

Table 15: Growth strategies and opportunities

Strategy	FY2014 Achievements	Future Focus
Increase the number of segments served and product penetration within those segments	Veda has successfully grown faster than lending volumes over the last three years by diversifying its product range with revenue that is driven by counter-cyclical factors (for example, Collections Services) as well as factors such as level of concern with fraud, level of customer acquisition (for online identity verification and marketing services) and level of employment growth (for Verify).	Veda will continue to package and sell products in a way that is tailored to the needs of market segments, including government, non-traditional finance and utilities. Penetration of the three levels of government will increase, along with a focus on a range of new customer segments.

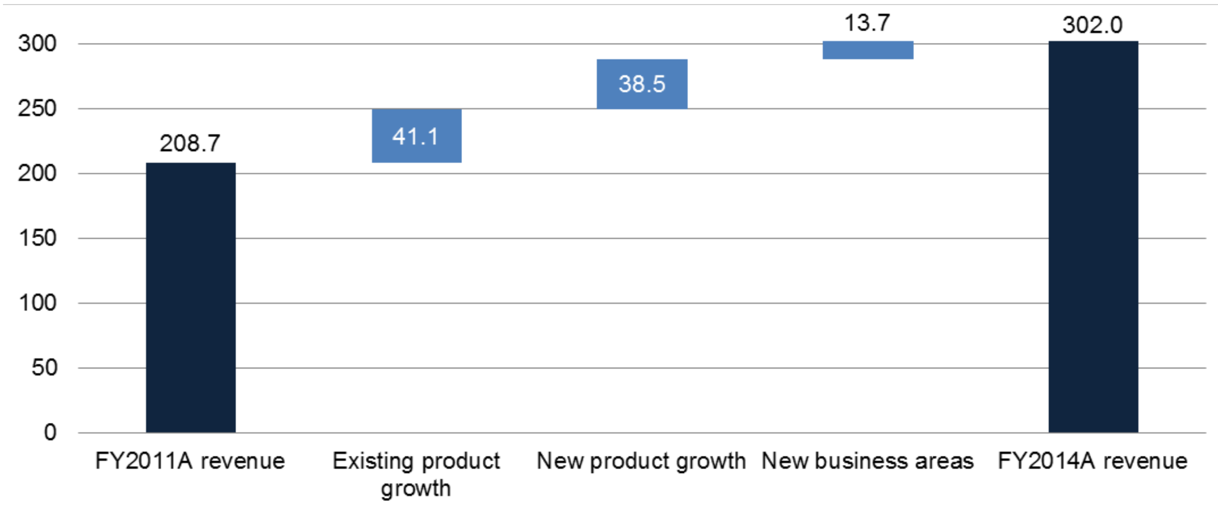
Continue to expand the product set to diversify revenue and take advantage of customer base and distribution channels	As Veda's product range has expanded, the value provided by transforming products into solutions has increased. By combining identity verification, credit risk assessment, asset assessment and decisioning, customers have been assisted to improve the quality of their decision-making and the efficiency of their processes.	The product development team will continue to evolve Veda's products to meet the needs of customers.
	In FY2014, Corporate Scorecard was integrated into the broader business. This extended Veda's commercial risk products and allowed Veda to service the more complex financial viability and credit assessment requirements of its customers.	Veda will continue to focus on developing Corporate Scorecard products to improve scalability and deliver more industry-specific solutions.
	Verify continues to grow rapidly, currently providing more than 100 different background checks. Veda has successfully cross-sold the Verify services to existing customers in its Consumer Credit division.	Veda will continue to offer Verify to a broad base of credit risk customers as well as expanding our relationship with Verify's strong resources and construction customer base.
	Veda's collections team has delivered receivables management solutions that combine a range of data products in a way that reduces bad debt expense and minimises customer attrition from receivables collection.	Receivable management solutions will continue to be a focus.
	With the establishment of the Chief Data Office last year, Veda increased its ability to obtain new data sources to enhance products and create new risk and marketing analytics products. Part of preparing for CCR has involved identification of new data sets to support Veda's marketing services business.	Veda will focus on developing these products to improve scalability and deliver more industry-specific solutions. Veda continues to identify and develop data sets that provide useful insights for customers.
Position the Company to take advantage of Comprehensive Credit Reporting	Veda has achieved compliance with applicable laws and regulations. Veda continues to lead industry and assist government in developing continued improvements for CCR.	Veda considers revenue growth from CCR in Australia will reflect a slow build as customers load CCR data. Veda Advisory Services will continue to assist customers to transition to CCR during FY15.
	Through its advisory services, Veda has been proactively helping customers assess their readiness and develop transition plans for CCR. In this process, the experience and knowledge gained from the pilot program and the earlier transition in New Zealand has increased.	

Focus on high growth consumer and digital markets	Veda continues to evolve its consumer products. With the introduction of VedaScore, offered as part of our Your Credit & Identity family of products, Veda has created a new category of consumer credit scores for consumers.	As Veda loads CCR data, individual credit scores will start to change more regularly in response to the inclusion of far more data (and in particular, repayment history). Veda expects to grow its consumer base with these products as Australian consumers begin to embrace control of their credit score, as happens in markets where positive reporting has matured. This, together with the identity protection components of the consumer product suite, will drive growth in consumer revenue.
	The transition to digital marketing services continues. The acquisition of a controlling interest in Datalicious provided a technology platform that complements the Inivio product offering and positions Veda well to execute its digital marketing strategy.	Veda is anticipating high growth in the digital marketing services division by leveraging the acquisition of Datalicious with Veda's offline consumer data and Inivio's marketing ability.
Make targeted acquisitions and investments to support these strategies	Veda made two recent small acquisitions in FY2014: Datalicious in January 2014 and ITM in May 2014. Both are now integrated and delivering results within the applicable lines of business. Veda's model of embedding acquired products into its product suite and leveraging the Group salesforce to increase sales to Veda's broad customer base has been successful in these acquisitions, as it was in previous financial years with Veda eTrace, Verify and Corporate Scorecard.	Veda will continue to investigate and consider potential acquisitions and investments that complement the existing core business. Veda has a strong pipeline of opportunities and expects to complete a number of transactions in FY2015. Veda continues to explore technology supply arrangements internationally, consistent with the International segments' business in Asia and the Middle East.

3.4 Veda's growth strategies have continued to drive revenue growth

The strategic approach that Veda has adopted has continued to drive growth in FY2014. The sources of that growth are explained below.

Figure 2: Revenue growth from FY2011 to FY2014



As illustrated in Figure 2, since FY2011 Veda has increased its revenue predominantly through existing product growth and new product growth. More specifically, this growth occurred in the following ways:

Existing products – products developed before FY2011. Growth was driven by expanded credit products into new industry segments such as online markets, government, non-traditional finance, collections and utilities and expanded non-credit offerings to core customers (e.g. fraud, identity, employment verification, credit risk assessment, asset assessment and decisioning) such as financial institutions.

New products – new products include products launched since FY2011. Organic new product growth is driven primarily from success in CarHistory.com.au and IDMatrix and the launch of PPSR. In FY2013, Veda launched Debtor IQ and Commercial Alerts. New products launched in FY2014 include Veda's new consumer product platform, VedaScore, and the PPSR search capability product enhancement.

New business areas – this includes acquisitions made since FY2011 and the increases in revenue generated under Veda ownership from acquisitions made in FY2014 and earlier. Veda made five niche 'bolt-on' acquisitions between FY2011 and FY2014, being Veda eTrace, Verify, Corporate Scorecard, Datalicious and ITM. Datalicious and ITM, being the most recent acquisitions, have only contributed a small amount of total revenue growth in FY2014. The earlier acquisitions have contributed the majority of growth uplift from FY2011 to FY2014. Veda has successfully integrated and grown the acquired businesses through enhancing the acquired products with its data and cross-selling the acquired products to its wider client base.

4. Business risks are being proactively managed

Veda has to deal with a variety of business risks, which it actively manages. Veda's core risks and the way they are managed are described below. However, this is not a comprehensive list of the risks involved nor of the mitigating actions that have been adopted.

4.1 Risks to the security and integrity of highly sensitive information

Veda collects stores and processes highly sensitive, highly regulated and confidential information and accesses and transmits that information through public and private networks, including the internet, to and from its customers and suppliers.

Veda's systems are carefully managed to reduce the potential for security risks. IBM hosts all major infrastructure in secure, fully redundant data centres and Veda's telecommunications infrastructure is similarly secure and managed in a way that maximises availability and secures access. All of Veda's personnel are aware of Veda's data handling protocols and are instructed to comply with well-established mechanisms and processes designed to prevent data security breaches. Penetration testing is undertaken regularly, as is disaster recovery planning and testing. As an organisation regulated under Part IIIA of the Privacy Act, Veda manages compliance professionally and assesses all new products and technology developments to ensure they meet Veda's high integrity and security standards.

4.2 Veda's reliance on core technologies and other systems are managed to avoid system failures

Veda's ability to provide reliable services largely depends on the efficient and uninterrupted operation of its core technologies, which include specialised and proprietary software systems and infrastructure, back-end data processing systems as well as its websites (which are largely used for product distribution) and data centres. As with data security, Veda's relationships with its infrastructure provider, IBM, and its telecommunications provider are designed to maximise reliability. Systems testing and monitoring and high availability processes are implemented to ensure this.

4.3 Veda protects its trade secrets

Veda has developed trade secrets in the form of specialised processes and software (including certain algorithms) for its business. Veda takes precautions to protect its trade secrets, which include implementing access restrictions, enforceable undertakings and other security protections. Regular training and compliance monitoring is conducted to prevent unauthorised disclosure of Veda's confidential information.

4.4 Veda is sensitive to the complex regulatory environment in which it operates

Veda operates its business within a complex and prescriptive regulatory environment. In particular, credit reporting is subject to a number of federal and state-based regulations in Australia, as well as requirements in foreign jurisdictions in which it operates. In addition, the Information Commissioner may make determinations or orders under the Privacy Act that affect the way Veda is required to provide services regulated by the Privacy Act. Those laws and regulations are complex, can change frequently and have tended to become more stringent over time and subject to judicial interpretation. For example, the regulatory landscape governing consumer data or credit reporting businesses in Australia has been substantially altered from March 2014 with the amendments to the Privacy Act 1988 (the Act) arising from the Privacy Amendment (Enhancing Privacy Protection) Act 2012 (Cth). These amendments enabled Comprehensive Credit Reporting and effectively require, among other things, more onerous, detailed and comprehensive compliance obligations on credit reporting businesses than previously existed under the Act.

Veda has a strong history of managing compliance with its regulatory responsibilities. Its compliance team was closely involved in the industry implementation of the new privacy legislation through the industry body, ARCA, and has embedded the privacy law and code requirements in its systems and products. Part of Veda's governance regime includes a data breach policy as well as other compliance obligations form part of the employment conditions of all of Veda's personnel.

4.5 Veda seeks to ensure it can attract and retain skilled personnel to support its business

Veda's success depends, to a large extent, on its ability to attract and retain appropriately skilled personnel, particularly technical and operating personnel. For example, Veda relies on specially trained technical personnel to operate its data matching and processing platforms and its core technology systems and the small number of well-trained experts with access to Veda's trade secrets. Veda also needs to compete for personnel with the right leadership qualities, skills, experience and performance potential. Veda maintains a high performance culture aimed at attracting and retaining personnel. Financial incentives, an open management style and a dynamic working environment make Veda a good employer. With each year, Veda aims to improve further the calibre and commitment of its people. In FY2015 a new long term incentive scheme will be introduced.

4.6 Mitigating actions have been put in place to protect Veda from a downturn in the demand for credit

Veda's revenues depend, to a large extent, on the performance of the financial services sector generally and the demand for credit in particular. If there is a severe disruption to the financial services sector generally, a downturn in the demand for credit products (such as mortgages, credit cards and personal loans) or a reduction in the availability of those credit products (e.g. by providers or regulators tightening lending criteria), that could lead to a reduction in demand for Veda's services. One of the aims of Veda's product development and acquisition strategy has been to protect Veda from adverse economic conditions. Many products have counter-cyclical characteristics providing a natural safeguard against a credit downturn.

4.7 Veda strives to fully integrate its acquisitions and joint ventures

Veda continually investigates and considers potential acquisitions, or enters into new joint venture arrangements, which are consistent with its stated growth strategy. The successful implementation of acquisitions will depend on a range of factors including funding arrangements and technical integration.

Veda operates a disciplined acquisition and partnering process, including concept development, strategic and financial analysis, due diligence, contractual execution and integration, which is designed to minimise unexpected outcomes from acquisitions or joint ventures. Risk is managed by in-depth analysis before committing, contractual means as well as careful business integration. The development of expertise in these matters, from legal and financial to technical and project management skills has resulted in Veda generating predicted returns from acquisitions and joint ventures.

5. Future growth is anticipated

Veda envisages continued revenue growth across all business lines including a strong expansion of B2C and Marketing Services. With this growth, Veda's business mix may change as the Company maintains its focus on being a market led, customer driven business. Some customers have commenced loading data for Comprehensive Credit Reporting (CCR). While CCR offers significant revenue potential beyond FY2015, consistent with expectations revenue contribution in the coming year is anticipated to be low. Overall, in FY2015, Veda expects that revenue growth will broadly reflect the average growth rate achieved over the past two years.

The anticipated revenue trajectory should see Operating EBITDA in FY2015 achieve at least low double digit growth over FY2014's pro forma EBITDA of $129.0 million, even though operating expenditure (excluding data costs) is expected to grow faster than has historically been the case. A factor driving this increase is Veda's decision to increase staff to support the next stage of revenue growth (including CCR), and the implementation of a new equity incentive scheme to support alignment of the interests of staff and shareholders.

Investment in growth and innovation will also be reflected in capital expenditure, which will broadly be sustained at the same percent of revenue as was the case in FY2014. Cash flow generation is expected to remain strong, allowing Veda to consider selective acquisitions and to adopt an increased dividend payout ratio of between 50 and 70 percent of NPAT. Veda will also actively manage its capital position.

As a consequence of these trends, and excluding unforeseen circumstances, NPAT is expected to grow at a rate that is broadly commensurate with the anticipated rate of growth in EBITDA. Consistent with historic performance, EBITDA and NPAT will be somewhat skewed towards the second half of FY2015.

The risks identified in the Operating and Financial Review will continue to be relevant in FY2015. Data security breaches, privacy issues, information technology failures and trade secret disclosure will continue to be managed carefully, while recognising that any material issue may affect Veda's financial performance. In addition, this outlook statement assumes no material changes in the regulatory environment, Veda's ability to retain its key personnel, and the general economic conditions, including the AUD:NZD exchange rate.

Veda Group Limited and its Controlled Entities
Remuneration Report – 30 June 2014

Table of Contents

1. EXECUTIVE SUMMARY

Veda's remuneration approach has served it well as it emerged from private sector ownership. The key features of the current approach are as follows:

- Fixed remuneration was set with reference to a market benchmark.
- Short term incentive payments were focused on driving operational performance. More specifically, for members of the Senior Leadership Team:
  - 70% of STI was determined by reference to a matrix of revenue and EBITDA.
  - 30% of STI was determined by reference to net cash flow from operating activities less capex.
  - Reduced or accelerated payments reflected performance against those benchmarks.
- In addition, over the past year, and as disclosed in the Prospectus, senior members of staff were also rewarded for their contribution to driving performance over multiple years that resulted in Veda's re-listing:
  - Management Performance Shares were awarded.
  - Options were awarded with Exercise Prices variously at $1.90 and $2.10, well above the listing price of $1.25.
  - Cash payments were made to acknowledge the significant exertions of specific individuals.

Veda's financial performance over the past year and the Total Shareholder Returns achieved has shown the benefit of this approach.

- Veda's financial performance has been strong.
  - Statutory and Pro forma EBITDA increased by 21.7% and 20.6% respectively.
  - Pro forma NPAT was 7.8 percent above the Prospectus.
- Veda has performed well for shareholders.
  - Veda's Total Shareholder Return (TSR) was up 58.4% from when it listed on 5 December, 2013.
  - This compares positively with an outcome of 4.8% for the ASX Accumulation Index over the same period.
- Directors consider that remuneration outcomes for senior executives are appropriately aligned to Veda's performance and the interests of shareholders
  - Pro forma staff costs to revenue decreased from 28.3% to 28.0%.
  - Non-IPO related remuneration for KMP decreased from $4.8m to $4.5m even though Veda delivered strong financial performance in FY2014.
  - The significant increase in statutory remuneration for KMP (from $4.6m to $16.1m) reflects remuneration related to delivering the IPO. More specifically, it reflects:
    - The modification of a prior Management Performance Shares scheme.
    - Options issued to align the interests of executives and shareholders and to retain them in the lead up to the IPO.
    - Cash payments to specific individuals to recognise them for their sustained exertion during the IPO.
  - All remuneration payments (including those for the IPO) were expensed in the lead up to the IPO.

Going forward, Veda's remuneration approach has been revised to support short and longer-term alignment between staff and shareholders in a listed company environment

- Fixed remuneration has been benchmarked to the market median,
- A revised STI scheme has been introduced to complement the existing system of cash rewards.
    - The scheme has the following key features:
        - A participant's STI will be set At Target as a percentage of Fixed Remuneration.
        - A pre-determined percent will be paid in cash, with the balance paid as Deferred Share Rights (DSRs).
        - The cash component only can be accelerated dependent on performance.
        - Performance will be assessed against a variety of measures including Revenue, EBITDA, NPAT and Cash flow from Operations and Investment.
    - It will operate for KMP as follows:
        - At Target STI as a percent of Fixed Remuneration will vary between 57% and 85% dependent on performance against the agreed metrics and subject to the use of discretion.
        - 70% of the outcome will be paid in cash; and 30% will be paid as DSRs.
        - The cash outcome only will be subject to acceleration of up to 175%, dependent on significant outperformance against the agreed metrics.
        - DSRs will vest in three equal tranches one, two and three years after the date of grant.
- As indicated in the Prospectus, a long term incentive (LTI) scheme has been introduced for KMP to align their interests with those of shareholders over the long term.
    - LTI will be issued in the form of Options.
    - The awarded allocation can be between 30% and 50% of an executive's Fixed Remuneration, dependent on the Board's views of an individual's performance and potential.
    - Options will be hurdled, being TSR relative to the ASX-200 group of companies, with no re-testing.
    - Options that vest will be paid in equal tranches at the end of 3 and 4 years.

Effective remuneration governance has been exercised

- The responsibilities of the Remuneration and Nominations Committee as well as the full Board are clearly defined.
- Directors have the necessary expertise and independence to fulfil their responsibilities.
- Governance processes in relation to remuneration are effective.

In summary, while Veda's current remuneration has served it well as it emerged from private equity ownership, the revised approach will better align the interests of staff and shareholders in a publicly listed environment.

Introduction

Veda's approach to remuneration served the company well leading up to and after the initial public offering (IPO), helping deliver superior returns for shareholders.

Nonetheless, as indicated in the Prospectus and, as a matter of good corporate governance, Veda's Board of Directors and the Board Remuneration & Nominations Committee have examined whether those remuneration practices continue to be appropriate in a publicly listed environment.

Following this review, the Board has concluded that:

While Veda's current remuneration approach has served it well, a revised approach will better align Veda's short and longer-term objectives

1. Over the past year, Veda's remuneration approach effectively supported its emergence from private equity ownership.
2. Business results and shareholder returns over the past year have demonstrated the effectiveness of the current remuneration approach.
3. Going forward, changes to the current system will support short and longer-term alignment between staff and shareholders as a listed company.
4. Effective remuneration governance has been exercised.
5. Non-Executive Directors are remunerated in ways that support the retention of their independence and their commitment to shareholder performance.

Each of these conclusions is outlined, in turn, primarily for members of the Senior Leadership Team (SLT) who are Key Management Personnel (KMP). The overall structure of remuneration is also indicated for the other members of the SLT, as well as for members of the Extended Leadership Team (ELT), a group that reports directly to the SLT.

2. Over the past year, Veda's remuneration approach supported its emergence from private equity ownership

Veda's remuneration approach for Key Management Personnel (KMP) was disclosed in its 2013 Prospectus.

The approach was designed to align the interests of staff and shareholders and to drive superior outcomes for shareholders. More specifically, these objectives were to be achieved by:

- Creating incentives for staff to grow Veda's revenue and earnings before interest, tax, depreciation and amortisation (EBITDA), while having due regard to risk and the use of capital; and
- Attracting and retaining key staff to drive performance.

As Veda emerged from private ownership, those objectives were fulfilled in the following ways.

2.1 Management's fixed remuneration was set with reference to a market benchmark

Management received fixed remuneration (inclusive of superannuation) that was set with reference to the midpoint of external market benchmark data. The benchmark data was provided by KPMG.

Fixed remuneration for Executive KMP throughout the year was as follows.

Table 2.1: Profile of FY2014 fixed remuneration for Executive KMP

Name	Role	Fixed Remuneration ($)*
Nerida Caesar	Chief Executive Officer	$900,000
James Orlando	Chief Financial Officer	$476,470
Simon Bligh	Chief Data Officer	$435,890
Tim Courtright	Executive General Manager—Sales	$400,000
John Wilson	Executive General Manager Product & Market Development)	$458,643

** Includes salary and statutory superannuation only, non-monetary allowances (for example, for car parking) are not included (See Appendix 3 for further details on fixed remuneration)*

Fixed remuneration for other members of the Senior Leadership Team (SLT), as well as for members of the broader Extended Leadership Team (ELT), was set in a similar way.

As at 30 June 2014, there were 8 members of the SLT, including the CEO and 42 members of the ELT, who report directly to the SLT.

2.2 Short-term Incentive payments have been focussed on driving operational performance

Short- term incentive (STI) payments seek to align the interests of shareholders and senior members of staff by focussing on the key drivers of operational performance.

Senior Leadership Team (including Executive KMP)

The STI payments for Executive KMP and other members of the SLT are related to corporate performance as determined by revenue, EBITDA and operating cash flow after capital expenditure. This emphasis on corporate performance results in all members of the SLT being committed to and focussed on achieving the best overall outcomes for the Group as a whole, including fostering strong cross-selling opportunities and the optimal allocation of resources.

Of the total STI, 70% of the SLT's STI is determined by reference to a matrix of revenue and EBITDA, while 30% is established having regard to cash flow targets. A different mix exists for the New Zealand Managing Director. These targets were set at the beginning of FY2014, prior to any announcement of the intention to proceed with an IPO.

For revenue and EBITDA, At Target STI payments are paid at 100% against a matrix set by reference to an increase in EBITDA and revenue of 17% and 10% respectively over the FY2013 outcome. On the upside, the bonus payment could increase to a maximum of 200% if actual revenue and EBITDA result in significant over-achievement versus target. A proportionate change is possible for intermediate achievements above or below target. This approach is designed to encourage over-performance by management.

In the case of cash flow generation (net cash flow from operating activities less capex), 100% is payable for on-target performance and up to 150% is paid for significant cash flow generation over achievement.

At the end of the financial year, the Board Remuneration and Nominations Committee reviewed the performance against each of the metrics to determine the recommended STI payment for each of the CEO, other KMP, other SLT and ELT. This recommendation was subsequently reviewed and approved by the Board.

The revenue and EBITDA performance for FY2014 against the matrix has resulted in 109.3% achievement, with the cash flow generation result at 130% achievement. When weighted 70/30 as described above, STI has resulted in an outcome at 115.5% above target.

The on-target STI potential for Executive KMP relative to fixed remuneration for FY2014 and the actual outcomes given the outperformance is outlined in Table 2.2.

Table 2.2: Profile of FY2014 on-target STI payments for Executive KMP.

Name	**Fixed Remuneration ($)***	**On-targets STI ($)**	**Actual STI Payment ($)**
Nerida Caesar	900,000	500,000	577,500
James Orlando	476,470	190,000	219,450
Simon Bligh	435,890	300,000**	346,500
Tim Courtright	400,000	180,000	207,900
John Wilson	458,643	275,000	317,625

** Includes superannuation*
*** For 2014, Simon Bligh was also eligible to receive an additional cash retention bonus of up to $100,000 based on his initial contract from 2010. This is not included in the above table but is included in Appendix 3.*

Extended Leadership Team

For FY2014, STI provisions for members of the ELT differ from that of the SLT. A value of 50% (instead of 100%) is linked to Group Performance, reinforcing a whole of Group approach, but reflecting the nature of the ELT's more focussed responsibilities. Thirty per cent of on-target performance is linked to specific business unit performance, five per cent is allocated to customer satisfaction and fifteen percent is based on other objectives such as market or customer benchmarks or innovation. Reinforcing the significance attached to the Group's making its targets, if on-target performance is not achieved for the Group, all other performance metrics are capped at 100%, with no acceleration being possible. A different mix exists for ELT in New Zealand.

The Board Remuneration and Nominations Committee reviewed the performance against each of the metrics to determine the STI payment for the ELT. This recommendation was then reviewed and approved by the Board.

The revenue and EBITDA performance for FY2014 against the matrix has resulted in 109.3% achievement as defined above, but the outcome for an individual varies according to their other objectives.

2.3 Share-based payments have driven shareholder alignment and assisted with staff retention during the transition from being privately owned

Management Shares

Historically, and as part of private equity ownership, various members of the SLT and ELT participated in an equity incentive scheme for the issue of Management Performance Shares (MPS). The objective of the MPS was to align the interests of senior staff with those of shareholders, while ensuring staff retention. These arrangements have largely been in place since 2008, with additional members being included up to FY 2014.

As at 30 June, 2013, there were 63.1 million MPS outstanding. During FY2014, but prior to the IPO, an additional 8.5 million MPS were granted to senior executives, while 2.8 million MPS were forfeited. The resultant outstanding balance was 68.8 million MPS, classified into Tranches A, B and C with differing "fair values". They had an expiry date of 10 December 2018. They were able to be re-classified to ordinary shares subject to specified tenure periods, financial performance hurdles, and the approval of the Board of Directors; and they had an exercise price of $1.00.

In the lead-up to the IPO, these arrangements were re-negotiated. More specifically, the following occurred:

- 53.3 million shares were forfeited, being 25% of Tranche A shares; and 100% of Tranches B and C;
- 14.4 million Shares (Tranche A) were reclassified and the re-classification price was varied from $1.00 to $0.25. The modification value, being the value of the modified scheme less the value of the existing scheme at the date of modification, was determined by PWC using a share price of $1.25 and an escrow discount of $0.19 to give a fair value of the modified MPS share of 81c as at the IPO date. The modification value of $6.9 million was expensed immediately upon the IPO as no future service period attached to the shares. Table 2.3 shows the share of this expense attributed to each KMP

Table 2.3: KMP expense associated with MPS modification

	$
Nerida Caesar	3,064,735
James Orlando	253,451
Simon Bligh	446,075
Tim Courtright	356,365
John Wilson	427,637

- To fund the reclassification amount, executives were offered a full recourse loan at market rates ("Executive Loan"). Interest on the loan includes both a margin and a reference rate, which has to be paid semi-annually. The loans are repayable on the earlier of five years; sale of the Shares; or when the individual ceases to be an employee (subject to a period to enable the employee to trade the Shares).
- The shares are subject to escrow arrangements. Of the total, 50% of the shares of the SLT are escrowed until the announcement of Veda's full year FY2014 results to the ASX; with the other 50% being escrowed until the FY2015 results are announced to the market. Other management shareholders' shares are escrowed until the announcement of the FY2014 result to the ASX. Trading in managements' shares may, however, occur in certain specific circumstances as outlined in Section 8.4.5 of the Prospectus.

Options

In addition, conditional on the IPO, selected members of the SLT were issued options. These options were used as a further mechanism to align the interests of executives with Shareholders; to facilitate the retention of those executives, particularly during the IPO; and to reflect commitments made prior to the IPO.

Against the backdrop of the IPO issue price of $1.25 per Share, differing numbers of options were granted to executives at strike prices of $1.90 and $2.10.

The options were fully vested on issue at the IPO, and were exercisable at any time as fully paid ordinary shares on a one-for-one basis, subject to recapitalisation adjustments in accordance with the ASX Listing Rules and payment of the strike price, variously at $1.90 and $2.10. Veda's standard rules on when staff can trade their shares also apply.

The options were to lapse 3 years and six months after the IPO; or when an individual ceased to be an employee of Veda (subject to a period allowing the employee to exercise the option). In the case of a change of control, the Board has the ability to bring forward the exercise date of the options; or to determine that the options will be exchanged and replaced with shares in a new parent company.

In total, 21,150,000 options were issued at a strike price of $1.90; and 18,016,667 at a strike price of $2.10, well above the offer price for the IPO of $1.25. The fair value of the options granted was measured using the Black-Scholes model as follows:

- $1.90 options $0.07 per option; and
- $2.10 options $0.05 per option

The value of the options was expensed immediately upon issue of the options. Table 2.4 shows the Loans, Shares and Options granted to KMP, including the share of the expense attributed to each KMP.

Table 2.4: Profile of loans, shares and options for Executive KMP
June 30, 2014

Name	Loans $*	Shares` (#)	Shares ($ Value at IPO offer price)	Options at $1.90 strike price		Options at $2.10 strike price		Total options expense attributed**** $
				No. Of options	Expense attributed ($)	No. Of options	Expense attributed ($)	
Nerida Caesar	1,607,378	6,429,513	8,036,891	13,500,000	945,000	11,500,000	575,000	1,520,000
James Orlando**	132,929	531,716	664,645	1,218,165	85,272	1,037,696	51,885	137,156
Simon Bligh	233,955	935,822	1,169,777	2,143,974	150,078	1,826,348	91,317	241,396
Tim Courtright	186,905	747,618	934,522	1,712,799	119,896	1,459,051	72,953	192,848
John Wilson***	374,285*	897,140	1,121,425	2,055,355	143,875	1,750,858	87,543	231,418

** The loans are in relation to the reclassification amount of the MPS as detailed in this section, Management Shares and do not relate to the options listed above.*
*** In addition to the loan arrangements referred to above, James Orlando was provided with an Executive Loan commitment of up to $245,507 in relation to an earlier issue of MPS under the current employee incentive scheme.*
**** John Wilson had also been provided with an earlier and separate loan of $150,000 by the Company to purchase Shares. The loan is interest-free and must be repaid in full if the shares are sold or otherwise disposed of, or if his employment with Veda ceases.*
***** The total expense attributed has been rounded and as such the total amount does not add up exactly.*

2.4 Cash payments were made to specific individuals for their exertion in relation to the IPO

Specific executives and contractors who were closely involved in the initial public offering (IPO) were recognised for the significant sustained additional exertion required to bring about the IPO. This was recognised with a one-off cash payment. A total of $2.7 million was made to specific executives and contractors in this regard. For individual KMP, these payments were $2.26 million as Table 2.5 shows.

Table 2.5: Cash payments to Executive KMP for assistance with IPO

Name	Cash payment on completion of IPO
Nerida Caesar	$1,350,000
James Orlando	$476,470
Simon Bligh	$435,890

In summary, Veda's transition from being owned by private equity to a listed public company has resulted in a number of specific and special arrangements that have been designed to reinforce the alignment between shareholders and specified staff; and to provide a retention mechanism for such staff during a difficult but exciting period. The details of the cash payments and equity awards to KMP are further detailed in appendices 3 and 4 and in the Related Party Transactions Note of the Notes to the Financial Statements.

3. Business results and shareholder returns over the past year have demonstrated the effectiveness of the current remuneration approach

Veda has delivered strong financial results in FY2014. Revenue and EBITDA have both increased significantly compared to FY2013, with prospectus forecasts having been exceeded. In addition, since listing, underlying shareholder returns have been strong. In comparison, total compensation does not reflect the same rate of growth (see Table 3.1).

The Directors are of the view that the remuneration outcomes for senior executives are appropriately aligned to Veda's performance and the interests of shareholders.

3.1 Veda has performed well on most metrics

Recognising that FY2014 was an extraordinary year in Veda's history, Table 3.1 provides information on outcomes for shareholders and for executive remuneration. Given that Veda only listed in December 2013, comparative data for FY2013 is not available for all measures. Moreover, given the date of Veda's listing in December 2013, it is not possible to provide full historic information on the Company's performance over the past four years on a comparable basis.

Table 3.1: Veda's Performance and Remuneration Outcomes

Performance Measures		FY14	FY13	FY12	FY11	FY10	Growth 2013 to 2014	CAGR 2010 to 2014
Revenue[1]	$m	302.0	268.6	243.1	208.7	197.3	12.5%	11.2%
Pro forma EBITDA[1]	$m	129.0	107.0	78.3	77.7	74.1	20.6%	14.9%
TSR since listing[2]	Percent	58.4%	n/a					
Executive Remuneration Measures								
Pro forma Staff costs[1]	$m	84.5	75.9	71.4	56.3	52.8		
Staff costs to revenue ratio	Percent	28.0%	28.3%	29.4%	27.0%	26.8%		
Average staff headcount		585	566					
Actual staff headcount[3]		612	565					
Statutory remuneration – CEO	$m	8.3	2.5					
Non-IPO related remuneration –CEO[4]	$m	1.5	1.9					
Statutory remuneration – Executive KMP[5]	$m	16.1	4.6					
Non-IPO related remuneration – Executive KMP[6]	$m	4.5	4.8					

1 Pro-forma amounts are included as the Board are of the opinion that these most appropriately represent the Group's underlying current and historical performance. They exclude one-off significant items and owner management fees and include pro-forma listed company costs. FY11 to FY14 is presented as per the Prospectus and FY10 has been calculated on a basis consistent with FY11 to FY14.

2 Company listed on 5 December 2013, therefore TSR growth can only be reported from 5 December 2013.

3 As at 30 June 2014.

4 Excludes in FY13 MPS expenses and in FY14 excludes MPS and options expenses.

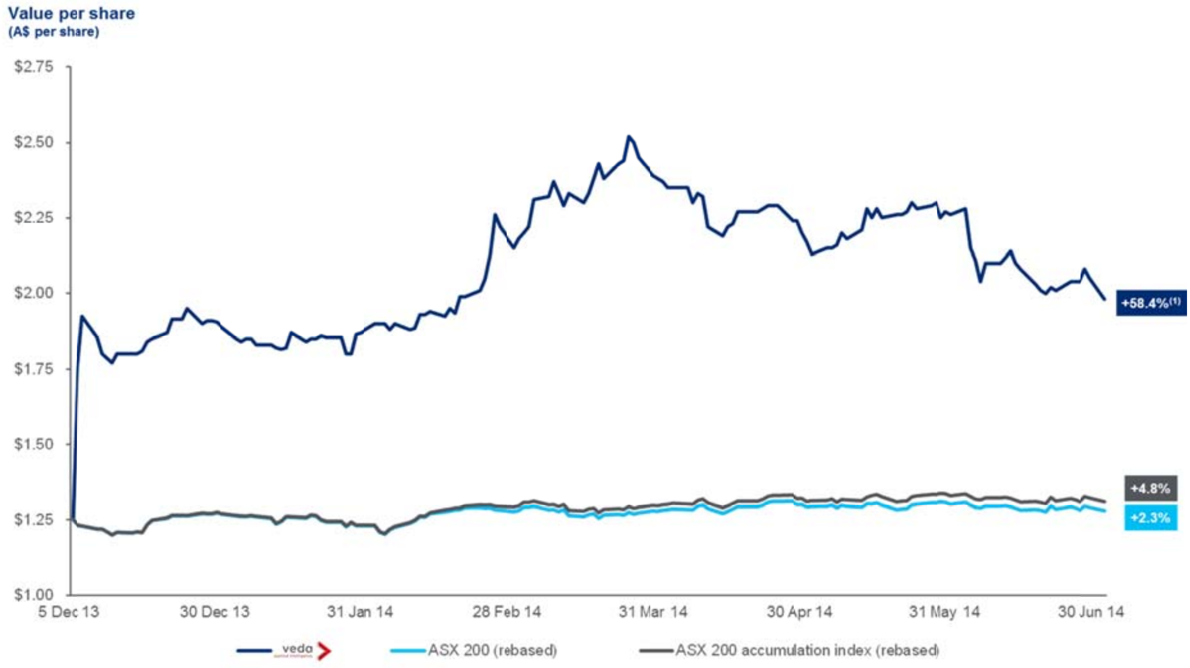
5 One executive KMP (James Orlando) was not employed for the full year in 2013 (commenced May 2013), only actual amount earned has been included.

6 Excludes in FY13 MPS expenses and in FY14 excludes MPS and options expenses. For comparative purposes FY13 includes the full year equivalent remuneration for James Orlando who commenced May 2013.

3.2 Veda has performed well since listing relative to the All Ordinaries Accumulation Index

Veda's strong share price performance can be seen in the way it has outperformed the All Ordinaries Accumulation Index (All Ords) since listing.

Table 3.2: Veda's TSR versus the All Ords
6 December 2013—30 June 2014



Veda's shares were issued at $1.25 under the Prospectus. Since listing, they have traded strongly, ending up 58.4% at 30 June 2014. The key price-sensitive events for Veda since listing have been the release of Veda's half year results in February 2014 and inclusion in the ASX200 index in March 2014. No dividends were paid between listing in December 2013 and 30 June 2014. In the same period, the ASX 200 Accumulation Index increased by 4.8%[1].

[1] Source: IRESS Market data as at 30 June 2014

4. Going forward, changes to the current system will support short and longer-term alignment between staff and shareholders as a listed company

Since listing, and consistent with the undertaking in the Prospectus, Directors have reviewed Veda's remuneration objectives, structure and policies, as well as the proposed remuneration approach going forward for members of the SLT and ELT.

4.1 Overall objectives seek to drive superior returns through increased alignment.

Consistent with past practice, Veda's overarching remuneration objective is to align the interests of staff and shareholders, with a view to driving superior outcomes for shareholders.

This will be achieved by:

- Creating incentives for staff to grow Veda's revenue, EBITDA and net profit after tax (NPAT), while having due regard to risk and the use of capital; and by
- Attracting and retaining key staff to drive performance.

The remuneration approach will operate in ways that reflect the responsibilities of staff for driving the performance of the business. More specifically, adjustments in the remuneration structure for members of the SLT and specific members of the ELT have been put in place, given the key role they play in driving the performance of the business.

Their remuneration will consist of the following components.

- Fixed remuneration;
- An STI that has both a cash component and a deferred component that will be paid as Deferred Share Rights (DSRs);
- An LTI paid as options

Each of these elements is discussed below.

4.2 Fixed remuneration is benchmarked to the market median

Fixed remuneration takes into account the size and complexity of an employee's role and the skills required to succeed in such a position. It includes cash salary and employer contributions to superannuation.

As a general principle, Directors consider that Fixed Remuneration should reflect the median of benchmark companies in similar or related industries, having regard to size and complexity.

For the coming year, such benchmark data has been sourced from Guerdon Associates, KPMG and Mercer Australia.

More specifically, benchmark data shows that, with two exceptions, no change was required in SLT's fixed remuneration. The exceptions were the CEO, whose fixed remuneration will be increased to $1.1 million and the Chief Data Officer (CDO) whose fixed remuneration will increase to $460,000.

4.3 Short term incentives are designed to drive superior operating performance, while encouraging staff attraction and retention

STI should continue to drive superior performance, attract staff to Veda and act as a strong retention mechanism.

To achieve this objective, the structure of STI has been modified to introduce a Deferred STI scheme.

The key features of the STI scheme that will be introduced by FY2015 are as follows:

Table 4.1: Key Features of the STI Scheme

STI parameter	FY 2015 Description
Allocation of STI	- A participant's STI will be set At Target as a percentage of Fixed Remuneration, which will partly be paid in cash and Deferred Share Rights (DSRs) at a predetermined ratio. - The At Target cash proportion can be accelerated by up to 175% for stretch targets. The DSRs will not be subject to the same acceleration. - The At Target potential and extent of acceleration of the cash component will reflect an individual's role and responsibilities, with the maximum being capped. - The specific basis for making an STI allocation for FY2015 will reflect a slightly modified version of the current approach, although Directors retain discretion to make an adjustment to the STI allocation both up or down. - More specifically, for members of the SLT: o Veda's overall performance will determine their allocation o The key variables used to determine performance will be Revenue/EBITDA (50%); NPAT (25%) and Cashflow from Operations and investment (NCFIA), excluding financing and capital structure decisions but including any capital expenditure related to acquisitions (25%), with a different mix existing for the New Zealand Managing Director o At Target performance will be set by the Board on the recommendation of the Remuneration and Nominations Committee, with a pro rata allocation of up to 175% being possible only on the cash proportion of the STI, down to 0 percent o A pro-rata allocation of up to 175% over the amount of the cash Target will reflect significant over-achievement relative to the Target. - For members of the ELT (except for New Zealand, where a different mix will operate) o 50% of their outcome will be determined by Veda's overall results for revenue and EBITDA o 30% will be determined by specific Business Unit outcomes, which will include people objectives o 5% will be determined by Customer Satisfaction results as a Performance Score o 15% will be set with reference to other objectives (including customer and innovation objectives). - Each SLT and ELT member will be notified of their potential after the

STI parameter	FY 2015 Description
	beginning of the fiscal year. Table 4.2 below provides that information for Executive KMP who are members of the SLT. - Individuals will be informed of their KPIs at the beginning of each financial year and the basis for assessing outperformance.
Instruments Used	- For SLT, of the amount finally allocated against potential At Target performance: o 70% will be paid in cash o 30% will be paid in DSRs o Any accelerated amount will only be calculated against the At Target cash component and will be paid in cash. - For designated members of the ELT, variously of the amount finally allocated against potential At Target performance o 75% to 85% will be paid in cash o 15% to 25% will be paid in DSRs o Any accelerated amount will only be calculated against the at target cash component and will be paid in cash. - For other members of the ELT, 100% will be paid in cash.
Calculation of DSRs	- The dollar value of DSRs will reflect actual performance on the basis outlined above. - The number of DSRs allocated for that amount will reflect an average VWAP of Veda's share price for a 30 day period prior to the allocation, discounted to fair value to reflect the fact that DSRs do not attract dividends.
Vesting of DSRs	- For SLT, DSRs will vest in three equal tranches one, two and three years after the date of grant. - For designated ELT, DSRs will vest in two equal tranches, one and two years after the date of grant, unless the grant is de minimis, in which case it will vest at the end of Year 2. - DSRs will vest in all cases provided the employee is still employed at the point of vesting, with Directors having discretion to waive this provision in the case of death, disability, genuine retirement, redundancy or in other exceptional circumstances. - Approval from Shareholders will be sought to ensure that the Company does not infringe Terminations Benefit Legislation in cases where employees are directors or officers and discretion is exercised.

STI parameter	FY 2015 Description
Early vesting	In very limited circumstances, testing against the performance condition may be brought forward earlier than the original scheduled test date. Provided that the performance condition is then met, vesting may occur. The limited circumstances are: • on a Control Event occurring, such as a Takeover Event, including when a bidder serves a bidder's statement on the Company; the Board recommends acceptance of an offer; and the Takeover Bid becomes unconditional, voluntary winding up of the Company, court approved arrangement or scheme; • if Pacific Equity Partners deals in its shares resulting in another person obtaining at least 30% of the shares on issue; • on termination of employment due to death, disability, genuine retirement or redundancy, as defined in the Veda Group Equity Incentive Plan Rules; or • in other rare circumstances where the Board determines it to be appropriate. Approval from Shareholders will be sought to ensure that the Company does not infringe Terminations Benefit Legislation in cases where employees are directors or officers and discretion is exercised.
Anti-Hedging policy	- Employees cannot enter into any arrangement, including any financial product, which limits the economic risk of any securities, held under any equity-based incentive schemes so long as those holdings are subject to vesting conditions. - Non-compliance may result in summary dismissal.

In addition, for staff below SLT, Directors may, on the recommendation of the CEO to the Remuneration and Nomination Committee and the Board, and on a very limited basis, make an offer of DSRs to specific staff where it is warranted for retention purposes and/or to reflect the competitive landscape for specific staff.

In certain limited circumstances, the Board may determine that a vested DSR will be satisfied by making a cash payment in lieu of allocating Shares. Any cash payment would be calculated by:

- multiplying the number of vested Deferred Share Rights by the Current Market Price; and
- deducting and remitting or otherwise retaining for payment to the ATO any related Tax Liability.

For Executive KMP, for FY2015, the At Target and Maximum STI will be as disclosed in Table 4.2. Maximum potential will reflect the At Target STI, plus the potential acceleration for only the cash component.

Table 4.2: Executive KMP: At target STI as a percent of fixed remuneration for FY2015

NAME	At-Target STI as % of Fixed Remuneration	Maximum STI as % of Fixed Remuneration
Nerida Caesar	85%	129.6%
James Orlando	57%	86.9%
Simon Bligh	85%	129.6%
Tim Courtright	65%	99.1%
John Wilson	85%	129.6%

4.4 The introduction of a Long Term Incentive scheme is designed to align the interests of senior staff and shareholders over the long term

In the Prospectus, Directors foreshadowed their intention to introduce a Long Term Incentive Scheme (LTI).

The objective of such a scheme is to align the interests of staff and shareholders over the long term, by attracting and retaining staff and encouraging senior staff to take value accreting initiatives to drive the total return to shareholders. Further alignment is achieved by having the LTI hurdle linked to Total Shareholder Returns (TSR).

The LTI scheme will be applicable to members of the SLT (including those not designated as Executive KMP) and key members of the ELT, subject to a minimum service provision. It will come into effect from FY2015 and it is envisaged that the potential for a grant will be made each year. The LTI will be delivered in the form of options and the value of the LTI award for that executive by the independently-determined fair market value of the Option at the date of grant using the Black Scholes option pricing model and the Monte Carlo simulation techniques to determine the probability that hurdles will be met. Fair value has been used for the following reasons:

- Options do not attract dividends;
- Options are subject to relative hurdles where by definition only 50% of companies who use that hurdle could expect the Options to vest;
- Options are subject to the employee paying an Exercise Price;
- The value of a share that vests is only the amount above the Exercise Price. It is not the full value of the share; and
- The best approximation of target or expected value, according to options pricing theory is through “fair value” using the Black Scholes option pricing model and the Monte Carlo simulation techniques.

Each relevant member of staff will be notified of their potential allocation at the beginning of the FY2015 financial year, with their being informed that any grant at year end will reflect both their performance in the year just past and their potential to make an ongoing significant contribution to Veda’s future.

The At Target allocation to Executive KMP is as follows.

Table 4.3: Executive KMP: potential maximum allocations of LTI FY2015

Name	At Target LTI as % of Fixed Remuneration
Nerida Caesar	50%
James Orlando	30%
Simon Bligh	40%
Tim Courtright	40%
John Wilson	40%

The At Target allocation to other members of the SLT and specified ELT will be between 10% and 30% dependent on role and responsibilities.

It is not possible to calculate the value of a Maximum Allocation for the following reasons:

- The exercise price payable for an Option is not set until allocation.
- The maximum value that an executive will receive, assuming the Options vest, will be the extent of share price appreciation above the exercise price.

The key features of the LTI scheme are as follows.

Table 4.4: Key features of the LTI scheme

LTI parameter	FY2015 Description
LTI instruments	Allocation of LTI is made in the form of options, which are the right to a fully paid share in the Company upon payment of an exercise price[1].
Valuation	The number of options for each executive is calculated by dividing the allocated value of the LTI award for that executive by the independently-determined fair market value of the option at the date of grant. The fair value is calculated using a Black-Scholes methodology with a Monte Carlo simulation model that takes into account market conditions, that no dividends are paid on options, there are performance hurdles and that an exercise price needs to be paid by the member of staff. For the CEO, the value of the potential LTI award, as recommended by the Board, is submitted for approval by shareholders at the AGM held immediately after the performance year to which the award relates.

[1] The exercise price will be determined as the volume weighted average market price for the Company's shares traded on ASX in the 30 ending days immediately prior to the date of grant.

<table>
<tr><th>LTI parameter</th><th>FY2015 Description</th></tr>
<tr><td>Relative TSR hurdle and Vesting Schedule</td><td>
Options will vest in equal tranches at the end of 3 and 4 years, if the participant remains an Eligible Employee at that time.
The options will be hurdled with that hurdle being TSR relative to the ASX-200 group of companies as comprised at the date of grant. Relative TSR is measured at the end of the third and fourth year after the grant is made.
(a) if at the end of three or four years (as specified in offer) after the Grant Date, the Company’s Total Shareholder Return is at or above the 50th percentile of the ASX 200 companies, then 50% of the options become exercisable;
(b) if at the end of three years or four years (as specified in the offer) after the Grant Date, the Company’s Total Shareholder Return is at or above the 75th percentile of the ASX 200 companies, then 100% of the options become exercisable;
(c) if at the end of three or four years (as specified in the offer) after the Grant Date, the Company’s Total Shareholder Return is between the 50th percentile of the ASX 200 companies and the 75th percentile of the ASX 200 companies, then for each one percentile above the 50th percentile the number of options exercisable increases by 2%; and
(d) if at the end of three years or four years (as specified in the offer) after the Grant Date, the Company’s Total Shareholder Return is at or below the 50th percentile of the ASX 200 companies then no options are exercisable and the options lapse.
Prior to vesting and allocation of shares, unvested and unexercised options carry no voting rights or entitlement to dividends.
In order to exercise vested options, the exercise price must be paid before the shares can be allotted.
On a capital reorganisation, the number of unvested awards and/ or the exercise price (where relevant) may be adjusted in a manner determined by the Board to minimise or eliminate any material advantage or disadvantage to the participant[1]
</td></tr>
<tr><td>Re-testing</td><td>There is no re-testing. Any unvested LTI after the test at the end of the performance period lapses immediately.</td></tr>
</table>

[1] If new awards are granted, they will, unless the Board determines otherwise, be subject to the same terms and conditions as the original awards.

<table>
<tr><th>LTI parameter</th><th>FY2015 Description</th></tr>
<tr><td>Early vesting</td><td>In very limited circumstances, testing against the performance condition may be brought forward earlier than the original scheduled test date. Provided that the performance condition is then met, vesting may occur. The limited circumstances are:
on a Control Event occurring, such as a Takeover Event, including when a bidder serves a bidder's statement on the Company; the Board recommends acceptance of an offer; and the Takeover Bid becomes unconditional, voluntary winding up of the Company, court approved arrangement or scheme;
if Pacific Equity Partners deals in its shares resulting in another person obtaining at least 30% of the shares on issue;
on termination of employment due to death, disability, genuine retirement or redundancy, as defined in the Veda Group Equity Incentive Plan Rules; or
in other rare circumstances where the Board determines it to be appropriate.
Approval from Shareholders will be sought to ensure that the Company does not infringe Terminations Benefit Legislation in cases where employees are directors or officers and discretion is exercised.</td></tr>
<tr><td>Exercise period, expiry and forfeiture</td><td>Options may be exercised only where the performance condition has been met; and to the extent set out in the Vesting Schedule above. Options that vest must be exercised by the employee together with payment of the exercise price.

The Veda Group Equity Incentive Plan Rules provide that unvested or unexercised Options lapse on cessation of employment unless otherwise determined by the Board. In making this determination, the Board will only make such a determination in circumstances such as death, disability, genuine retirement or redundancy or other rare circumstances (as defined in the Veda Group Equity Incentive Plan Rules). In those circumstances the unvested Options may be held "on foot" subject to their normal performance hurdles and other Plan conditions or may in exceptional circumstances be accelerated. In addition, the Plan Rules provide that unvested or unexercised options lapse up to a maximum of 7 years after grant.</td></tr>
<tr><td>Anti-Hedging policy</td><td>Employees cannot enter into any arrangement, including any financial product, which limits the economic risk of any securities, held under any equity-based incentive schemes so long as those holdings are subject to performance hurdles or are otherwise unvested.

Non-compliance may result in summary dismissal.</td></tr>
</table>

In certain limited circumstances, the Board may determine that a vested option will be satisfied by making a cash payment in lieu of allocating Shares. Any cash payment would be calculated by:

- multiplying the number of vested options by the Current Market Price;
- deducting the exercise price (if any) for the options; and
- deducting and remitting or otherwise retaining for payment to the ATO any related tax liability.

In the case of both Deferred STI and LTI, clawback and malus provisions will be applied, allowing the Company to lapse any unvested and vested but not exercised DSRs or options if in the opinion of the Board, the Participant:

- Acts fraudulently or dishonestly, is in serious breach of duty (under contract or otherwise) to the Company or commits any act of harassment or discrimination; or
- Actions cause a material financial misstatement or other significant breach of the Company's risk management and compliance framework; or
- Has brought the Company into serious disrepute or their actions cause the Company's reputation to be significantly damaged; or
- Actions breach the Privacy Laws; or
- Actions breach any obligation regarding the disclosure of confidential information or restraint of trade provisions specified in an employment agreement.

4.5 Taken together, these elements of remuneration should drive superior returns for and support alignment with shareholders.

In summary, for the SLT, fixed remuneration, STI and LTI work together to generate alignment with shareholders.

The way this occurs can be seen in Table 4.5

Table 4.5: Summary of the FY2015 executive remuneration system

	Remuneration component	**Delivery vehicle**	**Performance measure**	**Policy weighting section 4.2[1]**	**Strategic objective/ performance link**
Not at risk	Fixed remuneration	Cash, super, non-monetary benefits	Role		Secures staff to execute business plans
AT-RISK REMUNERATION The proportion at risk increases with seniority	**STI**	Cash[1] paid annually after release of corporate results and Deferred Share Rights vesting equally in two or three tranches	<u>Corporate Measure 1</u> Revenue and EBITDA	**<u>STI AT RISK at Target</u>** MD 85% Other KMP 50%-85%	Underpins real annual earnings growth
			<u>Corporate Measure 2</u> NPAT		Reflects a key driver of shareholder returns
			<u>Corporate Measure 3</u> Cash flow from Operations		Promotes prudent use of capital on a risk adjusted basis
			Discretion able to be exercised by Directors on an exception basis		Provides a mechanism for adjusting outcomes (both up and down) if warranted by performance and where it is in the interests of shareholders
	LTI	Deferred share-based payments in the form of Options	<u>Allocation measure</u>: Personal performance and development potential <u>Vesting measure</u>: Relative TSR (ASX 200)	**<u>LTI AT RISK</u>** MD 50% Other KMP 30%-40%	Reward creation of shareholder wealth (measured by outperformance of TSR relative to the comparator group, tested after 3 and 4 years)

1. Inclusive of any Superannuation Guarantee obligations.

The extent of alignment with shareholders is reflected in the mix of deferred remuneration versus that paid in cash. This increases with seniority and the extent to which an executive holds a line role. The proportion deferred will be kept under review by the Remuneration and Nomination Committee, recognising that Veda has only just made the transition to being a publicly listed company.

Table 4.6: Remuneration mix: FY2015

Name	Proportion deferred[1]
Nerida Caesar	32%
Jim Orlando	25%
Simon Bligh	29%
Tim Courtright	29%
John Wilson	29%

[1] *Total is the Aggregate Reward at target incentive outcomes*

5. Effective remuneration governance has been exercised.

Effective governance is central to Veda's approach. It is achieved through a clear definition of responsibilities, appropriate composition of the Board Remuneration and Nomination Committee, and adherence to processes that ensure independent decision-making.

5.1 Governance responsibilities are clearly defined

The full Board has oversight of Veda's remuneration arrangements. It is accountable for Executive and Non-Executive Directors' remuneration and the policies and process governing both.

The Board Remuneration and Nominations Committee, through its Chairman, reports to the full Board and advises on these matters. The Committee is comprised of a minimum of three members who must be Non-Executive Directors. The majority of the Committee, and its Chairman, are independent. There is a standing invitation to all Board members to attend the Committee's meetings.

The main responsibilities of the Board and Remuneration Committee are described in Table 5.1.

Table 5.1: Responsibilities of the Board and Remuneration and Nominations Committee

	Approved by the Board (on recommendation of the Remuneration and Nominations Committee)	Approved by the Remuneration and Nominations Committee
Executive Remuneration Structure	• The remuneration strategy, policy and structure and compliance with legal and regulatory requirements • Levels of delegated responsibility to the Remuneration Committee and management for remuneration-related decisions • Performance-based (at-risk) components of remuneration and targets for the Company's financial performance as they relate to incentive plans, including equity-based payments • Individual remuneration for KMP and other members of the Executive Management Team • Allocations made under all equity based remuneration plans	• Identification of the employee population that receives deferred at-risk remuneration • Remuneration recommendations in relation to non-KMP and non-EMT employees • Specific remuneration related matters as delegated by the Board
Non-Executive Director Remuneration	• The Remuneration framework for Non-Executive Directors • Remuneration for Non-Executive Director fees (subject to the maximum aggregate amount being approved by shareholders)	

5.2 The Remuneration and Nominations Committee is composed of Non-Executive Directors with an appropriate level of independence and expertise

Since listing in December 2013, the Board Remuneration and Nominations Committee has comprised three Non-Executive Directors. All Committee members are diligent in ensuring they have a comprehensive understanding of Veda and the way that remuneration drives performance.

Table 5.2: Remuneration and Nomination Committee FY2014

Role	Status
Helen Nugent (Chairman)	Independent, Non-Executive Chairman
Peter Shergold	Independent, Non-Executive Director
Anthony Kerwick	Non-Executive Director

The Remuneration and Nomination Committee members have the required experience and expertise in both human resources and risk to achieve effective governance of Veda's remuneration system. In addition, all members of the Remuneration and Nomination Committee have extensive experience in remuneration, either through their professional background or as members of the committees of other boards.

5.3 Effective remuneration governance processes have been developed and are being exercised

The Board Remuneration and Nomination Committee has a regular meeting cycle and has met three times since Listing occurred in December 2013. Directors' attendance at the meetings is set out in the Directors' Report. The Board has also paid serious, sustained attention to the design and operation of all remuneration practices, not just for the most senior executives.

More specifically, the Board has strong processes for making remuneration decisions for senior staff, which also involve assiduous management of internal guidance on declaring and dealing with conflicts of interest. These are rigidly followed by the Board Remuneration and Nomination Committee.

As part of its process, after the end of the financial year, the Non-Executive Directors met with the CEO to consider her views on the Group's performance. This covers financial performance measures, operational and strategic initiatives, customer initiatives and satisfaction, cost management initiatives, risk and compliance management, and people and organisational leadership, including upholding Veda's values.

The Board Remuneration and Nomination Committee also discusses with the CEO the performance of each member of the SLT.

In all cases, this information helps the Board Remuneration and Nomination Committee and the Board make decisions in relation to remuneration.

5.4 An independent remuneration review has been undertaken

The Board Remuneration and Nomination Committee has retained an independent consultant, Guerdon Associates, for the use of the Board, to obtain advice on Veda's remuneration system. While Guerdon Associates did not act as a Remuneration Consultant for the purposes of the *Corporations Act 2001 (Cth),* it did provide benchmarking and data to inform the Board's analysis.

The only services Guerdon Associates provides to Veda are executive compensation consulting to the Board Remuneration and Nomination Committee. The cost of services provided by Guerdon Associates to Veda was $43,862.

As part of the review commissioned this year, Guerdon Associates provided information on Veda versus a comparator group in relation to the CEO's and KMP's remuneration, including the remuneration mix, including total deferred, as well as STI and LTI incentives.

Guerdon Associates have confirmed that its report has been undertaken "free of undue influence by Key Management Personnel to whom this report relates". More specifically:

- The agreement for services was executed by the Chairman of the Board Remuneration and Nomination Committee;
- The Guerdon Associates review was provided directly to the Chairman of the Remuneration Committee;
- All communications with Guerdon Associates occurred through the Chairman of the Remuneration Committee; and
- In relation to the Guerdon Associates Review, no senior executive had separate direct contact with Guerdon Associates.

On the basis of the above factors the Board is satisfied that the information provided by Guerdon Associates has occurred free of undue influence from the KMP.

6. Non-Executive Directors are remunerated in ways that support the retention of their independence and their commitment to shareholder performance

Veda's remuneration approach ensures that the Non-Executive Directors are appropriately remunerated in a way that supports the retention of their independence. While technically classified as KMP, the remuneration arrangements applicable to Non-Executive Directors differ significantly from those outlined for Executives in Sections 2 to 4 of this Report. This reflects their different role.

6.1 The structure of Non-Executive Director remuneration is linked to their governance role and they are not paid in shares

Remuneration for Non-Executive Directors is set by reference to market rates for comparable size companies. The fees paid to Non-Executive Directors were agreed prior to the IPO and were disclosed in the Prospectus.

Non-Executive Directors do not receive:

- Fees that are contingent on performance;
- Shares in return for their service;
- Retirement benefits, other than statutory superannuation;
- Termination benefits.

The CEO is not remunerated separately for acting as a Director.

6.2 The fees paid to Non-Executive Directors are appropriate

Non-Executive Directors are remunerated via Board and Committee fees which were set prior to the IPO. They have not been reviewed since listing, but going forward, they will be reviewed annually.

Role	Chairman	Member
Board	$300,000	$150,000
Remuneration and Nomination Committee	$25,000	$15,000
Audit and Risk Committee	$25,000	$15,000

In addition, Non-Executive Directors are entitled to a per diem payment of $2,500 for attendance at meetings or time spent on Veda business over and above that normally associated with their role as a Director. Additional fees were paid to Directors as part of the significant additional work associated with the IPO and other discretionary efforts since listing.

All fees are inclusive of statutory superannuation.

Information on the frequency of Board and Committee meetings is included in the Directors' Report.

Veda's NEDs are remunerated for their services from the maximum aggregate amount approved by shareholders. The current fee pool limit of $2 million was approved by shareholders prior to Listing.

6.3 Non-Executive Directors are required to have a minimum shareholding of Veda shares

To align the interests of the Board with shareholders, the Board has a minimum shareholding requirement for Non-Executive Directors.

Under the minimum shareholding requirement, Independent Non-Executive Directors are required to acquire and maintain, directly or indirectly, a holding with a value equivalent to one year of base Directors fees (excluding any additional fees paid for Committee membership or additional per diem fees). This is currently 80,000 Veda shares. Each Independent Non-Executive Directors may accumulate this value over 2 years from the date of the IPO or appointment, whichever is later. The shareholding requirement will be periodically reviewed. The same requirement is not imposed on Nominee Directors.

Non-Executive Directors are prohibited from hedging shares held to meet this minimum requirement.

Each Non-Executive Director's current holding of Veda shares is included in the Directors' Report.

7. APPENDICES: KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

7.1 Appendix 1: KMP - Audited

KMP include Executive Voting Directors and Executives with authority and responsibility for planning, directing and controlling the activities of Veda (together making Executive KMP) and Non-Executive Directors.

Veda's Non-Executive Directors are required by *the Corporations Act 2011 (Cth)* to be included as KMP for the purposes of the disclosures in this Report. However, the Non-Executive Directors do not consider themselves part of "management".

Table A1.1: Key Management Personnel for FY2014

Non-executive Directors		**Notes**
H Nugent	Independent Chairman	Date of appointment - 20 September 2013
B Beeren	Independent	Date of appointment - 24 September 2013
D Eilert	Independent	Date of appointment - 4 October 2013
P Shergold	Independent	Date of appointment - 4 October 2013
A Kerwick	Non-Executive	Date of appointment - 7 March 2007
G Hutchinson	Non-Executive	Date of appointment - 28 July 2011
A Duthie	Non-Executive	Retired from the Board 15 October 2013 (prior to listing on the ASX)
Executive Directors		
N Caesar	Chief Executive Officer	Date of appointment - 30 March 2011
Executives		
J Orlando	Chief Financial Officer	
S Bligh	Chief Data Officer	
T Courtright	Executive General Manager - Sales	
J Wilson	Executive General Manager – Product & Market Development	

Except where otherwise noted, the remuneration and other related party disclosures included in this Report have been prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)* and in compliance with AASB124 Related Party Disclosures. For the purpose of these disclosures, all the individuals listed above have been determined to be KMP, as defined by AASB124 Related Party Disclosures.

7.2 Appendix 2: Contractual arrangements for Executive KMP- Audited

The table below sets out the main terms and conditions of the employment contracts of the CEO and executive KMP (excluding Non-executive Directors) as at 30 June 2014.

Table A2.1: Contractual arrangements for Executive KMP

Role	Contract Expiry	Notice Period	Termination Payments (subject to termination benefits legislation)
Chief Executive Officer	Ongoing (no fixed term)	• Twelve months either party • Immediate for serious misconduct or other circumstances warranting summary dismissal • Restraint of trade period of twelve months	• Payment in lieu of notice at Company discretion based on Total Fixed Remuneration • For termination or resignation without cause and with notice, pro rata at risk remuneration payable based on achievement of KPIs for the relevant period
Chief Financial Officer	Ongoing (no fixed term)	• Six months either party • Immediate for serious misconduct or other circumstances warranting summary dismissal • Restraint of trade period of six months	• Payment in lieu of notice at Company discretion based on Total Fixed Remuneration
Chief Data Officer	Ongoing (no fixed term)	• Three months either party • Immediate for serious misconduct or other circumstances warranting summary dismissal • Restraint of trade period of six months	• Payment in lieu of notice at Company discretion based on Total Fixed Remuneration • In the event of the termination of employment on notice, whether by way of resignation or at the instigation of the Company, may, at the absolute discretion of the Company, receive a pro rata amount of any unpaid STI
Executive General Manager – Sales	Ongoing (no fixed term)	• Three months either party • Immediate for serious misconduct or other circumstances warranting summary dismissal • Restraint of trade period of six months	• Payment in lieu of notice at Company discretion based on Total Fixed Remuneration • In the event of the termination of employment on notice, whether by way of resignation or at the instigation of the Company, may, at the absolute discretion of the Company, receive a pro rata amount of any unpaid STI
Executive General Manager Product & Market Development	Ongoing (no fixed term)	• Six months either party • Immediate for serious misconduct or other circumstances warranting summary dismissal • Restraint of trade period of six months	• Payment in lieu of notice at Company discretion based on Total Fixed Remuneration • In the event of the termination of employment on notice, whether by way of resignation or at the instigation of the Company, may, at the absolute discretion of the Company, receive a pro rata amount of any unpaid STI

7.3 Appendix 3: Additional Remuneration Disclosures - Audited

Table A3.1: Remuneration of KMP - FY2014

	Short-Term Employee Benefits ($)			Share-Based Payments ($)					
	Salary and fees (including superannuation) (i) (ii)	**Performance related remuneration (iii)**	**Total short term employee benefits**	**Management performance shares (iv)**	**Options**	**Total share-based payments**	**Total Remuneration ($)**	**% of Equity-settled Remuneration**	**% of Remuneration performance Related**
Executive Director:									
Nerida Caesar CEO&MD	904,161	1,927,500	2,831,661	3,925,343	1,520,000	5,445,343	8,277,004	66%	89%
Other Key Management Personnel:									
James Orlando	480,631	695,920	1,176,551	535,916	137,156	673,073	1,849,624	36%	74%
Simon Bligh	435,890	882,390	1,318,280	571,337	241,396	812,733	2,131,013	38%	80%
Tim Courtright	404,161	207,900	612,061	488,376	192,848	681,225	1,293,286	53%	69%
John Wilson	462,804	317,625	780,429	518,433	231,418	749,851	1,530,280	49%	70%
Non-Executive Directors (current):									
Helen Nugent	332,512		332,512				332,512	0%	0%
Bruce Beeren	177,767		177,767				177,767	0%	0%
Diana Eilert	147,575		147,575				147,575	0%	0%
Peter Shergold	146,305		146,305				146,305	0%	0%
Anthony Kerwick	101,077		101,077				101,077	0%	0%
Geoff Hutchinson	92,654		92,654				92,654	0%	0%
Total	**3,685,538**	**4,031,335**	**7,716,873**	**6,039,405**	**2,322,818**	**8,362,223**	**16,079,096**		

(i) Salary and fees include cash salary, superannuation, non-monetary benefits (including fringe benefits such as car parking) and accrued annual leave.

(ii) Non-executive Directors fees for 2014 were higher than standard fees during FY14 due to the per diem rates paid for the significant workload during the IPO and subsequent processes.

(iii) This amount represents the actual STI to be paid in September 2014 (for the 2014 financial year) and IPO bonus as detailed in Table 2.4. It also includes a $100,000 additional cash retention bonus for Simon Bligh based on his initial contract from 2010.

(iv) This amount includes the expense associated with the MPS modification (as detailed in Table 2.3) and normal MPS expense up until modification (1 July 2013 to IPO Date)

7.4 Appendix 4: Shares, MPS and Options Disclosures

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

Table A4.1: Options over equity instruments granted as compensation

Options	Tranche	Number of options granted during 2014	Grant date	Fair value per option at grant date $	Exercise price per option $	Expiry date	Number of options vested during 2014	% vested in the year	% forfeited in the year	Financial years in which grant vests
Nerida Caesar	1	13,500,000	10-Dec-13	0.07	1.90	June 2017	13,500,000	100%	-%	1 July 2013
Nerida Caesar	2	11,500,000	10-Dec-13	0.05	2.10	June 2017	11,500,000	100%	-%	1 July 2013
James Orlando	1	1,218,165	10-Dec-13	0.07	1.90	June 2017	1,218,165	100%	-%	1 July 2013
James Orlando	2	1,037,696	10-Dec-13	0.05	2.10	June 2017	1,037,696	100%	-%	1 July 2013
Simon Bligh	1	2,143,974	10-Dec-13	0.07	1.90	June 2017	2,143,974	100%	-%	1 July 2013
Simon Bligh	2	1,826,348	10-Dec-13	0.05	2.10	June 2017	1,826,348	100%	-%	1 July 2013
Tim Courtright	1	1,712,799	10-Dec-13	0.07	1.90	June 2017	1,712,799	100%	-%	1 July 2013
Tim Courtright	2	1,459,051	10-Dec-13	0.05	2.10	June 2017	1,459,051	100%	-%	1 July 2013
John Wilson	1	2,055,355	10-Dec-13	0.07	1.90	June 2017	2,055,355	100%	-%	1 July 2013
John Wilson	2	1,750,858	10-Dec-13	0.05	2.10	June 2017	1,750,858	100%	-%	1 July 2013

Exercise of options granted as compensation and MPS reclassification

During the reporting period, there were no shares issued on the exercise of options granted as compensation.

The following shares were issued on the reclassification of MPS into ordinary shares:

Table A4.2: Exercise of options granted as compensation and MPS reclassification

	Number of ordinary shares	Amount payable $/share*
Nerida Caesar	6,429,513	0.25
James Orlando	531,716	0.25
Simon Bligh	935,822	0.25
Tim Courtright	747,618	0.25
John Wilson	897,140	0.25

The reclassification price of the MPS into ordinary shares was funded by a full recourse loan at market rates from the Company.

Options over Equity Instruments

Options over ordinary shares held in the Company by KMP are detailed below:

Table A4.3: Options over Equity Instruments

	Granted in year $*	Value of options exercised in year $	Lapsed in year $
Nerida Caesar	1,520,000	-	-
James Orlando	137,156	-	-
Simon Bligh	241,396	-	-
Tim Courtright	192,848	-	-
John Wilson	231,418	-	-

** The value of options granted in the year is the fair value of the options calculated at grant date, using the Black-Scholes option-pricing model. The amount is entirely allocated to remuneration expense in the current reporting period as there are no further vesting conditions.*

Movements in options over equity instruments and MPS during the year

The movement during the reporting period, by the number of options over ordinary shares in Veda Group Limited and MPS held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

Table A4.4: Options over equity instruments and MPS

	Held at 1 July 2013	Granted as compensation	Exercised	Other changes	Held at 30 June 2014	Vested during the year	Vested and exercisable at 30 June 2014
Options							
Nerida Caesar	-	25,000,000	-	-	25,000,000	25,000,000	25,000,000
James Orlando	-	2,255,862	-	-	2,255,862	2,255,862	2,255,862
Simon Bligh	-	3,970,322	-	-	3,970,322	3,970,322	3,970,322
Tim Courtright	-	3,171,850	-	-	3,171,850	3,171,850	3,171,850
John Wilson	-	3,806,214	-	-	3,806,214	3,806,214	3,806,214

	Held at 1 July 2013	Granted as compensation	Exercised	Forfeited*	Re-classified to ordinary shares on listing	Held at 30 June 2014	Vested and exercisable at 30 June 2014
MPS							
Nerida Caesar	30,230,014	-	-	(23,800,501)	(6,429,513)	-	-
James Orlando	-	2,500,000	-	(1,968,284)	(531,716)	-	-
Simon Bligh	4,400,006	-	-	(3,464,184)	(935,822)	-	-
Tim Courtright	3,515,120	-	-	(2,767,502)	(747,618)	-	-
John Wilson	4,218,137	-	-	(3,320,997)	(897,140)	-	-

** See further details in section 2.3.*

Loans to KMP and their related parties

Details regarding loans outstanding at the end of the reporting period to KMP and their related parties, where the individual's aggregate loan balance exceeded $100,000 in the reporting period, are as follows:

Table A4.5: Loans to KMP and related parties

	Balance at 1 July 2013	Balance at 30 June 2014	Interest charged	Highest balance in period
	$	$	$	$
Nerida Caesar	-	1,607,378	53,374	1,607,378
James Orlando	-	132,929	4,414	132,929
Simon Bligh	-	233,955	7,769	233,955
Tim Courtright	-	186,905	6,206	186,905
John Wilson	150,000	374,285	7,447	374,285

A summary of the terms and conditions of the loan is detailed in section 2.3 of this Report.

Details regarding the aggregate of all loans made, guaranteed or secured by any entity in the Group to KMP and their related parties, and the numbers of individuals in each group as at 30 June 2014, are as follows:

Table A4.6: Aggregate of loans made to KMP and related parties

	Opening balance $	Closing balance $	Interest charged $	Number in group at 30 June
Total for key management personnel and their related parties	150,000	2,535,452	79,210	5

KMP transactions - Movement in Ordinary Shares

The movement during the reporting period in the number of ordinary shares in Veda Group Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

Table A4.7: Movement in ordinary shares

	Held at 1 July 2013	Received on exercise of options	Acquired during the Year	Other changes*	Held at 30 June 2014
Helen Nugent	-	-	200,000		200,000
Bruce Beeren	-	-	100,000		100,000
Diana Eilert	-	-	132,000		132,000
Peter Shergold	-	-	80,000		80,000
Anthony Kerwick	-	-	724,300		724,300
Geoff Hutchinson	-	-	170,000		170,000
Nerida Caesar	210,526	-	8,000	6,429,513	6,648,039
James Orlando	-	-	160,000	531,716	691,723
Simon Bligh	-	-	400,000	935,822	1,335,822
Tim Courtright	44,210	-	96,000	747,618	887,828
John Wilson	450,000	-	400,000	897,140	1,747,140

** Other changes represent shares that were reclassified from MPS into ordinary shares upon listing the Company. See further details on in section 2.3.*

This report is made in accordance with a resolution of directors.

Helen Nugent
Chairman

Sydney
27 August 2014

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Veda Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

John Wigglesworth
Partner

Sydney

27 August 2014

Veda Group Limited and its Controlled Entities ABN 26 124 306 958
Annual financial report - 30 June 2014

Contents

Veda Group Limited and its Controlled Entities
Consolidated statement of comprehensive income
For the year ended 30 June 2014

	Notes	**2014 $'000**	2013 $'000
Revenue from continuing operations	7	**302,049**	268,564
Costs of external data and products used for resale		**(56,365)**	(55,536)
Employee benefits expense		**(84,246)**	(76,023)
Depreciation and amortisation expense		**(23,049)**	(24,895)
Software, technology and communication costs		**(11,070)**	(9,389)
Occupancy costs		**(5,075)**	(4,567)
Management fees		**(1,786)**	(4,000)
Professional and legal fees		**(3,782)**	(4,041)
Travel and accommodation		**(1,971)**	(1,258)
Marketing and publications		**(4,264)**	(3,069)
Other operating expenses		**(5,138)**	(5,244)
IPO related expenses	8	**(25,677)**	-
Finance income		**1,119**	702
Finance expenses	9	**(50,395)**	(70,965)
Share of net profit from associates	14	**2,536**	2,003
Profit before income tax		**32,886**	12,282
Income tax expense	10	**(10,228)**	(2,875)
Profit after income tax		**22,658**	9,407
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges, net of tax	9	**370**	2,343
Exchange differences on translation of foreign operations		**7,808**	7,030
Other comprehensive income for the period, net of tax		**8,178**	9,373
Total comprehensive income for the period		**30,836**	18,780
Profit after income tax is attributable to:			
Owners of Veda Group Limited		**22,403**	9,347
Non-controlling interests		**255**	60
		22,658	9,407
Total comprehensive income for the period is attributable to:			
Owners of Veda Group Limited		**30,512**	18,642
Non-controlling interests		**324**	138
		30,836	18,780
Earnings per Parent share			
Basic - cents	6	**3.2**	1.8
Diluted - cents	6	**3.2**	1.7

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**2014 $'000**	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**30,028**	27,554
Trade and other receivables	12	**39,416**	36,877
Other prepayments and deposits	13	**2,603**	3,977
Total current assets		**72,047**	68,408
Non-current assets			
Receivables	12	**3,754**	470
Investments in equity-accounted investees	14	**30,790**	28,093
Property, plant and equipment	16	**4,110**	4,558
Deferred tax assets	15	**38,459**	38,622
Intangible assets	17	**910,237**	862,114
Total non-current assets		**987,350**	933,857
Total assets		**1,059,397**	1,002,265
LIABILITIES			
Current liabilities			
Trade and other payables	18	**26,133**	28,104
Borrowings	19	**-**	4,710
Deferred income	23	**6,640**	3,859
Derivative financial instruments	25	**108**	734
Current tax liabilities		**689**	935
Provisions	24	**1,477**	6,884
Employee benefits	20	**16,303**	15,302
Total current liabilities		**51,350**	60,528
Non-current liabilities			
Borrowings	19	**267,931**	612,237
Provisions	24	**5,339**	4,196
Other non-current payables		**6,080**	6,100
Employee benefits	20	**1,105**	1,116
Total non-current liabilities		**280,455**	623,649
Total liabilities		**331,805**	684,177
Net assets		**727,592**	318,088
EQUITY			
Contributed equity	26	**791,364**	512,911
Other reserves	27(a)	**10,787**	(552)
Accumulated losses	27(b)	**(76,605)**	(195,047)
Capital and reserves attributable to owners of Veda Group Limited		**725,546**	317,312
Non-controlling interests		**2,046**	776
Total equity		**727,592**	318,088

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

		Attributable to owners of Veda Group Limited and its Controlled Entities					
	Notes	**Contributed equity $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
2014							
Balance at 1 July 2013		512,911	(552)	(195,047)	317,312	776	318,088
Profit after income tax		-	-	22,403	22,403	255	22,658
Other comprehensive income:							
Effective portion of changes in fair value of cash flow hedges, net of tax		-	370	-	370	-	370
Exchange differences on translation of foreign operations		-	7,739	-	7,739	69	7,808
Total comprehensive income		-	8,109	-	8,109	69	8,178
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	26	374,492	-	-	374,492	-	374,492
Share based payments	26, 27	-	3,230	-	3,230	-	3,230
Capital reduction		(96,039)	-	96,039	-	-	-
		278,453	3,230	96,039	377,722	-	377,722
Changes in ownership interests in subsidiaries:							
Acquisition of subsidiary with non-controlling interest		-	-	-	-	946	946
Balance at 30 June 2014		**791,364**	**10,787**	**(76,605)**	**725,546**	**2,046**	**727,592**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	**Contributed equity $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
2013							
Balance at 1 July 2012		513,441	(11,052)	(204,394)	297,995	595	298,590
Profit after income tax		-	-	9,347	9,347	60	9,407
Other comprehensive income:							
Effective portion of changes in fair value of cash flow hedges, net of tax		-	2,343	-	2,343	-	2,343
Exchange differences on translation of foreign operations		-	6,952	-	6,952	78	7,030
Total comprehensive income		-	9,295	-	9,295	78	9,373
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	26	(530)	-	-	(530)	-	(530)
Share based payments	26, 27	-	1,205	-	1,205	-	1,205
		(530)	1,205	-	675	-	675
Changes in ownership interests in subsidiaries:							
Acquisition of subsidiary with non-controlling interest		-	-	-	-	43	43
Balance at 30 June 2013		**512,911**	**(552)**	**(195,047)**	**317,312**	**776**	**318,088**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	**2014 $'000**	2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**336,806**	298,404
Payments to suppliers and employees (inclusive of goods and services tax)		**(198,516)**	(183,840)
		138,290	114,564
Income taxes paid		**(3,030)**	(1,245)
Interest received		**1,001**	702
Management fees paid		**(5,786)**	(4,000)
Net cash inflow from operating activities		**130,475**	110,021
Cash flows from investing activities			
Payments for acquisition of subsidiary, net of cash acquired	38	**(1,203)**	(2,213)
Payments for property, plant and equipment	16	**(850)**	(809)
Payments for systems software and data		**(45,267)**	(28,750)
Loans to related parties		**(3,434)**	-
Dividends received		**312**	769
Contingent consideration paid		**(6,839)**	(2,839)
Repayment of amounts due from associates		**-**	250
Net cash outflow from investing activities		**(57,281)**	(33,592)
Cash flows from financing activities			
Proceeds from borrowings		**317,499**	17,308
Repayment of borrowings		**(707,722)**	(33,750)
IPO related costs		**(13,238)**	-
Borrowing costs		**(1,419)**	(16,877)
Withholding tax payments		**(1,982)**	(6,541)
Interest and other costs paid on financial debt		**(21,728)**	(30,391)
Share scheme receipts/(buy back), net of fees		**358,357**	(530)
Other		**(900)**	-
Net cash outflow from financing activities		**(71,133)**	(70,781)
Net increase in cash and cash equivalents		**2,061**	5,648
Cash and cash equivalents at the beginning of the financial year		**27,554**	21,579
Effects of exchange rate changes on cash and cash equivalents		**413**	327
Cash and cash equivalents at end of period	11	**30,028**	27,554

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

1 Reporting entity

Veda Group Limited (the "Company") is a for-profit company domiciled in Australia.

The Company's registered office is at Level 15, 100 Arthur Street, North Sydney, NSW 2060. The consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" and individually "Group companies").

The consolidated financial statements were authorised for issue by the Board of Directors on 26 August 2014

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

These financial statements were approved by the Board of Directors on 26 August 2014.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value
- deferred acquisition consideration is measured at fair value

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Judgments and estimates

(i) Critical accounting estimates and assumptions

In preparing the Group financial statements, management is required to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. The resulting accounting estimates, which are based on management's best judgment at the date of the Group financial statements, will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below. Revenue recognition is excluded from this summary on the grounds that the policy adopted in this area is sufficiently objective.

2 Basis of preparation (continued)

(d) Judgments and estimates (continued)

(i) Critical accounting estimates and assumptions (continued)

Tax

The Group is subject to tax in numerous jurisdictions. Significant judgment is required in determining the related assets or provisions as there are transactions in the ordinary course of business and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact on the results for the year and the respective income tax and deferred tax assets or provisions in the year in which such determination is made. The Group recognises tax assets based on forecasts of future profits against which those assets may be utilised.

Goodwill

The Group tests goodwill for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill may be impaired. The recoverable amount of each CGU is determined based on a value in use calculation which requires the use of cash flow projections based on approved financial budgets, looking forward up to three years. Cash flows are extrapolated using estimated growth rates beyond a three year period. The growth rates used do not exceed the long-term average growth rate for the markets in which the segment operates. The discount rates used reflect the segment's pre-tax weighted average cost of capital (WACC).

Fair value of derivatives and other financial instruments

In ascertaining the fair value of derivatives, the Group uses its judgment to select a variety of methods and makes assumptions, or uses observable market based inputs, that are mainly based on market conditions at each balance sheet date.

Share incentive plans

The assumptions used in determining the amounts charged in the Group income statement include judgments in respect of performance conditions and length of service together with future share prices, dividend and interest yields and exercise patterns.

(ii) Critical judgements

Management has made judgments in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the Group financial statements.

The most significant of these judgments is in respect of intangible assets where certain costs incurred in the developmental phase of an internal project are capitalised if a number of criteria are met. Management has made judgments and assumptions when assessing whether a project meets these criteria, and on measuring the costs and the economic life attributed to such projects. On acquisition, specific intangible assets are identified and recognised separately from goodwill and then amortised over their estimated useful lives. These include such items as customer contracts and relationships and brand names to which value is first attributed at the time of acquisition. The capitalisation of these assets and the related amortisation charges are based on judgments about the value and economic life of such items. The economic lives for intangible assets are estimated at between three and eight years for internal projects, which include internal use software and internally generated software, and between two and ten years for acquisition intangibles. Management has also made judgments and assumptions when assessing the economic life of acquired data, and the pattern of consumption of the economic benefits embodied in the asset.

3 Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Veda Group Limited and its Controlled Entities and its subsidiaries.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities controlled by the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of financial position respectively.

(iii) Investments in equity accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

3 Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprises of cash and cash equivalents, and trade and other receivables.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(iv) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise borrowings and trade and other payables (excluding accrued expenses).

(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(vi) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(vii) Share capital (Ordinary shares)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(viii) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to hedged risk, and whether the actual results of each hedge are within a range of 80 - 125 percent.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

(ix) Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3 Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

The estimated useful lives for the current and comparative years are as follows:

- fixtures, fittings and equipment - 2.5 to 5 years
- leasehold improvements - over lease period

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

(ii) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

(iii) Brand names

A brand name, also called a trade name, is used to identify a commercial product or service which may or may not be registered as a trademark. The “Veda” brand has been valued with the view that a general market participant would maintain the brand indefinitely. No amortisation charge is applied.

(iv) Software

Computer software comprises of computer application system software and licenses. Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to computer software. Costs capitalised include external direct costs, direct payroll and payroll related costs.

Development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

3 Significant accounting policies (continued)

(e) Intangible assets (continued)

(iv) Software (continued)

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services and direct labour. Other development expenditures that do not meet these criteria are recognised as an expense in profit and loss as incurred. Development costs are capitalised under computer software and amortised from the point at which the asset is ready for use.

(v) Customer contracts and relationships

Customer contracts and relationships acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

(vi) Databases

The Group capitalises costs incurred in acquiring intellectual property relating to databases that will contribute to future period financial benefits through revenue generation and/or cost reduction.

(vii) Data sets

The Group capitalises costs incurred relating to storable data purchases. Costs are capitalised when control over the data is maintained to obtain future economic benefits. The amount is amortised over the economic life of the data sets, which is determined based on the nature of the underlying data.

(viii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(ix) Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and data sets, from the date that they are available for use. There is no amortisation of goodwill. Amortisation of data is determined using a diminishing value method, where 50% of the cost is amortised in the first two years, consistent with the nature of the underlying data purchased.

The estimated useful lives for the current and comparative years are as follows:

- brand names : indefinite useful life
- software : 3 - 8 years
- databases : 1 - 6 years
- customer contracts and relationships : 3 - 10 years
- data sets : 8 years

(f) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3 Significant accounting policies (continued)

(f) Impairment (continued)

(i) Non-derivative financial assets (continued)

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group or economic conditions that correlate with defaults.

(ii) Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(iii) Equity accounted investees

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the policy. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iv) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

3 Significant accounting policies (continued)

(f) Impairment (continued)

(iv) Non-financial assets (continued)

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(h) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits.

(ii) Long-term service benefits

The Group's net obligation in respect of long term service benefits, other than superannuation but including long service leave, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the reporting date that have maturity dates approximating to the terms of the Group's obligations.

Long service leave is classified as current where the leave has vested, or will vest within the next 12 months, in accordance with the relevant state legislation under which the employee is employed.

(iii) Superannuation contributions

Contributions are made on behalf of employees to various complying superannuation funds and are charged as expenses when incurred. The Group has no liability to defined contribution superannuation funds other than the payment of its share of the contributions in terms of applicable legislation.

(iv) Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

When the Group reimburses employees for personal taxes due related to the share-based payments awards, the payment is considered to be a cash-settled award because the tax is based on the value of the Company's equity instruments. The liability is expensed immediately in the profit or loss in the period of which it arises.

3 Significant accounting policies (continued)

(h) Employee benefits (continued)

(iv) Share-based payments (continued)

In the current financial year, the fair value at grant date is determined using an Expected Values pricing approach that takes into account the exercise price, the term of the share plan, the vesting and performance criteria, the enterprise value, the discount due to lack of control and lack of marketability, the expected dividend yield, and the risk free interest rate for the term of the share award. In previous financial years, Monte Carlo simulations and Black-Scholes valuations were used to value shares issued.

(i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Non-current provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(i) Lease incentives

Office lease incentives are amortised over the term of the individual office leases. The amount in excess of 12 months is recorded as a non-current provision.

(ii) Occupancy 'make-good'

Provision is made for estimated 'make-good' costs associated with the relocation of the Group's offices in Australia and New Zealand.

(iii) Contingent consideration

In acquiring the businesses additional consideration is payable on future earn-out hurdles.

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group’s activities as described below.

(i) Credit and other enquiry revenue and product revenue

A sale is recorded at the time that an enquiry is made through the credit bureau, and at the time a product is delivered.

(ii) Service revenue

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a contract, the excess of total expected contract costs over total expected contract revenue is recognised as an expense immediately.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered revenue is recognised to the extent of the costs incurred.

The stage of completion is measured by reference to services completed as a proportion of total services for the contract.

3 Significant accounting policies (continued)

(j) Revenue (continued)

(iii) Income from software license fees

Revenue from software licenses is recognised upon delivery. Where a single arrangement comprises a number of individual elements which are capable of operating independently of one another the total revenues are allocated amongst the individual elements based on an estimate of the fair value of each element. Where the elements are not capable of operating independently, or reasonable measures of fair value for each element are not available, total revenues are recognised on a straight line basis over the contract period to reflect the timing of services performed.

(iv) Subscription revenue

Subscription fees are brought to account over the term of the subscription. Unearned subscription fees at the end of a period are deferred and recognised over the balance of the subscription period.

(k) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(l) Finance income and expense

Finance income is recognised for interest earned on cash and cash deposits using the effective interest rate method. Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(m) Tax

Tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3 Significant accounting policies (continued)

(m) Tax (continued)

(ii) Deferred tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(iv) Tax consolidation

The Group has implemented the tax consolidation legislation. There are two tax consolidated groups in Australia and one in New Zealand. The head entity for the primary Australian tax group is Veda Group Limited (previously VA Australia Holdings Pty Ltd).

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(o) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3 Significant accounting policies (continued)

(p) Segment reporting

A segment is a distinguishable component of the Group that participates in business activities from which it may earn revenues and incur expenses. The operating results of the segments are regularly reviewed by the Group's board (chief operating decision-maker) enabling decisions about the allocation of resources to the segments and assess their performance. Segment information is comprised of reporting segments determined based on similar economic characteristics or similar in regard to the nature of the services, type or class of customer, methods used to provide the services and geographical location.

The Group comprises the following two segments:

- Australia
- New Zealand and International

Both segments primarily provide consumer and commercial credit enquiry information and decisioning software and a range of sophisticated credit risk management and decisioning solutions and data driven marketing solutions. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

(q) Material items

Material items comprise items of income or expense which are considered to be relevant to explaining the performance of the Group and are, either individually or in aggregate, material to the Group. Such items are likely to include, but are not restricted to, acquisition related expenses, share-based payment expenses and the cost of significant Veda-wide reorganisations or restructurings. This information assists the users of the Group's financial statements in their understanding of the underlying business results.

4 New accounting standards and interpretations

(i) New accounting standards adopted

During the 30 June 2014 financial year the Group adopted the following standards: AASB10 Consolidated financial statements; AASB11 Joint arrangements; AASB12 Disclosure of interests in other entities; AASB 13 Fair Value; AASB 119 Employee Benefits; and AASB134 Interim financial reporting. There was no material impact to the group upon adoption of these new standards.

(ii) New accounting standards released but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments (2013) is effective from 1 January 2018. The Group is not required to adopt this new standard until the annual reporting period ending 30 June 2019 and currently has no intention of early adopting this standard. The potential impact of the standard has been assessed at this stage as minimal.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

5 Operating segments

Information about reportable segments

2014

	Australia $'000	**International** $'000	**Total** $'000
Total segment revenue	266,455	35,594	302,049
Operating EBITDA	**110,308**	**18,044**	**128,352**
Depreciation and amortisation	-	-	(23,049)
Net finance costs	-	-	(49,276)
IPO expenses/adjustments	-	-	(25,677)
Income tax expense	-	-	(10,228)
Share of profit from associates	-	-	2,536
Profit after income tax			22,658

2013

	Australia $'000	**International** $'000	**Total** $'000
Total segment revenue	238,488	30,076	268,564
Operating EBITDA	**90,308**	**15,129**	**105,437**
Depreciation and amortisation	-	-	(24,895)
Net finance costs	-	-	(70,263)
Income tax expense	-	-	(2,875)
Share of profit from associates	-	-	2,003
Profit after income tax			9,407

In the 30 June 2013 financial statements Operating EBITDA included equity profits from associates and excluded certain non-operating costs. Following a review by the Board during the IPO process it was decided that Operating EBITDA should only exclude equity profits from associates and IPO expense. The 30 June 2013 comparatives have been restated to be presented on a consistent basis.

Information about similar products and services

In addition to the reportable segments of Australia and New Zealand, the Group provides revenues from external customers for groups similar products and services.

5 Operating segments (continued)

(a) Other segment information

(i) Segment revenue

	2014 **$'000**	2013 $'000
Consumer Risk and Identity	**100,010**	90,121
Commercial and Property Services	**125,718**	111,428
B2C and Marketing	**40,727**	36,939
Australia	**266,455**	238,488
International	**35,594**	30,076
Total revenue	**302,049**	268,564

6 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise of share options granted to senior executives.

The calculation of earnings per share was based on the information as follows:

Basic earnings per share

	2014	2013
Parent basic earnings per share (cents)	**3.2**	1.8
Parent diluted earnings per share (cents)	**3.2**	1.7
Profit for the period attributable to parent shareholders (in thousands of dollars)	**22,403**	9,347
In thousands of shares		
Issued ordinary shares at 1 July	**513,029**	513,579
Effect of allotment and issuances	**182,591**	(550)
Basic weighted average number of ordinary shares	**695,620**	513,029
In thousands of shares		
Basic weighted average number of ordinary shares	**695,620**	513,029
Effect of conversion of warrants	**-**	34,405
Effect of management shares on issue	**-**	15,560
Effect of share options on issue	**1,068**	-
Diluted weighted average number of ordinary shares	**696,688**	562,994

6 Earnings per share (continued)

Basic earnings per share (continued)

At 30 June 2014, 18 million options (2013: Nil options) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

7 Revenue

	2014 $'000	2013 $'000
Sales revenue		
Credit and other enquiry revenue	**235,203**	210,970
Marketing solutions (services and software)	**19,348**	16,336
Subscription and product revenue	**47,498**	41,258
	302,049	268,564

8 IPO related costs

	2014 $'000	2013 $'000
Employee benefit expenses	**15,224**	-
Professional and legal fees	**9,870**	-
Finance costs, net	**583**	-
Total IPO related expenses	**25,677**	-

9 Finance expenses

	2014 $'000	2013 $'000
Bank interest and finance charges paid/payable	**33,750**	64,289
Net foreign exchange loss	**252**	3
Write-off of capitalised borrowing costs	**12,847**	956
Amortisation of capitalised borrowing costs	**3,546**	5,717
Finance costs recognised in profit or loss, net	**50,395**	70,965

Recognised directly in other comprehensive income		
Effective portion of changes in fair value of cash flow hedges	**528**	3,347
Tax on finance expenses recognised in other comprehensive income	**(158)**	(1,004)
Finance income recognised directly in other comprehensive income	**370**	2,343

10 Tax expense

Tax recognised in profit or loss

	2014 $'000	2013 $'000
Current tax expense	**2,794**	2,259
Deferred tax expense	**8,100**	155
(Over)/under provided in prior years	**(666)**	461
Total income tax expense	**10,228**	2,875

Numerical reconciliation between tax expense and pre-tax accounting profit

	2014 $'000	2013 $'000
Profit before tax	**32,886**	12,282
Income tax at 30%	**9,866**	3,685
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D offset	**(1,994)**	(1,812)
Share-based payments	**3,303**	361
Business combination cost expensed	**186**	824
Share of net profit of associates	**(762)**	(624)
Other items (net)	**(371)**	398
Difference in overseas tax rates	**-**	44
Tax expense recognised in the profit or loss	**10,228**	2,876

Tax recognised in other comprehensive income

	2014 $'000	2013 $'000
Changes in fair value of cash flow hedges	**(158)**	(1,004)

11 Cash and cash equivalents

	2014 $'000	2013 $'000
Bank balances	**15,412**	10,770
Deposits at call	**14,616**	16,784
Cash and cash equivalents in the consolidated statement of cash flows	**30,028**	27,554

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets are disclosed in note 28.

11 Cash and cash equivalents (continued)

Reconciliation to cash flows from operating activities

	2014 $'000	2013 $'000
Profit after income tax	**22,658**	9,407
Depreciation and amortisation	**23,049**	24,895
IPO related expenses	**25,677**	-
Contingent consideration	**622**	2,453
Equity-settled share-based payment expense	**-**	1,244
Accrued and non-operating interest	**50,400**	70,961
Share of profits of associates accounted for using the equity method	**(2,536)**	(2,003)
Unrealised foreign exchange (gain)/loss	**(483)**	601
	119,387	107,558
Change in operating assets and liabilities:		
Change in trade debtors and bills of exchange	**(2,567)**	(588)
Change in deferred tax assets	**7,504**	916
Change in other operating assets	**1,396**	(1,753)
Change in trade creditors	**682**	(1,080)
Change in other operating liabilities	**3,414**	947
Changes in current tax liabilities	**(246)**	720
Change in other provisions	**905**	3,301
Net cash from operating activities	**130,475**	110,021

12 Trade and other receivables

Current	**2014 $'000**	2013 $'000
Trade receivables	**37,851**	34,515
Allowance for impairment of receivables	**(304)**	(85)
	37,547	34,430
Other receivables	**1,869**	2,447
	39,416	36,877
Non-current		
Management Share Plan loans	**3,754**	470

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 28.

13 Other current assets

	2014 $'000	2013 $'000
Other prepayments and deposits	**2,603**	3,977

14 Investments in equity-accounted investees

	2014 $'000	2013 $'000
Equity accounted investments	**30,790**	28,093

The Group's share of profit, after tax, in its equity-accounted investees for the year was $2,536,000 (2013:$2,003,000).

None of the company's equity-accounted investees are publicly listed entities and consequentially do not have published price quotations.

Summary financial information for equity-accounted investees, not adjusted for the percentage ownership held by the Group:

In thousands of AUD	**Ownership**	**Revenue**	**Profit/(loss)**
2014			
Infocredit Holdings Pte Ltd (Singapore)	49%	23,730	3,959
Credit Bureau Cambodia	49%	3,184	1,331
Veda@SIMAH Limited	50%	1,146	(18)
		28,060	5,272

In thousands of AUD	**Ownership**	**Revenue**	**Profit/(loss)**
2013			
Infocredit Holdings Pte Ltd (Singapore)	49%	20,458	5,006
Credit Bureau Cambodia	49%	3,109	368
Veda@SIMAH Limited	50%		
		23,567	5,374

In thousands of AUD	**Ownership**	**Total assets**	**Total Liabilities**
2014			
Infocredit Holdings Pte Ltd (Singapore)	49%	40,550	13,314
Credit Bureau Cambodia	49%	4,503	713
Veda@SIMAH Limited	50%	703	296
		45,756	14,323

In thousands of AUD	**Ownership**	**Total assets**	**Total Liabilities**
2013			
Infocredit Holdings Pte Ltd (Singapore)	49%	36,027	13,421
Credit Bureau Cambodia	49%	3,355	361
Veda@SIMAH Limited	50%	-	-
		39,382	13,782

Share of contingent liabilities of associates
The Group has no significant contingent liabilities in relation to its equity-accounted investees.

15 Deferred tax assets

	2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:		
Value of carry-forward tax losses recognised	**37,594**	37,303
Employee benefits	**5,106**	4,929
Cash flow hedges	**33**	225
Deferred revenue	**751**	-
Make good provision	**338**	283
Capital costs deductible over 5 years	**6,236**	(597)
Database subject to copyright	**(1,486)**	2,574
Lease incentives provision	**714**	806
Other items	**262**	322
Total deferred tax assets	**49,548**	45,845
Set-off of deferred tax liabilities pursuant to set-off provisions	**(11,089)**	(7,223)
Net deferred tax assets	**38,459**	38,622

15 Deferred tax assets (continued)

Movements	**Tax Losses $'000**	**Capital costs deductible over 5 years $'000**	**Employee Benefits $'000**	**Databases subject to copyright $'000**	**Deferred revenue $'000**	**Lease incentives provision $'000**	**Cash flow hedges $'000**	**Other provisions $'000**	**Total $'000**
2014									
At 1 July 2013	**37,303**	**(597)**	**4,929**	**2,574**	**-**	**806**	**225**	**605**	**45,845**
(Charged)/credited									
- to profit or loss	(1,229)	(1,003)	158	(2,729)	387	(121)	-	294	**(4,243)**
- directly to equity	-	7,836	-	-	-	-	(255)	-	**7,581**
Acquisition of subsidiary	-	-	4	-	-	-	-	-	**4**
Under provided in prior years	1,531	-	31	(1,331)	447	23	63	(294)	**470**
Fx movement	(11)	-	(16)	-	(83)	6	-	(5)	**(109)**
Balance as at 30 June 2014	37,594	6,236	5,106	(1,486)	751	714	33	600	**49,548**
2013									
At 1 July 2012	38,740	402	3,098	2,562	762	1,412	1,190	859	**49,025**
(Charged)/credited									
- to profit or loss	(955)	-	1,831	12	(762)	(606)	39	(254)	**(695)**
- directly to equity	-	-	-	-	-	-	(1,004)	-	**(1,004)**
Acquisition of subsidiary	-	(999)	-	-	-	-	-	-	**(999)**
Under provided in prior years	(482)	-	-	-	-	-	-	-	**(482)**
Balance as at 30 June 2013	37,303	(597)	4,929	2,574	-	806	225	605	**45,845**

16 Property, plant and equipment

	Furniture, fittings and equipment $'000	Leasehold improvements $'000	Total $'000
At 30 June 2014			
Cost	11,925	8,157	20,082
Accumulated depreciation	(10,428)	(5,544)	(15,972)
Net book amount	1,497	2,613	4,110
Balance as at 1 July 2013			
Opening net book amount	1,324	3,234	4,558
Additions	661	-	661
Business combinations	19	-	19
Depreciation charge	(531)	(657)	(1,188)
Disposals - Cost	(854)	(245)	(1,099)
Disposals - Accumulated depreciation	854	245	1,099
Exchange differences - Cost	175	83	258
Exchange differences - Accumulated depreciation	(151)	(47)	(198)
Balance as at 30 June 2014	1,497	2,613	4,110
At 30 June 2013			
Cost	11,924	8,319	20,243
Accumulated depreciation	(10,600)	(5,085)	(15,685)
Net book amount	1,324	3,234	4,558
Balance as at 1 July 2012			
Opening net book amount	2,445	4,238	6,683
Additions	1,027	12	1,039
Depreciation charge	(2,150)	(1,042)	(3,192)
Exchange differences - Cost	2	26	28
Balance as at 30 June 2013	1,324	3,234	4,558

17 Intangible assets

	Goodwill $'000	Brand names $'000	Computer Software $'000	Software development in progress $'000	Databases $'000	Data sets $'000	Customer contracts and relationships $'000	Total $'000
At 30 June 2014								
Cost	817,990	4,644	174,921	17,422	17,194	17,640	86,415	1,136,226
Accumulated amortisation	-	-	(121,175)	-	(16,925)	(4,055)	(83,834)	(225,989)
Net book amount	817,990	4,644	53,746	17,422	269	13,585	2,581	910,237
Balance as at 1 July 2013								
Opening net book amount	796,865	4,314	28,663	24,872	287	4,490	2,623	862,114
Acquisition of business	2,137	330	659	-	100	100	810	4,136
Additions - acquisition	-	-	1,627	32,347	-	12,553	-	46,527
Additions - internal development	-	-	39,953	(39,953)	-	-	-	-
Amortisation charge	-	-	(17,313)	-	(118)	(3,558)	(872)	(21,861)
Exchange differences Cost	18,988	-	1,203	156	364	-	1,994	22,705
Exchange differences Accumulated amortisation	-	-	(1,046)	-	(364)	-	(1,974)	(3,384)
Balance as at 30 June 2014	817,990	4,644	53,746	17,422	269	13,585	2,581	910,237

17 Intangible assets (continued)

	Goodwill $'000	Brand names $'000	Computer software $'000	Software development in progress $'000	Databases $'000	Data Sets $'000	Customer contracts and relationships $'000	Total $'000
At 30 June 2013								
Cost	796,865	4,314	131,479	24,872	16,730	4,987	83,611	1,062,858
Accumulation amortisation	-	-	(102,816)	-	(16,443)	(497)	(80,988)	(200,744)
Net book amount	796,865	4,314	28,663	24,872	287	4,490	2,623	862,114
Balance as at 1 July 2012								
Opening net book amount	784,977	4,204	18,096	28,002	664	-	2,290	838,233
Acquisition of business	454	110	1,850	-	230	-	1,050	3,694
Additions - acquisition	-	-	3,340	22,037	-	4,987	-	30,364
Amortisation charge	-	-	(19,874)	-	(607)	(497)	(725)	(21,703)
Exchange differences Cost	11,434	-	(47)	131	-	-	8	11,526
Transfers	-	-	25,298	(25,298)	-	-	-	-
Balance as at 30 June 2013	796,865	4,314	28,663	24,872	287	4,490	2,623	862,114

17 Intangible assets (continued)

Impairment testing for cash-generating units containing

For the purpose of impairment testing, goodwill and other indefinite life intangible assets are allocated to the Group's CGU's as follows:

2014	**$'000**
Veda Australia	708,230
Veda New Zealand	202,007
	910,237

2013	
Veda Australia	679,633
Veda New Zealand	182,481
	862,114

The recoverable amount of a CGU is determined based on value-in-use calculations.

Key assumptions used for value-in-use calculations

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal value growth rates and cash flow growth rates. These assumptions are as follows:

	Pre-tax discount rate		**Cash flow growth rate**	
	2014 %	2013 %	**2014 %**	2013 %
Veda Australia	**12.7**	13.0	**10.3**	11.4
Veda New Zealand	**11.9**	10.6	**10.6**	4.7

Discount rate
Discount rates used are the pre-tax WACC and include a premium for market risks appropriate to the relevant CGU.

Terminal value growth rate
Terminal values calculated after year five have been determined using the stable growth model, having regard to the WACC terminal growth factor of 3% (2013: 3%) per annum which is considered appropriate to the industry in which each CGU operates.

Cash Flow Forecasts
Five years of cash flows are included in the impairment model. The first three years of cash flows are based on the Board approved FY15 budget and management three year plans. The cash flow forecast for the remaining two years have been extrapolated using a growth rate of 5%.

Growth rates
Growth rates used in the financial projections are based on management's expectations for the future performance for the business in which each CGU operates. The rates disclosed are the management approved three year compounded annual growth rates as different rates are used over the plan period. The Australian growth rates are higher due to the Group's expectations of future growth.

17 Intangible assets (continued)

Impact of possible changes in key assumptions

The value in use calculations are sensitive to changes in the key assumptions used in the impairment testing. As such, a sensitivity analysis was undertaken by management to examine the effect of changes in key assumptions which would cause the carrying amount to exceed the recoverable amount for each CGU. Management is satisfied that any reasonably likely changes in the key assumptions would not cause the carrying value of each CGU to materially exceed its recoverable amount.

18 Trade and other payables

	2014 $'000	2013 $'000
Trade payables	**25,384**	23,020
Accrued expenses	**749**	5,084
	26,133	28,104

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 28.

19 Loans and Borrowings

On 10 December 2013, the Group established a three year unsecured revolving facilities agreement consisting of an AU$240 million facility (of which up to NZ 40m can be drawn) and a NZ$93 million facility. Funds raised from the new financing and equity raised from the IPO was used to repay all of the Group’s existing mezzanine preference notes and senior debt.

Unamortised borrowing costs relating to existing debt that was repaid or refinanced were immediately written off and is included in finance expenses.

On 10 December 2013, the Group also established an AU$10 million bank guarantee facility to support its standard business operational requirements for bank guarantees. This facility is drawn to $8 million as at 30 June 2014.

	2014 $'000	2013 $'000
Unsecured		
Non-current		
Senior Australian debt	**146,000**	-
Senior New Zealand debt	**123,115**	-
Mezzanine preference notes	**-**	262,150
Capitalised borrowing costs	**(1,184)**	-
Total unsecured non-current borrowings	**267,931**	262,150

19 Loans and Borrowings (continued)

	2014 $'000	2013 $'000
Secured		
Non-current		
Capex/Acquisition debt	-	4,000
Senior Australian debt	-	251,292
Senior New Zealand debt	-	110,538
Capitalised borrowing cost	-	(15,743)
Total secured non-current borrowings	-	350,087
Total non-current interest bearing liabilities	**267,931**	612,237
Secured		
Current		
Senior New Zealand debt	-	1,398
Senior Australian debt	-	3,312
Total secured current borrowings	-	4,710
Total interest-bearing liabilities	**267,931**	616,947

The following table provides details of the components of the bank facilities and available cash equivalents:

		30 June 2014		**30 June 2013**	
	Maturity	**Facility $'000**	**Utilised $'000**	**Facility $'000**	**Utilised $'000**
Revolving credit facility A	December 2016	240,000	182,375		
Revolving credit facility B (Note1)	December 2016	86,740	86,740		
Senior Australian debt A1	September 2015			41,500	19,490
Senior Australian debt B1	September 2015			235,100	235,114
Senior New Zealand debt A2	September 2015			18,400	8,423
Senior New Zealand debt B2	September 2015			103,500	103,513
Mezzanine preference notes	October 2015			262,200	262,150
Less: cash and cash equivalents			(30,028)		(27,554)
Less: capitalised borrowings costs			(1,184)		(15,743)
		326,740	237,903	660,700	585,393
Working capital facilities	September 2015			25,000	
Capital expenditure facility	September 2015			36,000	4,000
Net bank debt		326,740	237,903	721,700	589,393

Note1 - NZD denominated debt of NZ$93 million converted to AUD at an exchange rate of 0.9327.

20 Employee Benefits

	2014 $'000	2013 $'000
Current		
Liability for annual leave	**2,941**	2,743
Liability for long service leave	**1,684**	1,519
Liability for bonus and other employment liabilities	**11,678**	11,040
	16,303	15,302

	2014 $'000	2013 $'000
Non-current		
Liability for long service leave	**1,105**	1,116

21 Deferred tax liabilities

	2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:		
Customer relationships	**770**	783
Depreciation	**9,224**	5,282
Brand name	**1,095**	1,081
Other Intangible assets	**-**	77
	11,089	7,223
Set-off of deferred tax liabilities pursuant to set-off provisions (note 15)	**(11,089)**	(7,223)
Net deferred tax liabilities	**-**	-

21 Deferred tax liabilities (continued)

Movements	Depreciation $'000	Other Intangible assets $'000	Customer relationships $'000	Brand name $'000	Databases not subject to copyright $'000	Borrowing costs $'000	Total $'000
2014							
At 1 July 2013	**5,282**	**78**	**783**	**1,080**	**-**	**-**	**7,223**
Charged/(credited)							
- profit or loss	**3,983**	**-**	**(262)**	**28**	**-**	**-**	**3,749**
Acquired in business combinations	**-**	**-**	**243**	**-**	**-**	**-**	**243**
Over/(Under) prior year	**(41)**	**(78)**	**5**	**(13)**	**-**	**-**	**(127)**
FX	**-**	**-**	**1**	**-**	**-**	**-**	**1**
At 30 June 2014	**9,224**	**-**	**770**	**1,095**	**-**	**-**	**11,089**
2013							
At 1 July 2012	5,444	5	684	1,080	(121)	1,065	**8,157**
Charged/(credited)							
- profit or loss	(162)	73	424	-	190	(1,065)	**(540)**
Acquired in business combinations	-	-	(325)	-	(69)	-	**(394)**
At 30 June 2013	5,282	78	783	1,080	-	-	**7,223**

22 Share-based payments

Management Performance Shares (MPS)
The Group had 63,102,456 MPS outstanding as of 30 June 2013. These management shares had an expiry date of 10 December 2018 and were able to be reclassified to ordinary shares subject to the achievement of certain specified tenure periods and certain specified financial performance hurdles, and subject to approval by the Board of Directors. The price payable by MPS holders on reclassification to ordinary shares was $1.00 for each MPS.

The vesting conditions for the MPS were as follows:
• Tranche A - 25% at date of commencement of employment and 37.5% on the first and second anniversary
• Tranche B - Achievement of 2.0 - 2.5 times cash invested for investors and IRR of 10% or more on exit
• Tranche C - Achievement of 2.5 - 3.0 times cash invested for investors and IRR of 15% or more on exit

During the year ended 30 June 2014 the following occurred:
• MPS were issued and forfeited in respect to the existing MPS scheme;
• The existing MPS scheme was modified;
• Certain MPS were reclassified as ordinary shares at IPO and the remainder were forfeited; and
• New share options were issued.

These events are explained in detail below.

MPS issued and forfeited under existing scheme

In July 2013, 8,507,223 (2013: 421,815) MPS were granted to senior executives and 2,812,092 (2013: nil) MPS were forfeited.

Inputs for measurement of grant date fair values of MPS

The following inputs were used in the measurement of the fair values at grant date of MPS:

	2014
Exercise price	$1.00
Enterprise value (000's)	1,307
Expected volatility (weighted average volatility)	N/A
Expected dividends	0%
Risk-free interest rate (based on government bonds)	4.75%
This resulted in the following fair values:	
Fair value at grant date – Tranche A	$0.31
Fair value at grant date – Tranche B	$0.06
Fair value at grant date – Tranche C	$0.01

The fair value of MPS granted was measured based on the Expected Returns methodology. This valuation methodology estimates the fair value of the shares using inputs similar to those of a Monte Carlo simulation. Although the expected volatility is not explicitly stated in the assumptions, this measure is inherently included in the valuation.

22 Share-based payments (continued)

Modification to existing MPS scheme

• Tranche A shares: 25% were forfeited and the exercise price was changed from $1.00 to $0.25;
• Tranche B shares: 100% were forfeited;
• Tranche C shares: 100% were forfeited;
• The reclassification price of any MPS reclassified to ordinary shares were funded by a full recourse loan at market rates from the company; and
• Any resulting ordinary shares were subject to an escrow period of between 1 to 2 years.

As part of the modification 14,408,026 MPS were elected to be made subject to the new terms above and 53,335,023 MPS were forfeited.

The modification value, being the value of the modified scheme less the value of the existing scheme at the date of modification, was determined by PwC using a share price of $1.25 and an escrow discount of $0.19. The modification value of $6.9 million was expensed immediately upon the IPO as there is no future service period attached to the shares. The amount is included in the “IPO related expenses” line in the Consolidated Statement of comprehensive income.

IPO Reclassification of MPS to Ordinary Shares

As part of the IPO, 14,707,073 MPS were reclassified as ordinary shares and 755,487 MPS were forfeited by MPS holders who did participate in the scheme modification above.

The aggregate value of full recourse market based loans taken up by MPS holders as part of the modified scheme was $3.4 million.

The remaining unamortised share based payment expense related to existing MPS of $2.3 million at IPO was expensed immediately and is included in the “IPO related expenses” line in the Consolidated Statement of comprehensive income.

Summary of changes to MPS in period

The number and weighted average fair value of MPS is as follows:

	Weighted average exercise price 2014	Number of MPS 2014 '000	Weighted average exercise price 2013	Number of MPS 2013 '000
Outstanding at 1 July	$1.00	63,102	$1.00	62,680
Granted during the period	$1.00	8,507	$1.00	422
Forfeited during the period - employee exit	$1.00	(2,812)		
Forfeited during the period - scheme modification	$1.00	(53,335)		
Forfeited during the period - IPO	$1.00	(755)		
Reclassified to ordinary shares	$0.25	(14,707)		
Outstanding at 30 June		-		63,102

Share options (equity-settled)

As part of the IPO in December 2013, the Company issued share options that entitle senior executives to purchase shares in the Company.

22 Share-based payments (continued)

There are two tranches of options with strike prices of $1.90 and $2.10 per option. The options will be fully vested on issue and, subject to payment of the exercise price, are exercisable at any time as fully paid ordinary shares in the ratio of one option per one share, subject to adjustments in accordance with the ASX Listing Rules for certain capital actions.

The aggregate number of all options as at 30 June 2014 at an exercise price of $1.90 is 21,150,000 (2013: nil) and at an exercise price of $2.10 is 18,016,667 (2013: nil).

The fair value of the share options granted is measured using the Black-Scholes model.

Inputs for measurement of grant date fair values of options

The following inputs were used in the measurement of the fair values at grant date of the share option programme:

	2014
Share price at grant date	$1.25
Exercise price – Series 1 options	$1.90
Exercise price – Series 2 options	$2.10
Expected volatility (weighted average volatility)*	30%
Option life (expected weighted average life)	2.6 Years
Expected dividends	3.2%
Risk-free interest rate (based on government bonds)	3.0%

*The expected volatility used for options is based on the historical share price volatility of comparable companies.

Based on the above the options were valued as follows:

	Number of Options '000	**Value per option**	**Total value $'000**
Series 1 options	21,150	$0.07	1,481
Series 2 options	18,017	$0.05	901
			2,382

The options were fully vested upon issue. Accordingly, the entire $2.4 million total value above was expensed immediately upon the issue of the options and is included in the “IPO related expenses” line in the Consolidated Statement of comprehensive income.

23 Deferred income

	2014			2013		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Pre-billed subscriptions and other services	**6,640**	**-**	**6,640**	3,859	-	3,859
	6,640	**-**	**6,640**	3,859	-	3,859

24 Provisions

Movements in provisions

2014	**Lease incentives $'000**	**Deferred acquisition consideration $'000**	**Other provisions $'000**	**Total provisions $'000**
Balance at start of the year	2,763	7,255	1,062	11,080
Provisions made	218	678	287	1,183
Provisions used	(622)	(6,568)	-	(7,190)
Acquired through business combination	-	1,711	-	1,711
Effect of movements in exchange rates	19	-	13	32
Carrying amount at end of period	2,378	3,076	1,362	6,816
Current	533	621	287	1,477
Non-current	1,845	2,455	1,039	5,339
	2,378	3,076	1,326	6,816

2013	**Lease incentives $'000**	**Deferred acquisition consideration $'000**	**Other provisions $'000**	**Total provisions $'000**
Balance at start of the year	3,406	5,612	1,073	10,091
Provisions made	-	2,453	52	2,505
Provisions used	(648)	(2,839)	(71)	(3,558)
Acquired through business combination	-	2,029	-	2,029
Effect of movements in exchange rates	5	-	8	13
Carrying amount at end of period	2,763	7,255	1,062	11,080
Current	501	6,383	-	6,884
Non-current	2,262	872	1,062	4,196
	2,763	7,255	1,062	11,080

25 Derivative financial instruments

	2014 $'000	2013 $'000
Current liabilities		
Interest rate swaps - cash flow hedges	**108**	734
Total current derivative financial instrument liabilities	**108**	734

26 Capital and reserves

Issued and paid up capital

	2014 Shares '000	2013 Shares '000	**2014 $'000**	2013 $'000
Ordinary shares - fully paid	**842,055**	513,029	**791,364**	512,911

Movements in ordinary share capital

Date	**Details**	**Number of shares '000**	**Issue price**	**$'000**
2014				
1 July 2013	Opening balance	**513,029**	-	**512,911**
15 November 2013	Capital reduction	**0**	-	**(96,039)**
10 December 2013	Share issue under IPO	**272,841**	$1.25	**341,051**
10 December 2013	Reclassified MPS - modified	**14,408**	$0.25	**3,602**
10 December 2013	Reclassified MPS - unmodified	**299**	$1.00	**299**
10 December 2013	Reclassified MPS - transfer from share based payment reserve	**0**	-	**8,360**
10 December 2013	Warrants exercised	**41,478**	$0.95	**39,498**
10 December 2013	Transaction costs arising from issue of shares (net of tax)	**0**	-	**(18,318)**
	Closing balance	**842,055**		**791,364**
2013				
1 July 2012	Opening balance	513,579	-	513,441
	Buy back	(550)	$0.95	(523)
	Share issue expense	0	-	(7)
	Closing balance	513,029		512,911

On 15 November 2013 a resolution was passed by the Directors approving a share capital reduction of $96.0 million. As a result the accumulated losses were reduced by $96.0 million. There was no impact on the number of shares on issue.

Dividends

No dividends were recognised or paid by the Company for the period to 30 June 2014 (30 June 2013: Nil)

27 Other reserves and accumulated losses

(a) Other reserves

	2014 $'000	2013 $'000
Cash flow hedges	**(75)**	(445)
Share-based payments	**7,551**	4,321
Foreign currency translation	**3,311**	(4,428)
	10,787	(552)

	Notes	**2014 $'000**	2013 $'000
Movements:			
Cash flow hedges			
Opening balance		**(445)**	(2,788)
Effective portion of changes in fair value - gross	9	**528**	3,347
Deferred tax	10, 15	**(158)**	(1,004)
Balance 30 June		**(75)**	(445)
Share-based payments			
Opening balance		**4,321**	3,116
Employee share plan expense		**3,230**	1,205
Balance 30 June		**7,551**	4,321
Foreign currency translation			
Opening balance		**(4,428)**	(11,380)
Currency translation differences arising during the year		**7,739**	6,952
Balance 30 June		**3,311**	(4,428)

(b) Accumulated losses

Movements in retained earnings were as follows:

Balance 1 July	**(195,047)**	(204,394)
Profit after tax attributable to the owners of Veda Group Limited	**22,403**	9,347
Capital reduction	**96,039**	-
Balance 30 June	**(76,605)**	(195,047)

(c) Nature and purpose of other reserves

i Cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 3(c). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

27 Other reserves and accumulated losses (continued)

(c) Nature and purpose of other reserves (continued)

ii Share-based payments

The share-based payments reserve is used to record the value of share-based payments provided to employees, as part of their remuneration and the expense relating to cancelled shares under the MPS.

The current balance relates to unexercised options issued to senior executives. A portion of this reserve will be reversed against contributed equity if the underlying options are exercised and result in shares being issued.

iii Foreign currency translation

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in note 3(b) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

28 Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by a central treasury function (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group holds the following financial instruments:

	2014 $'000	2013 $'000
Financial assets		
Cash and cash equivalents	**30,028**	27,554
Trade and other receivables	**43,170**	37,347
	73,198	64,901
Financial liabilities		
Trade and other payables	**26,133**	28,104
Borrowings	**267,931**	616,947
Derivative financial instruments	**108**	734
	294,172	645,785

28 Financial risk management and financial instruments (continued)

Credit risk

Credit risk is the financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Management of credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only lenders in the syndicated senior term debt facility are used.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history based on enquires through the Group's credit bureau. Ongoing customer credit performance is monitored on a regular basis.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances under the Group's banking facilities.

Cash and cash equivalents
The Group held cash and cash equivalents of $30.0 million at 30 June 2014 (30 June 2013: $27.6 million). The cash and cash equivalents are held with credit worthy counterparties that are large banks and members of the Group's syndicated debt facility.

Interest rate swaps are subject to credit risk in relation to the relevant counterparties, which are large banks and members of the Group's syndicated debt facility. The credit risk on swap contracts is limited to the net amount to be received from counterparties on contracts that are favourable to the consolidated entity.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2014 $'000	2013 $'000
Financial assets		
Cash and cash equivalents	**30,028**	27,554
Trade and other receivables	**43,170**	37,347
	73,198	64,901

Impairment losses

The ageing of trade receivables at the end of the reporting date that were not impaired was as follows:

28 Financial risk management and financial instruments (continued)

Credit risk (continued)

	2014 $'000	2013 $'000
Neither past due or nor impaired	**31,299**	26,717
Past due 0-30 days	**3,903**	5,663
Past due 31-90 days	**1,939**	1,492
Past due 91-120 days	**333**	299
Past due 121 days to 1 year	**377**	344
	37,851	34,515

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2014 $'000	2013 $'000
Balance at 1 July	**(85)**	(216)
Impairment loss recognised	**(224)**	(62)
Amounts written off	**5**	193
Balance at 30 June	**(304)**	(85)

Other than those receivables specifically considered in the above allowance for impairment we do not believe there is a material credit quality issue with the remaining trade receivables balance.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management of liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets.

Financing arrangements

The Group had access to following undrawn borrowing facilities at the end of the reporting date:

	2014 $'000	2013 $'000
Revolving Facility	**57,625**	-
Bank Guarantee Facility	**2,007**	-
Capital Expenditure/Acquisition Facility	**-**	32,000
Multi Option Working Capital Facility	**-**	20,181
	59,632	52,181

28 Financial risk management and financial instruments (continued)

Liquidity risk (continued)

Maturities of financial liabilities

The tables below analyses the Group's and the parent entity's financial liabilities, net and gross settled derivative financial instruments 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. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the reporting date.
The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact on netting agreements:

Contractual maturities of financial liabilities	**Carrying amount**	**Contractual cash flows**	**12 months or less**	**Between 1 and 5 years**
At 30 June 2014	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives				
Senior Australian debt	**146,000**	**(165,307)**	**(6,615)**	**(158,692)**
Senior New Zealand debt	**123,115**	**(140,176)**	**(6,330)**	**(133,846)**
Trade payables	**26,133**	**(26,133)**	**(26,133)**	**-**
Deferred acquisition consideration	**3,076**	**(3,493)**	**(992)**	**(2,501)**
Total non-derivatives	**298,324**	**(335,109)**	**(40,070)**	**(295,039)**
Derivatives				
Interest rate swaps used for hedging	**108**	**(108)**	**(108)**	**-**
At 30 June 2013				
Non-derivative financial liabilities				
Senior Australian debt	254,604	(269,689)	(6,750)	(262,940)
Senior New Zealand debt	111,936	(119,656)	(3,132)	(116,523)
Capex/Acquisition debt	4,000	(4,237)	(106)	(4,131)
Mezzanine Preference notes	262,150	(344,340)	-	(344,340)
Trade payables	28,104	(28,104)	(28,104)	-
Deferred acquisition consideration	7,255	(7,255)	(6,383)	(872)
	668,049	(773,281)	(44,475)	(728,806)
Derivative financial liabilities				
Interest rate swaps used for hedging	734	(1,024)	(1,024)	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

28 Financial risk management and financial instruments (continued)

Market risk (continued)

Currency risk

Management of currency risk

The Group operates internationally and is exposed to foreign exchange transaction risks arising from various currency exposures, primarily with respect to the New Zealand and Singapore dollar.

Foreign exchange transaction risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using cash flow forecasting.

The Group has an accounting exposure to movements in the AUD/NZD exchange rate in consolidating the NZD net assets of VA (NZ) Holdings Limited and its subsidiaries at each balance date. The current Australian accounting standards require that any such movements be booked to the Group's Foreign Currency Translation Reserve ("FCTR"). Historically, movements in the AUD/NZD cross rates have generally been within ± 10%.

No hedging of this exposure is undertaken for the following reasons:

- the exchange rate movements do not impact the Group’s profit and loss;
- the movements in the FCTR are limited as the level of NZD assets is largely offset by the NZD borrowings (ie there is a natural hedge); and
- the NZ operations are core to the Group’s business and it is not expected to be disposed of and any balance in the FCTR is not expected to be realised within the foreseeable future.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk where it has entered into transactions denominated in foreign currencies is as follows:

	30 June 2014		30 June 2013	
	USD $'000	**SGD $'000**	USD $'000	SGD $'000
Trade receivables	**-**	**-**	334	8
Cash and cash equivalents	**341**	**85**	345	203
Net statement of financial position exposure	**341**	**85**	679	211

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
AUD	**2014**	**2013**	**2014**	**2013**
USD1	0.914	1.021	0.942	0.913
SGD1	1.152	1.265	1.177	1.157

No currency sensitivity analysis is presented in respect of USD, SGD or NZD on the basis that any reasonably possible change in the currency rates would not have a material impact on the Group's profit or loss or equity having regard to the quantum of exposure as outlined in the table above.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

28 Financial risk management and financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

The Group's interest rate policy is to fix estimated interest rate risk exposure at a minimum of 75% for period of at least 12 months or as otherwise determined by the board.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, monthly or quarterly, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group was as follows:

	2014	2013
Fixed rate instruments	**$'000**	$'000
Financial liabilities	**-**	262,150
Variable rate instruments		
Financial Assets	**30,028**	27,554
Financial Liabilities	**269,115**	370,540

Fair value sensitivity analysis for fixed rate instruments
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

2014	**Profit or loss**		**Equity**	
	100bp Increase	**100bp Decrease**	**100bp Increase**	**100bp Decrease**
Variable rate instruments	(2,691)	2,691		
Interest rate swap			2,018	(2,018)
Cash flow sensitivity (net)	(2,691)	2,691	2,018	(2,018)

2013	**Profit or loss**		**Equity**	
	100bp Increase	**100bp Decrease**	**100bp Increase**	**100bp Decrease**
Variable rate instruments	(3,430)	3,430		
Interest rate swap			2,988	(2,988)
Cash flow sensitivity (net)	(3,430)	3,430	2,988	(2,988)

28 Financial risk management and financial instruments (continued)

Market risk (continued)

Other market price risk

Accounting classification and fair values
The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Cash flow hedge - hedging instruments $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Fair value $'000
30 June 2014					
Cash and cash equivalents	**-**	**30,028**	**-**	**30,028**	**30,028**
Trade and other receivables	**-**	**43,170**	**-**	**43,170**	**43,170**
Trade payables	**-**	**-**	**(26,133)**	**(26,133)**	**(26,133)**
Loans and borrowings	**-**	**-**	**(267,931)**	**(267,931)**	**(251,079)**
Deferred acquisition consideration	**-**	**-**	**(3,076)**	**(3,076)**	**(3,076)**
Derivative financial instruments	**(108)**	**-**	**-**	**(108)**	**(108)**
	(108)	**73,198**	**(297,140)**	**(224,050)**	**(207,198)**
30 June 2013					
Cash and cash equivalents	-	27,554	-	27,554	27,554
Trade and other receivables	-	37,347	-	37,347	37,347
Trade payables	-	-	(28,104)	(28,104)	(28,104)
Loans and borrowings	-	-	(616,944)	(616,944)	(566,890)
Deferred acquisition consideration	-	-	(7,255)	(7,255)	(7,255)
Derivative financial instruments	(734)	-	-	(734)	(734)
	(734)	64,901	(652,303)	(588,136)	(538,082)

Interest rates used for determining fair value
The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2014 %	2013 %
Derivatives, Loans and borrowings	2.81 - 4.30	2.54 - 3.91

Fair value hierarchy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

28 Financial risk management and financial instruments (continued)

Fair value hierarchy (continued)

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2014 and 30 June 2013:

30 June 2014	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Total assets	**-**	**-**	**-**	**-**
Liabilities				
Derivatives used for hedging	**-**	**108**	**-**	**108**
Contingent consideration	**-**	**-**	**3,076**	**3,076**
Total liabilities	**-**	**108**	**3,076**	**3,184**

30 June 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Total assets	-	-	-	-
Liabilities				
Derivatives used for hedging	-	734	-	734
Contingent consideration	-	-	7,255	7,255
Total liabilities	-	734	7,255	7,989

Reconciliation of Level 3 fair value measurements of financial instruments

The following table presents the changes in level 3 instruments for the periods ended 30 June 2014 and 30 June 2013:

	Contingent consideration $'000	**Total $'000**
Opening balance 1 July 2012	5,612	5,612
Total gains and losses recognised in other expenses:		
Change in fair value of contingent consideration	2,453	2,453
Arising from business combination	2,029	2,029
Cash paid	(2,839)	(2,839)
Closing balance 30 June 2013	7,255	7,255
Change in fair value of contingent consideration	678	678
Arising from business combination	1,711	1,711
Cash paid	(6,568)	(6,568)
Closing balance 30 June 2014	3,076	3,076

Fair value is based on the net present value of the expected future cash flow determined in respect to the forecast earnings of the business acquired and the earn out formulas contained in the acquisition agreement.

28 Financial risk management and financial instruments (continued)

Fair value hierarchy (continued)

Reconciliation of Level 3 fair value measurements of financial instruments (continued)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. Capital consists of share capital, retained earnings and non-controlling interests of the Group.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a capital position.

The Group's net debt to adjusted equity ratio at the end of the reporting date was as follows:

	2014 $'000	2013 $'000
Total equity	**(727,592)**	(318,088)
Amounts accumulated in equity relating to cash flow hedges	**(75)**	445
Adjusted equity	**727,667**	317,643
Liabilities	**331,805**	684,177
Cash and cash equivalents	**(30,028)**	(27,554)
Net debt	**301,777**	656,623
Net debt to adjusted equity ratio at 30 June	41.5%	206.7%

There were no changes in the Group's approach to capital management during the year.

29 Operating leases

Leases as lessee

(i) Non-cancellable operating leases

The Group leases various offices under non-cancellable leases expiring within one to eight years. The leases have varying terms, escalations and renewal rights.

	2014 $'000	2013 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**3,888**	3,314
Later than one year but not later than five years	**2,399**	3,698
Later than five years	**-**	73
	6,287	7,085

(ii) Cancellable operating leases

The Group also leases office space under cancellable operating leases. The Group is required to give twelve months notice for termination of this lease.

29 Operating leases (continued)

(ii) Cancellable operating leases (continued)

	2014 $'000	2013 $'000
Commitments for minimum lease payments in relation to cancellable operating leases are payable as follows:		
Within one year	**2,131**	2,069
Later than one year but not later than five years	**13,251**	15,235
Later than five years	**-**	1,693
Minimum lease payments	**15,382**	18,997

30 Capital commitments

There are no significant capital commitments as at 30 June 2014 (2013: no commitments).

31 Contingent assets and contingent liabilities

(a) Contingent liabilities

Guarantees

Guarantees issued by VA Australia Finance Pty Limited:

- Property leases to $4,757,920 (June 2013: $4,546,926)
- Contractual obligations, performance and warranties in respect of certain controlled entities to $3,234,854 (June 2013: $272,526).

Cross guarantees are given by VA Australia Finance Pty Limited to the following subsidiaries:

- Veda Advantage Limited
- Veda Advantage Solutions Group Pty Limited
- Veda Advantage (Australia) Pty Limited
- Veda Advantage Information Services and Solutions Limited

These guarantees may give rise to liabilities in the parent entity if the subsidiaries do not meet their obligations under the terms of the overdraft, loans, leases or other liabilities subject to the guarantees.

No material losses are anticipated in respect of any of the above contingent liabilities.

Claims

The Company is involved in various legal matters in the ordinary course of business. None of these matters is expected to give rise to a material claim against the company.

Contingent consideration

- In acquiring the Corporate Scorecard business in 2013, additional consideration is payable on future earn-out hurdles. The fair value of the contingent consideration at 30 June 2014 is $1.4 million.
- In acquiring the ITM business in 2014, additional consideration is payable on future earn-out hurdles. The fair value of the contingent consideration at 30 June 2014 is $1.7 million.

(b) Contingent assets

The Group had no contingent assets at 30 June 2014 (2013: nil).

32 Related party transactions

(a) Parent entity and ultimate controlling party

The parent entity within the Group is Veda Group Limited. The Group is ultimately controlled by various entities managed or advised by Pacific Equity Partners Pty Limited (collectively "PEP") who hold 63.5% of ordinary shares (2013: 99.5%) of the Company.

(b) Subsidiaries

Interests in subsidiaries are set out in note 33.

(c) Transactions with key management personnel

(i) Key management personnel compensation

The key management personnel compensation comprised:

	2014 $'000	2013 $'000
Short-term employee benefits	**7,628**	4,138
Post-employment benefits	**89**	69
Other long-term benefits	**-**	23
Share-based payments - equity settled	**8,362**	419
	16,079	4,649

The key management personnel do not receive compensation in relation to the management of the company. The compensation disclosed above represents an allocation of the key management personnel's estimated compensation from the Group in relation to their services rendered to the company.

(ii) Loans to key management personnel

During the year ended 30 June 2014 loans were offered to key management personnel to fund the reclassification price of the management shares into ordinary shares. The loans are full recourse loans issued at market rates. Interest on the loans includes both a margin and a reference rate, to be paid semi-annually. The loans are repayable on the earlier of five years or on sale of shares, or when the individual ceases to be an employee (subject to a period to enable the employee to trade the shares).

An unsecured loan to a key management personnel was issued during the year ended 30 June 2013 for $150,000. The loan is interest free and must be repaid in full if the shares are sold or otherwise disposed of or if employment with the Group ceases.

At 30 June 2014, the balance of loans outstanding to key management personnel was $2,535,000 (2013: $150,000). The loans are included in 'trade and other receivables' (see Note 12).

(iii) Directors' related party transactions

Anthony Kerwick and Geoff Hutchinson have an indirect interest in PEP Advisory III Pty Limited (PEP Advisory), which has received management fees from the Group.

During the year ended 30 June 2014, the Group incurred $1,786,000 (2013: $4,236,000) relating to management fees, arrangement fees and recharges paid to PEP Advisory. In addition, as a result of the termination of its existing services agreement and for arranging services in respect to the IPO, the Group paid fees of $14,820,000 to PEP Advisory.

32 Related party transactions (continued)

(c) Transactions with key management personnel (continued)

(iii) Directors' related party transactions (continued)

As at 30 June 2014 the Group had nil (2013: $4,000,000) owing to PEP Advisory.

(iv) Other key management personnel and director transactions

Transactions have been entered into during the year with key management personnel which are within normal employee, customer or supplier relationships on terms and conditions no more favourable than dealings in the same circumstances on an arm's length basis.

Certain directors of Veda are also directors of other companies which supply Veda with goods and services or acquire goods or services from Veda. Those transactions are approved by management within delegated limits of authority and the directors do not participate in the decisions to enter into such transactions. If the decision to enter into those transactions should require approval of the Board, the director concerned will not vote upon that decision nor take part in the consideration of it.

(d) Transactions with ultimate controlling party

(i) Loans to/from ultimate controlling party

On 29 July 2011 PEP acquired $97.1 million of the Mezzanine Loan (total of $202.5 million) from ICG. The interest rate on the loan is 13.5%, compounded every six months. On 10 December 2013 proceeds of the IPO were used to fully repay this loan.

	2014 $'000	2013 $'000
PEP		
Beginning of the year	**(123,407)**	(109,450)
Loan repayments made	**123,407**	-
Interest charged	**(7,554)**	(15,553)
Interest paid	**7,554**	1,596
End of the year	**-**	(123,407)

33 Group entities

All significant operating subsidiaries listed below are 100% owned for all periods presented.

Significant subsidiaries	**Country of incorporation**
VA Australia Finance Pty Limited	Australia
Veda Advantage Information Services and Solutions Limited	Australia
Veda Advantage Solutions Group Pty Limited	Australia
Veda Advantage Decision Solutions Pty Ltd	Australia
Veda Advantage (Australia) Pty Ltd	Australia
VA (NZ) Holdings Limited	New Zealand
Veda Advantage (NZ) Limited	New Zealand

34 Parent entity financial information

As at, and throughout, the financial year ending 30 June 2014 the parent entity of the Group was Veda Group Limited formerly known as VA Australia Holdings Pty Limited.

	2014 $'000	2013 $'000
Financial position of parent entity at year end		
Current assets	**118**	-
Non-current assets	**799,177**	685,994
Total assets	**799,295**	685,994
Current liabilities	**380**	4,569
Non-current liabilities	**-**	259,484
Total liabilities	**380**	264,053
Result of parent entity		
Loss for the year	**-**	(3,416)
Total comprehensive income for the year	**-**	(3,416)

	2014 $'000	2013 $'000
Shareholders' equity		
Share capital	**791,364**	512,911
Reserves	**7,551**	4,322
Accumulated losses	**-**	(96,039)
Total equity	**798,915**	421,194

Parent entity capital commitments for acquisition of property, plant and equipment

The Parent entity did not have any contractual commitments as at 30 June 2014 and 30 June 2013.

35 Events occurring after the reporting period

Since the end of the financial year, the directors have determined to pay a final dividend of 4 cents per share, unfranked, payable 9 October 2014. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2014 and will be recognised in subsequent financial statements.

Other than the dividend described above, no other item, transaction or event of a material nature has arisen since 30 June 2014 that would significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

36 Auditors remuneration

	2014 **$**	2013 $
Audit and review services		
KPMG Australia:		
Audit and review of financial reports	**434,000**	290,000
KPMG Singapore		
Audit and review of financial reports	**13,390**	18,671
Other services		
KPMG Australia:		
IPO related transaction services	**1,486,907**	-
Other audit related services	**31,000**	23,850
Tax compliance services	**108,000**	148,287
Acquisition related tax advisory services	**-**	207,694
Other tax advisory services	**31,196**	159,891
Other advisory services	**40,000**	57,654
Other transaction services	**30,315**	176,528
Other services		
KPMG New Zealand Taxation services	**9,918**	11,059
	2,184,726	1,093,634

37 Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgment of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of Winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:
• VA Australia Finance Pty Limited
• Veda Advantage Limited
• Veda Advantage Solutions Group Pty Limited
• Veda Advantage (Australia) Pty Limited
• Veda Advantage Information Services and Solutions Limited
• Verify Holdings Australia Pty Limited
• Corporate Scorecard Pty Limited

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the company and controlled entities which are a party to the deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2014 is set out as follows:

37 Deed of cross guarantee (continued)

Statement of comprehensive income and accumulated losses

	2014 $'000	2013 $'000
Revenue	**253,559**	222,341
Cost of external data and products used for resale	**(51,029)**	(50,270)
Employee benefit expense	**(76,203)**	(69,411)
Depreciation and amortisation expense	**(20,360)**	(21,802)
Finance costs	**(41,115)**	(59,035)
Finance income	**2,042**	1,485
Professional and legal fees	**(3,002)**	(3,417)
Other expenses	**(44,824)**	(19,229)
Income tax expense	**(6,761)**	(127)
Profit after tax	**12,307**	535
Total comprehensive income for the period	**12,307**	535

Consolidated statement of comprehensive income

	2014 $'000	2013 $'000
Other comprehensive income		
Profit for the period	**12,307**	535
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(1,516)**	7,030
Changes in the fair value of cash flow hedges	**595**	2,343
Other comprehensive income for the period, net of tax	**(921)**	9,373
Total comprehensive income for the period	**11,386**	9,908

Statement of financial position

	2014 $'000	2013 $'000
Current assets		
Cash and cash equivalents	**20,626**	17,407
Trade and other receivables	**31,875**	32,434
Other current assets	**1,964**	2,364
Total current assets	**54,465**	52,205
Non-current assets		
Investments in group entities	**105,023**	106,476
Deferred tax assets	**39,300**	38,961
Property, plant and equipment	**3,773**	4,173
Intangible assets	**706,411**	679,760
Other non-current assets	**4,266**	3,787
Total non-current assets	**858,773**	833,157
Total assets	**913,238**	885,362

37 Deed of cross guarantee (continued)

Statement of financial position (continued)

Current liabilities		
Trade and other payables	**19,699**	21,469
Provision	**20,751**	19,304
Deferred income	**2,509**	638
Derivative financial instruments	**127**	977
Total current liabilities	**43,086**	42,388
Non-current liabilities		
Loans and borrowings	**145,205**	520,756
Provisions	**2,655**	3,458
Other payables	**14,005**	-
Total non-current liabilities	**161,865**	524,214
Total liabilities	**204,951**	566,602
Net assets	**708,287**	318,760
Equity		
Share capital	**791,364**	512,911
Reserves	**7,462**	5,150
Accumulated losses	**(90,539)**	(199,301)
Total equity	**708,287**	318,760

38 Business combination

(a) Summary of acquisition - ITM Pty Limited

Effective 1 May 2014, the Group acquired 100% of the business assets of ITM Pty Limited, a business providing data audit, benchmark and migration services within the superannuation industry, for consideration of $1,913,863. The contingent consideration booked for the acquisition is $1,711,363.

In the 2 months to 30 June 2014 ITM contributed revenue of $117,000 and profit of $12,000 to the Group results. If the acquisition had occurred on 1 July 2013, management estimates that consolidated revenue would have been $606,000 and consolidated profit for the year would have been $63,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2013.

Details of the purchase price consideration, the net assets and liabilities acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	203
Contingent consideration	1,711
Total purchase consideration	1,914

	Fair value $'000
Net intangible assets acquired	687
Add: goodwill	1,227
Fair value of net identifiable assets acquired	1,914

38 Business combination (continued)

(b) Summary of acquisition - Datalicious

The Group acquired 62.8% of Datalicious Pty Limited and Supertag Pty Limited (collectively "Datalicious") effective 31 January 2014. The business includes data driven consulting (Datalicious) and software tools (Supertag). The consideration for the purchase was $2,500,000 consisting of $1,000,000 paid to the vendor and $1,500,000 cash injected into the company.

In the 5 months to 30 June 2014 Datalicious contributed revenue of $1,203,000 and loss of $250,000 to the Group results. If the acquisition had occurred on 1 July 2013, management estimates that consolidated revenue would have been $2,583,000 and consolidated profit for the year would have been $52,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2013.

	$'000
Cash paid	1,000
Capital injection	1,500
Total purchase consideration	2,500
Fair value of net identifiable assets acquired	(2,543)
Non-controlling interest (37.2%)	946
Goodwill	903

The goodwill is attributable mainly to the skills and technical talent of the workforce, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Cash flow information

	2014 $'000	2013 $'000
Outflow of cash to acquire business, net of cash received		
Cash consideration	**1,203**	2,213

Acquisition-related costs

The Group incurred acquisition-related costs such as external legal fees and due diligence costs. The legal fees and due diligence costs have been included in other expenses in the Group's consolidated statement of comprehensive income.

In the directors' opinion:

(a) the financial statements and notes set out on pages 71 to 130 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) complying with Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (iii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 37 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 37.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.

Helen M. Nugent

Helen Nugent
Chairman

Sydney
27 August 2014

Independent auditor's report to the members of Veda Group Limited

Report on the financial report

We have audited the accompanying financial report of Veda Group Limited (the company), which comprises the consolidated balance sheet as at 30 June 2014, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 38 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with the auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Veda Group Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

John Wigglesworth
Partner

Sydney

27 August 2014