veda
applied intelligence

25 February 2015

Company Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Electronic Lodgement via ASX Online

Dear Sir/Madam

Veda Group Limited (VED) – Half Year Report for the half year ended 31 December 2014

In accordance with ASX Listing Rule 4.2A, I enclose an Appendix 4D for the half year ended 31 December 2014 for immediate release. The Appendix 4D incorporates the Interim Financial Report, including:

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

for the half year ended 31 December 2014, which are also enclosed for immediate release.

The following associated documents will be lodged separately:

- Investor Presentation
- Market Release

Yours faithfully

Tim Woodforde
Company Secretary
Veda Group Limited

Veda Group Limited and its Controlled Entities
Appendix 4D
Preliminary Half-year Report
Half-year ended 31 December 2014

Results for announcement to the market

				31 December 2014 $'000	31 December 2013 $'000
Revenue from ordinary activities	up	11%	to	**162,973**	146,829
Profit/(loss) after taxation	up	405%	to	**38,064**	(12,482)
Net profit/(loss) after tax for the period attributable to owners of the company	up	399%	to	**37,834**	(12,641)
Basic earnings (cents per share)				**4.5**	(2.3)
Diluted earnings (cents per share)				**4.5**	(2.3)
Net tangible asset backing (cents per share)				**(24)**	(24)

Dividends

	Amount per security	Franked amount per security at 30 percent tax
Final 2014 dividend per share (cents)	**4**	**0**

The Directors have determined not to pay an interim 2015 dividend.

Refer to the attached Directors' Report and Operating and Financial Review for commentary and explanation of results.

Veda Group Limited and its Controlled Entities
Interim Financial Report
for the half-year ended 31 December 2014

Veda Group Limited and its Controlled Entities ABN 26 124 306 958
Interim Financial Report - 31 December 2014

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Veda Group Limited and its Controlled Entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' report

The Directors of Veda Group Limited ("the Company") and its Controlled Entities ("the Group") present their report, together with the condensed consolidated interim financial statements for the six months ended 31 December 2014 and the review report.

Directors

The directors of the Company at any time during or since the end of the interim period are:

Helen Nugent AO
Non-Executive Chairman

Nerida Caesar
Chief Executive Officer & Managing Director

Bruce Beeren
Non-Executive Director

Diana Eilert
Non-Executive Director

Peter Shergold AC
Non-Executive Director

Anthony Kerwick
Non-Executive Director

Geoff Hutchinson
Non-Executive Director

All directors held office for the entire period.

Operating and Financial Review

The Operating and Financial Review is included separately on pages 3 to 24 of this report and forms part of the Directors' Report.

Dividends

Dividends paid by the Company to the members since the end of the previous financial year were:

2014 final dividend	
Cents per share	4.00
Total amount ($'000)	33,682
Payment date	9 October 2014

The Directors have determined not to pay an interim 2015 dividend (compared with no dividend in the prior corresponding period).

Lead auditor's independence declaration

The lead Auditor's independence declaration is set out on page 25 and forms part of the Directors' report for the six months ended 31 December 2014.

Rounding of amounts

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, amounts in the condensed consolidated interim financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of Directors:

Helen Nugent AO
Chairman

Sydney
25 February 2015

Veda Group Limited and its Controlled Entities
Operating and Financial Review
for the half year ended 31 December 2014

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OPERATING AND FINANCIAL REVIEW

Introduction

The Directors are pleased to present the Operating and Financial Review (OFR) for Veda Group Limited.

In line with ASIC's Regulatory Guide 247 'Effective Disclosure in an Operating and Financial Review', this OFR is designed to assist shareholders' understand Veda's business performance and the factors underlying its results and financial position. It complements the financial disclosures in the Interim Financial Report.

The OFR covers the period from 1 July 2014 to 31 December 2014, including the comparative previous period.

The OFR includes pro forma numbers for 1H FY14 prepared on the same basis as presented in the Prospectus dated 18 November 2013. The pro forma adjustments in 1H FY14 remove the impact of IPO costs, Veda's pre-IPO financing arrangements and Pacific Equity Partners' (PEP) management fees. The pro forma adjustments for 1H FY14 also provide for a half year of listed company costs and adjust the tax expense.

Overview

Veda has delivered solid financial results for the first half of FY15 and is well positioned to achieve its full year FY15 guidance. This performance is underpinned by strong sales growth as the company delivered new products to new segments and existing customers as well as growth in B2C and Marketing as projected in the FY15 outlook statement released on 27 August 2014. This statement provided comparatives against the FY14 pro forma results.

Table 1 contains a high level view of Veda's financial results. A detailed analysis of this performance is provided below.

Table 1: Financial highlights

	1H FY15 Statutory Actual $'m	1H FY14 Pro forma Actual $'m	Variance %	1H FY14 Statutory Actual $'m	Variance %
Revenue	**163.0**	**146.8**	**11.0%**	**146.8**	**11.0%**
EBITDA [1 2]	**69.3**	**62.8**	**10.4%**	**62.1**	**11.6%**
EBIT	**56.7**	**51.8**	**9.5%**	**25.4**	**123%**
NPAT [1]	**38.1**	**33.8**	**12.7%**	**(12.5)**	**405%**

Notes:

1. *Tables 2 and 3 reconcile statutory and pro forma NPAT and EBITDA for 1H FY14. No pro forma adjustments were made in FY15.*
2. *EBITDA excludes Share of profit from associates.*

1. Solid financial results

Veda's financial results for the first half of FY15 were solid. The way this has occurred is discussed below.

1.1. NPAT result

Statutory NPAT was $38.1 million against the pro forma result for the first half of FY14 of $33.8 million and the statutory result for the first half of FY14 of ($12.5) million. The pro forma adjustments for 1H FY14 are reconciled back to the statutory result in Tables 2 and 3 below. The driver of improved NPAT against the pro forma result for the previous period was primarily increased EBITDA. The significant NPAT improvement against the statutory results for the previous period was driven by the funding restructuring implemented as part of the December 2013 IPO, IPO costs in the prior period, and increased EBITDA. Partially offsetting these was the income tax effect of moving from a loss to a profit position.

Tables 2 and 3 reconcile statutory and pro forma NPAT and EBITDA for 1H FY14 to detail the pro forma adjustments made in the previous period. No pro forma adjustments were made in FY15.

Table 2: Pro forma adjustments to statutory results for 1H FY14 NPAT

	1H FY14 Actual $'m
Statutory Net Profit after Tax	**(12.5)**
Management fees [1]	1.8
Listed company expenses [1]	(1.1)
IPO expenses [2]	25.7
Total operating expense adjustments	**26.4**
Net finance costs adjustment [3]	34.8
Tax expense [4]	(14.9)
Pro forma Net Profit after Tax	**33.8**

Table 3: Pro forma adjustments to statutory results for 1H FY14 EBITDA

	1H FY14 Actual $'m
Statutory Net Profit after Tax	**(12.5)**
Add back:	
Tax expense	(3.1)
Share of profit from associates	(1.4)
Finance income	*(0.4)*
Finance expenses	*42.8*
Net finance costs	42.4
Depreciation and amortisation	11.0
IPO expenses [2]	25.7
Statutory ('Operating') EBITDA	**62.1**
Management fees [1]	1.8
Listed company expenses [1]	(1.1)
Pro forma EBITDA	**62.8**

Notes for Tables 2 and 3:

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.*
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. EBITDA result

Veda's EBITDA result of $69.3 million, up 10.4 per cent against the 1H FY14 pro forma result and 11.6 per cent above the 1H FY14 statutory result, reflects strong revenue growth partially offset by operating cost growth.

Table 4: Revenue and total operating costs: 1H FY15 and pro forma and statutory 1H FY14

	1H FY15 Statutory Actual $'m	1H FY14 Pro forma Actual $'m	Variance %	1H FY14 Statutory Actual[1] $'m	Variance %
Revenue	**163.0**	**146.8**	**11.0%**	**146.8**	**11.0%**
Total operating expenses (excluding IPO expenses)	**(93.7)**	**(84.0)**	**11.5%**	**(84.7)**	**10.6%**
EBITDA [1 2]	**69.3**	**62.8**	**10.4%**	**62.1**	**11.6%**

Notes:

1. *1H FY14 pro forma EBITDA excludes IPO related costs per note 2 of the Interim Financial Statements.*
2. *EBITDA excludes Share of profit from associates.*

Revenue grew at 11.0 per cent above 1H FY14. At the same time operating costs grew relative to pro forma and statutory 1H FY14 at 11.5 per cent and 10.6 per cent respectively. Operating expense growth has been faster than has historically been the case. The drivers were sales related growth, investment in staff to support Comprehensive Credit Reporting (CCR), recent acquisitions and the implementation of a new equity incentive scheme in line with Veda's listed company structure.

1.2.1. Revenue performance by segment and business line

Revenue in both Australia and International grew strongly against the previous period at rates of 11.2 per cent and 10.0 per cent respectively. International benefitted somewhat from favourable currency movements. On a local currency basis, International revenue grew 7.5 per cent against the previous period (4.2 per cent on a local currency basis for 1H FY14 versus 1H FY13).

Table 5: Revenue growth by segment

	1H FY15 Actual $'m	1H FY14 Actual $'m	Variance %
Australia	144.3	129.8	11.2%
International	18.7	17.0	10.0%
Total Revenue	**163.0**	**146.8**	**11.0%**

<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 and server-to-server linkage as well as through online web portals). Veda's 1H FY15 revenue was 85 per cent 'click revenue'. The Company's non-click products are comprised of marketing services, batch data sales, decisioning software, subscriptions, licensing and consulting services.

Table 6: Revenue summary by click versus non-click

	1H FY15 Actual $'m	1H FY14 Actual $'m	Variance %
Daily click revenue ($ million per business day) [1]	1.07	1.00	7.0%
Click revenue	138.5	129.5	7.0%
Non-click revenue	24.5	17.3	41.6%

Note: 1. 1H FY15 & 1H FY14 have 129 business days. FY15 & FY14 have 252 business days.

Click revenue increased year on year across all business lines. Products primarily driving the increase were:

- Personal Property Securities Register (PPSR), Land Titles searches, Trading history volumes and the Kingsway acquisition in Commercial Risk and Information Services;
- Consumer B2C and carhistory.com.au growth within B2C and Marketing; and
- Fraud and Identity and Verify growth in Consumer Risk and Identity.

Non-click revenue growth above the previous period was driven by focusing on digital marketing campaigns across Veda's existing and new segments as well as investment in product offerings and acquisitions (Datalicious, ITM, KMS and The Prospect Shop).

Business line revenue growth

Strong revenue growth occurred in all business lines versus 1H FY14 with B2C & Marketing achieving significantly higher growth.

Table 7: Revenue summary by business line

	1H FY15 Actual $'m	1H FY14 Actual $'m	Variance %
Consumer Risk & Identity	52.6	48.4	8.7%
Commercial Risk & Information Services	67.4	62.7	7.5%
B2C & Marketing Services	24.3	18.7	29.9%
Australia	**144.3**	**129.8**	**11.2%**
International	**18.7**	**17.0**	**10.0%**
Total Revenue	**163.0**	**146.8**	**11.0%**

Consumer Risk & Identity

Consumer Risk & Identity revenue grew to $52.6 million, 8.7 per cent above the previous period.

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

Fraud and Identity Solutions continues to achieve strong growth. This growth is driven by IDMatrix and fraud detection solutions. The solutions continue to assist businesses comply with changing anti-money laundering (AML) and counter-terrorism financing (CTF) regulatory requirements.
Verify also continues to perform strongly in the volatile recruitment market driving growth across multiple segments, but particularly in financial services, an area where Veda has traditionally been strong.

Core bureau business growth was in line with expectations.

Commercial Risk & Information Services

Commercial Risk & Information Services revenue grew to $67.4 million, a 7.5 per cent increase above the previous period. Both Commercial and Property Solutions (CPS) and Commercial Risk contributed to the year on year growth.

CPS growth is driven by the continued strength in PPSR multisearch products, PPSR one-off batch registrations and Land Titles. PPSR growth in 1H FY14 was particularly strong due to the conclusion of the transition period on 31 January 2014. This provided impetus for financial institutions to finalise lodgement of transitional security interests to preserve the priority of the security interest. The PPSR brought different Commonwealth, State and Territory laws and registers under one national system and introduced a single national online PPSR.

Commercial Risk growth is driven by a combination of winning more market share and greater uptake of higher valued products such as the Trading History and Scored Enquiry products. The acquisition of Kingsway has also contributed to the growth.

B2C and Marketing

B2C and Marketing revenue grew to $24.3 million, a 29.9 per cent increase above the previous period.

B2C revenue growth was driven by growth in consumer credit products, in carhistory.com.au and in lead generation activity associated with the national tenancy database.

Inivio growth was driven by the focus on digital marketing campaigns across Veda's existing customers, with a number of new campaigns being launched; engagement in new segments and investment in product offerings; and the acquisition of Datalicious and The Prospect Shop.

International

International revenue grew to $18.7 million, a 10.0 per cent increase above the previous period. International benefitted somewhat from favourable currency movements. On a local currency basis revenue was 7.5 per cent higher than the previous period.

Drivers of the growth were the acquisition of KMS (Inivio NZ); Commercial risk including Corporate Scorecard; international sales of bureau technology; and Verify sales to New Zealand companies.

1.2.2. Operating cost analysis

Overall operating costs grew to $93.7 million, an increase of 11.5 per cent above the 1H FY14 pro forma amount and 10.6 per cent growth above the 1H FY14 statutory amount.

Operating expense increases were due to factors including investment in delivering sales growth; support for customers for CCR planning and transition; recent acquisitions and an increase in overall data costs associated with the higher revenue. Further, the implementation of a new equity incentive scheme to support the alignment of the interests of staff and shareholders and the costs of operating a listed company have been contributing factors.

The overall expense to revenue ratio was 57.5 per cent, only slightly higher than the 1H FY14 pro forma ratio of 57.2 per cent and improved against the 1H FY14 statutory ratio of 57.7 per cent.

Table 8 outlines operating expenses and their composition.

Table 8: Profile of operating costs: 1H FY15 and pro forma and statutory 1H FY14

	1H FY15 Statutory Actual $'m	1H FY14 Pro forma Actual $'m	Variance %	1H FY14 Statutory Actual $'m	Variance %
Costs of external data and products for resale	(29.9)	(28.5)	4.9%	(28.5)	4.9%
Staff costs	(46.2)	(40.3)	14.6%	(40.0)	15.5%
Other operating expenses	(17.6)	(15.2)	15.8%	(16.2)	8.6%
Total operating expenses (excluding IPO expenses)	**(93.7)**	**(84.0)**	**11.5%**	**(84.7)**	**10.6%**

The 1H FY14 pro forma basis operating expenses removes the PEP management fees and provides 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 grew by 4.9 per cent above the 1H FY14 pro forma and statutory amount. The increase was slower than the rate of revenue growth due to data optimisation actions to improve the efficiency of Veda's purchasing of government data.

Staff costs

Staff costs grew by 14.6 per cent above the 1H FY14 pro forma amount and 15.5 per cent above the 1H FY14 statutory amount.

Higher staff costs are predominantly related to delivering sales growth opportunities, recent acquisitions and the implementation of a new equity incentive scheme to support alignment of the interests of staff and shareholders. In addition, Veda has staffed its CCR team to help support its customers in the new environment.

Other operating expenses

Other operating expenses grew by 15.8 per cent above the 1H FY14 pro forma amount and 8.6 per cent above the 1H FY14 statutory amount.

Other operating expense increases are driven by higher technology costs related to outsourcing and maintenance; support of new products and systems; increased property costs in line with increased headcount; listed company costs; and recent acquisitions not included in the previous period.

1.2.3. Other costs below EBITDA

FY15 is the first full year post IPO, reflecting the ongoing cost structure of Veda as a publicly listed company. Those changes can be seen in Table 9, below the EBITDA line.

Table 9: Other costs: 1H FY15 and pro forma and statutory 1H FY14

	1H FY15 Statutory Actual $'m	1H FY14 Pro forma Actual $'m	Variance %	1H FY14 Statutory Actual $'m	Variance %
EBITDA	**69.3**	**62.8**	**10.4%**	**62.1**	**11.6%**
IPO expenses	-	-	-	(25.7)	-
Depreciation and amortisation	(12.6)	(11.0)	14.5%	(11.0)	14.5%
EBIT	**56.7**	**51.8**	**9.5%**	**25.4**	**123%**
Net finance costs	(6.5)	(7.6)	(14.5%)	(42.4)	(85%)
Share of profit from associates	1.5	1.4	7.1%	1.4	7.1%
Profit before tax	**51.7**	**45.6**	**13.4%**	**(15.6)**	**431%**
Tax expense	(13.6)	(11.8)	15.3%	3.1	539%
NPAT	**38.1**	**33.8**	**12.7%**	**(12.5)**	**405%**

The key drivers of costs (and revenue) below EBITDA that have had an impact on NPAT are outlined below.

IPO expenses

IPO-related costs in the 1H FY14 statutory results were incurred as a result of the December 2013 listing of Veda Group Limited. They are non-recurring. IPO expenses are excluded from the 1H FY14 pro forma results.

Depreciation and amortisation

The increase in depreciation and amortisation by 14.5 per cent reflects higher capital expenditure in recent years, primarily driven by the capitalisation of data costs and the CCR investment.

Net financing costs

Net financing costs decreased by 14.5 per cent versus the pro forma previous period, primarily as a result of a lower average debt driven by Veda's cash performance. There was also a small benefit from: lower debt facility average AU/NZ interest rates; and margin improvement due to lower overall debt.

The 85 per cent decrease in net financing costs for 1H FY15 against the statutory previous period was primarily due to the funding restructuring implemented as part of the December 2013 IPO.

Share of profit from associates

Veda's share of profit from associates increased by 7.1 per cent over the previous year primarily due to increased reported profit from the associates in Singapore and Cambodia.

Tax expense

The tax expense increased against the previous year pro forma amount in line with higher profit before tax.

The higher tax expense in 1H FY15 over the statutory previous period was driven by higher profit before tax partially offset by the non-deductible portion of 1H FY14 IPO expenses of the Management Performance Shares and Executive Options (MPS).

2. Healthy financial position and cash flow

Veda is well positioned for the future with a strong balance sheet and cash generation capability.

2.1. Veda's balance sheet

Table 10 compares the financial position as at 31 December 2014 with the financial position as at 30 June 2014.

Table 10: Statement of financial position comparison

$'m	Actual 31-Dec-14	Actual 30-Jun-14
Cash	21.6	30.0
Other current assets	44.2	42.0
Current assets	**65.8**	**72.0**
Other non-current assets	67.3	77.2
Intangible assets	940.3	910.2
Total non-current assets	**1,007.6**	**987.4**
Total assets	**1,073.4**	**1,059.4**
Trade and other payables	26.0	26.1
Other current liabilities	21.6	25.2
Total current liabilities	**47.6**	**51.3**
Loans and borrowings	274.8	267.9
Other non-current liabilities	14.7	12.6
Total non-current liabilities	**289.5**	**280.5**
Total liabilities	**337.1**	**331.8**
Net assets	**736.3**	**727.6**
Share capital	791.4	791.4
Reserves	15.2	10.8
Accumulated losses	(72.5)	(76.6)
Non-controlling interests	2.2	2.0
Total equity	**736.3**	**727.6**
Balance Sheet Ratios:		
Current ratio [1]	1.38	1.40
Net debt / (net debt + equity) [2]	25.6%	24.7%
Net debt / EBITDA [3]	1.87x	1.84x

Notes:

1. *Current ratio = current assets/current liabilities.*
2. *Net Debt = Loans and borrowings less cash. Equity = Total Equity less non-controlling interests.*
3. *For 31-Dec-2014 used Last Twelve Months (LTM) EBITDA of $135.5 million. For 30-Jun-14 used FY14 pro forma EBITDA of $129.0 million.*

The balance sheet as at 31 December 2014 and the comparative period reflect the restructured Veda Group post-IPO, showing a strong position.

The current ratio was positive. The growth in other current assets is driven by higher trade and other receivables. This reflects collections over a more diverse customer base, a higher non click revenue mix that has more periodic and less prepaid upfront billing and the impact of acquisitions.

The decline in other non-current assets is primarily driven by the drop in deferred tax assets as a result of Veda's increasing profits utilising carried forward tax losses.

The increase in intangibles was driven by the capital investment in product development and CCR; data set purchases (including ASIC data); the acquisitions of KMS, Kingsway and The Prospect Shop; and the NZD appreciation. These factors were partially offset by amortisation of software and data sets.

The debt position slightly increased over the year due to a net $3.5 million drawdown and a $3.1 million FX increase in the NZD loans. The Net Debt / (Net Debt + Equity) and Net Debt / EBITDA ratios shown in Table 10 were stable.

The increase in Reserves was primarily the result of exchange rate differences on translation of foreign operations. Accumulated losses declined, reflecting the profit after tax for the half year partially offset by the FY14 final dividend.

2.2. Veda's cash flow generation capability

Table 11 compares the 1H FY15 free cash flow to 1H FY14.

Table 11: Cash flow results against previous period

$m	1H FY15 Statutory Actual	1H FY14 Statutory Actual
EBITDA	**69.3**	**62.1**
Interest and income tax (included in net cash from operating activities)	(2.3)	(2.1)
Net changes in working capital and non-cash items in EBITDA	(9.0)	(6.0)
Net cash from operating activities [1]	**58.0**	**54.0**
Capital expenditure	(27.1)	(24.2)
Acquisition of subsidiaries	(5.1)	(6.3)
Free Cash Flow	**25.8**	**23.5**

Note: 1. Net cash from operating activities is extracted from the statement of cash flows in the Interim Financial Report.

The 1H FY15 free cash flow remains strong. This reflects the improved EBITDA result partially offset by an increase in working capital and higher capital expenditure.

The greater 1H FY15 working capital requirement reflects collections over a more diverse customer base, an increasing mix of non-click revenue which has more periodic rather than upfront billing and the impact of acquisitions.

The drivers of growth in capital expenditure compared to the previous year were a non-recurring infrastructure technology refresh and higher data acquisition reflecting increased revenue. Partially offsetting these increases was reduced capital spend on CCR as the project moves from the development to an implementation phase.

Capital expenditure as a percent of revenue in 1H FY15 was 16.6 per cent compared to the previous period of 16.5 per cent.

Acquisition cash flow in 1H FY15 primarily relates to the upfront consideration for new acquisitions which is more fully explained in Note13 in the Interim Financial Report.

2.3. Veda's level of debt

Table 12 compares the consolidated debt of Veda as at 31 December 2014 and 30 June 2014.

Table 12: Statutory consolidated debt position of Veda

	Actual 31-Dec-2014 $'m	Actual 30-Jun-2014 $'m
Non-current loans and borrowings	274.8	267.9
Cash and cash equivalents	(21.6)	(30.0)
Net debt	**253.2**	**237.9**
Debt Ratios:		
Net debt / EBITDA [1 2]	1.87x	1.84x
Interest coverage (EBITDA / Net finance costs) [3 4]	10.1x	8.9x
Net debt / (net debt + equity)	25.6%	24.7%

Notes:

1. *For 31-Dec-2014 used LTM EBITDA of $135.5 million. For 30-Jun-14 used FY14 pro forma EBITDA of $129.0 million.*
2. *Financial covenant requirement for the Facilities Agreement: not greater than 3.50 to 1.*
3. *For 31-Dec-14 used LTM EBITDA of $135.5 million and LTM net finance costs of $13.4 million. For 30-Jun-14 used FY14 pro forma EBITDA of $129.0 million and pro forma net finance costs of $14.5 million.*
4. *Financial covenant requirement for the Facilities Agreement: not less than 3.00.*

Veda's principal sources of funds are cash flow from operations and borrowings under its debt facilities. The flexibility of its facilities and strong operating cash flows has assisted Veda continue to grow its business.

The debt ratios show significant headroom against the Facilities Agreement financial covenants.

3. Focused strategy helping drive growth

Veda has a clearly articulated business model that has provided a number of sources of competitive advantage. The specific business strategies, that are being progressively implemented, have also underpinned the continued growth.

Each of these points is discussed below.

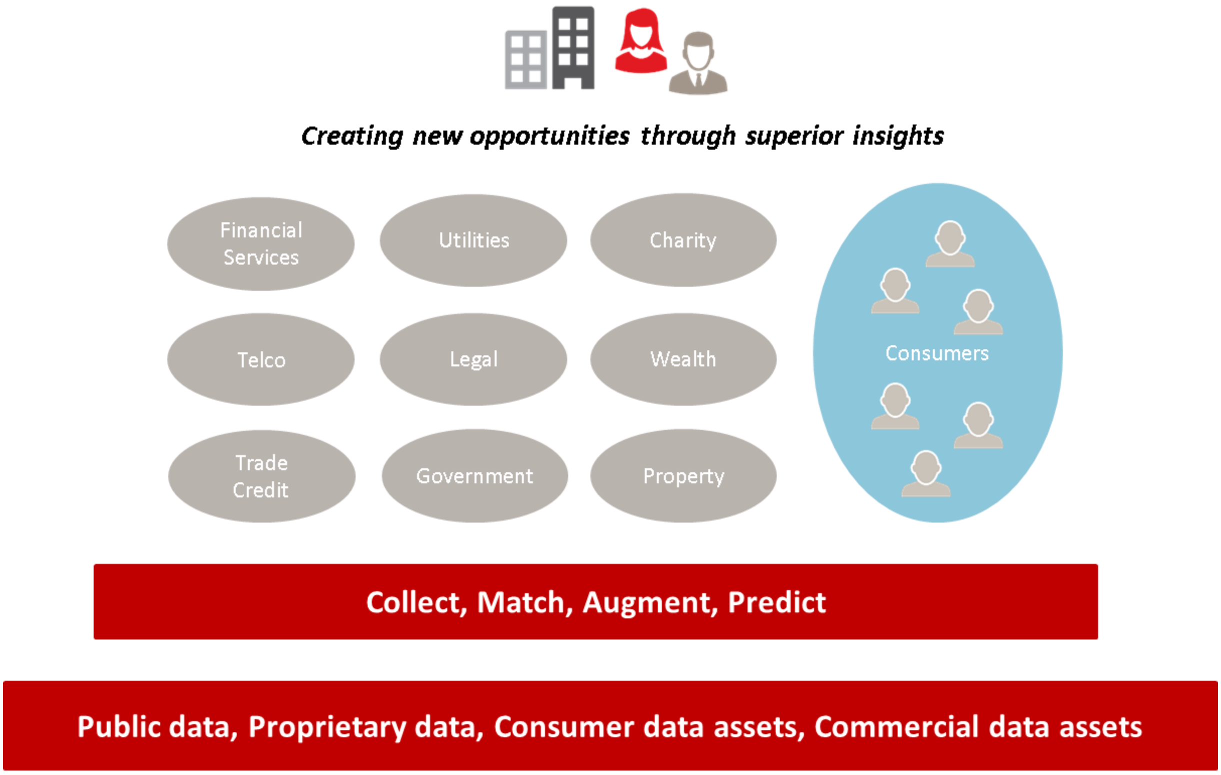
3.1. Business model

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, 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: Serving Businesses and Consumers



Veda's extensive customer base comprises around 12,500 businesses and 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 history of well in excess of forty years. Veda's data includes credit information on around 20 million individuals and 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.

3.2. Sources of competitive advantage

Veda has significant sources of competitive advantage. An overview is outlined in the table below.

Table 13: 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 operation • 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 are required 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 FY14, 16.6 per cent in 1H FY15.

3.3. Growth strategies

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 have been identified as outlined in the following table:

Table 14: Growth strategies and opportunities

Strategy	1H FY15 Achievements	Future Focus
Increase the number of segments served and product penetration within those segments	Veda has successfully grown faster than lending volumes by diversifying its product range with revenue that is driven by counter-cyclical factors. These include a range of areas such as investment in fraud, online identity, collection and receivable analytics and products that serve the wealth and employment verification market. The Kingsway and Prospect Shop acquisitions provide access to the government and not for profit segments.	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. Veda's PEXA sponsorship will enable further penetration into the legal and conveyancing segments.

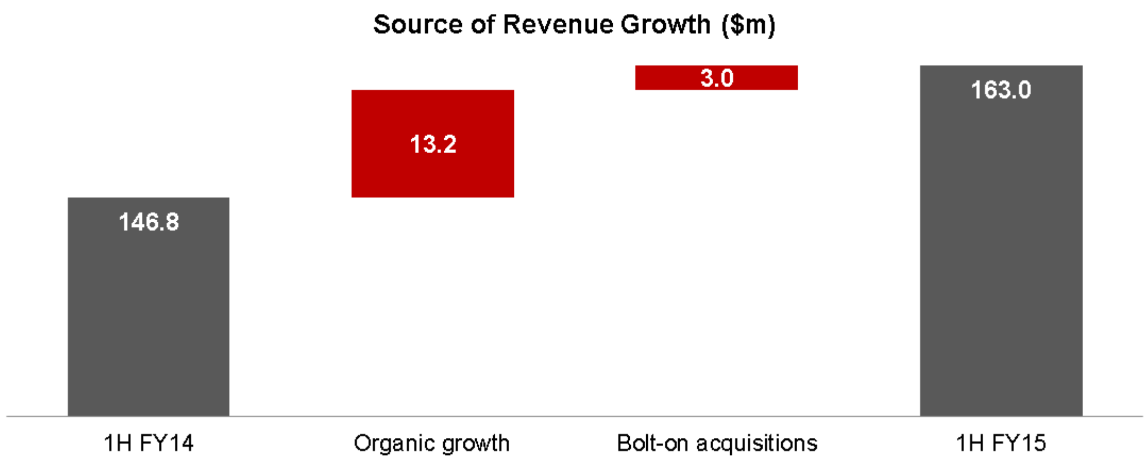
Continue to expand the product set to diversify revenue and take advantage of customer base and distribution channels	As Veda's product range has expanded, the value provided by transforming products into solutions has increased. By combining identity verification, credit risk assessment, asset assessment 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.
	Corporate Scorecard extended Veda's commercial risk products and allowed Veda to service the more complex financial viability and credit assessment requirements of its customers. The acquisition of Kingsway further enhances Veda's capability.	Veda will continue to focus on developing supplier risk solutions 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 implemented these services across Veda's broad customer base.	Veda will continue to offer Verify to a broad base of credit risk customers as well as expanding its 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.
	Veda's Chief Data Office obtains 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 is focused on upfront investment in CCR customer transition and product development to enable future revenue growth. Customers are currently contributing to product development, data loading and testing of CCR data.	Veda considers revenue growth from CCR in Australia will reflect a slow build. Launch of VedaScore Apply in 2H FY15 will give customers the ability to credit check using a CCR score.
	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 enabled customers to shore up their business case and has also supported the development of their product roadmap.	Veda Advisory Services will continue to assist customers to transition to CCR throughout FY15.

Focus on high growth consumer and digital markets	Veda continues to evolve its consumer products. With the introduction of VedaScore, offered as part of the Your Credit & Identity family of products, Veda has created a new category of consumer credit scores for consumers. Risk based pricing offers are beginning to emerge in the market generating consumer interest in their score. Increasing interest in cyber monitoring products driven by identity takeover and cyber ID theft are further enhancing the utility of the product set.	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 taking 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. The acquisition of KMS will expand Veda's marketing services growth strategy to New Zealand. The direct marketing and data agency The Prospect Shop complements Veda's digital marketing strategy.	Veda is anticipating high growth in the digital marketing services division by leveraging the acquisitions of Datalicious, KMS and The Prospect Shop with Veda's offline consumer data and Inivio's marketing ability.
Make targeted acquisitions and investments to support these strategies	Veda made three acquisitions in 1H FY15: KMS in July 2014, Kingsway in September 2014 and The Prospect Shop in December 2014. They are all being integrated and are 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. The contribution of these and previous acquisitions to Veda's revenue growth is shown in Figure 2 in the following section.	Veda will continue to investigate and consider potential acquisitions and investments that complement the existing core business. Veda has a strong pipeline of opportunities. Veda continues to explore technology supply arrangements internationally, consistent with the International segments' business in Asia and the Middle East.

3.4. Outcome of strategy

The strategic approach that Veda has adopted has continued to drive growth in 1H FY15. The sources of that growth are explained below.

Figure 2: Revenue growth from 1H FY14 to 1H FY15



As illustrated in Figure 2, Veda has increased its revenue predominantly through organic growth. Overall revenue growth was 11 per cent. Organic growth contributed 9 per cent and bolt-on acquisitions accounted for the remaining 2 per cent.

This growth occurred in the following ways:
Organic – 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, credit risk assessment, asset assessment and decisioning) such as financial institutions. New products included in this category are: PPSR, ID Matrix, carhistory.com.au, Debtor IQ and Commercial Alerts, VedaScore, PPSR multisearch, CCR, VedaCheck Visual and Property profile reports.

Bolt-on acquisitions – this includes acquisitions made since 1H FY14. Veda made five niche 'bolt-on' acquisitions between FY14 and 1H FY15, being Datalicious, ITM, KMS (now branded Inivio NZ), Kingsway and The Prospect Shop. Datalicious, being the earliest acquisition, has contributed just under half of this increase. 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. Proactively managed business risks

Veda deals with a variety of business risks, which it actively assesses and manages as part of its risk management framework. Veda's core risks and the way they are managed are described below. This is not a comprehensive list of the risks involved nor of the mitigating actions that have been adopted.

4.1. Risks to security and integrity of 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 educated in Veda's data handling protocols and are obligated to comply with well-established mechanisms and processes designed to detect and 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. Reliance on core technologies and other systems

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. Protection of trade secrets

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

4.4. Sensitivity to complex regulatory environment

Veda operates its business within a complex and prescriptive regulatory environment. In particular, credit reporting is subject to federal and state-based regulations in Australia, as well as regulation in foreign jurisdictions in which it operates, notably New Zealand. In addition, privacy regulators may make determinations, issue codes and/or seek orders under relevant laws that affect the way Veda is required to provide regulated services. The laws are often complex, can change frequently, have tended to become more stringent over time, and are subject to judicial interpretation. For example, the amendments to the Australian Privacy Act 1988 (the Act) in March 2014 enabled Comprehensive Credit Reporting but impose, 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 is closely involved in processes for industry implementation of privacy laws and has embedded privacy law and code requirements in its own processes, systems and products. Part of Veda's governance regime includes privacy, regulatory compliance, data security and data breach policies, compliance training and compliance obligations which form part of the employment conditions of all Veda's personnel.

4.5. Ability to attract and retain skilled personnel

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 develop and 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 appropriate 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. Each year, Veda aims to improve further the calibre and commitment of its people, and actively analyses and actions employee engagement and feedback. In FY15 a new long term incentive scheme was introduced.

4.6. Mitigating actions to address a credit demand downturn

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; 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), a reduction in demand for Veda's services may result. One of the aims of Veda's product development and acquisition strategy has been to protect Veda from adverse economic conditions. Many products target diversified markets and have counter-cyclical characteristics providing a natural safeguard against a credit downturn.

4.7. Integration of acquisitions and joint ventures

Veda continually investigates and considers potential acquisitions and joint venture opportunities, which are consistent with its stated growth strategy. The successful implementation of acquisitions and joint ventures depends 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 and joint ventures. Risk is managed by in-depth analysis before committing; contractual means; as well as careful business integration and governance. The development of expertise in these matters, from legal and financial to technical and project management skills, has resulted in Veda's generating predicted returns from acquisitions and joint ventures.

5. FY15 Outlook

Veda affirms its previously released full year guidance with a slight improvement in the NPAT growth rate.

The revised outlook is as follows. The change is italicised.

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 FY15, consistent with expectations revenue contribution in the coming year is anticipated to be low. Overall, in FY15, 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 FY15 achieve at least low double digit growth over FY14'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 FY14. 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*, the NPAT growth rate for the full year over the FY14 pro forma result is expected to be slightly higher than that anticipated for the EBITDA growth rate*[1]*.*

Consistent with historic performance, EBITDA and NPAT will be somewhat skewed towards the second half of FY15.

The risks identified in the Operating and Financial Review will continue to be relevant for the full year. 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.

1. Updated statement for FY15 Outlook.

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 review for the half-year ended 31 December 2014 there have been:

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

(ii) no contravention of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

John Wigglesworth
Partner

Sydney

25 February 2015

Veda Group Limited and its Controlled Entities ABN 26 124 306 958
Interim Financial Report - 31 December 2014

Contents

	Note	**2014 $'000**	2013 $'000
Revenue		**162,973**	146,829
Costs of external data and products used for resale		**(29,919)**	(28,520)
Employee benefits expense		**(46,244)**	(40,039)
Depreciation and amortisation expense		**(12,508)**	(11,021)
Software, technology and communication costs		**(6,815)**	(5,224)
Occupancy costs		**(2,732)**	(2,385)
Professional and legal fees		**(1,656)**	(1,111)
Travel and accommodation		**(1,282)**	(876)
Marketing and publications		**(2,155)**	(2,481)
Other expenses		**(2,917)**	(4,072)
IPO related expenses	4	**-**	(25,677)
Finance income		**403**	367
Finance expenses	3	**(6,954)**	(42,758)
Share of profit from associates		**1,459**	1,404
Profit/(loss) before income tax		**51,653**	(15,564)
Income tax (expense)/benefit	6	**(13,589)**	3,082
Profit/(loss) for the period		**38,064**	(12,482)
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		**(2)**	445
Exchange differences on translation of foreign operations		**4,706**	7,737
Other comprehensive income for the period, net of tax		**4,704**	8,182
Total comprehensive income for the period		**42,768**	(4,300)
Profit/(loss) is attributable to:			
Owners of Veda Group Limited		**37,834**	(12,641)
Non-controlling interests		**230**	159
Profit/(loss) for the period		**38,064**	(12,482)
Total comprehensive income for the period is attributable to:			
Owners of Veda Group Limited		**42,597**	(4,520)
Non-controlling interests		**171**	220
Total comprehensive income for the period		**42,768**	(4,300)
		Cents	Cents
Earnings per Parent share			
Basic earnings/(loss) per share (cents)	10	**4.5**	(2.3)
Diluted earnings/(loss) per share (cents)	10	**4.5**	(2.3)

The above Interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Veda Group Limited and its Controlled Entities
Interim statement of financial position
As at 31 December 2014

	Note	**31 December 2014 $'000**	30 June 2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	**21,595**	30,028
Trade and other receivables		**41,605**	39,416
Other prepayments and deposits		**2,603**	2,603
Total current assets		**65,803**	72,047
Non-current assets			
Receivables		**3,086**	3,754
Investments in equity-accounted investees		**32,803**	30,790
Property, plant and equipment		**5,416**	4,110
Deferred tax assets		**25,986**	38,459
Intangible assets		**940,267**	910,237
Total non-current assets		**1,007,558**	987,350
Total assets		**1,073,361**	1,059,397
LIABILITIES			
Current liabilities			
Trade and other payables		**26,006**	26,133
Deferred income		**5,611**	6,640
Derivative financial instruments		**109**	108
Current tax liabilities		**165**	689
Provisions		**3,572**	1,477
Employee benefits		**12,166**	16,303
Total current liabilities		**47,629**	51,350
Non-current liabilities			
Borrowings	7	**274,763**	267,931
Provisions		**7,480**	5,339
Other non-current payables		**6,080**	6,080
Employee benefits		**1,102**	1,105
Total non-current liabilities		**289,425**	280,455
Total liabilities		**337,054**	331,805
Net assets		**736,307**	727,592
EQUITY			
Contributed equity	8	**791,364**	791,364
Other reserves		**15,179**	10,787
Accumulated losses		**(72,453)**	(76,605)
Capital and reserves attributable to owners of Veda Group Limited		**734,090**	725,546
Non-controlling interests		**2,217**	2,046
Total equity		**736,307**	727,592

The above Interim statement of financial position should be read in conjunction with the accompanying notes.

		Attributable to owners of Veda Group Limited and its Controlled Entities							
	Note	**Contributed equity $'000**	**Hedging Reserve $'000**	**Share based payments reserve $'000**	**Foreign currency translation reserve $'000**	**Accumulated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance at 1 July 2014		**791,364**	**(75)**	**7,551**	**3,311**	**(76,605)**	**725,546**	**2,046**	**727,592**
Profit after income tax		-	-	-	-	37,834	**37,834**	230	**38,064**
Other comprehensive income (OCI):									
Effective portion of changes in fair value of cash flow hedges, net of tax		-	(2)	-	-	-	**(2)**	-	**(2)**
Exchange differences on translation of foreign operations		-	-	-	4,765	-	**4,765**	(59)	**4,706**
Total comprehensive income for the period		**-**	**(2)**	**-**	**4,765**	**37,834**	**42,597**	**171**	**42,768**
Transactions with owners in their capacity as owners:									
Dividends provided for or paid	9	-	-	-	-	(33,682)	**(33,682)**	-	**(33,682)**
Share based payments	11	-	-	(371)	-	-	**(371)**	-	**(371)**
		-	**-**	**(371)**	**-**	**(33,682)**	**(34,053)**	**-**	**(34,053)**
Balance at 31 December 2014		**791,364**	**(77)**	**7,180**	**8,076**	**(72,453)**	**734,090**	**2,217**	**736,307**

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

		Attributable to owners of Veda Group Limited and its Controlled Entities							
	Note	Contributed equity $'000	Hedging Reserve $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2013		**512,911**	**(445)**	**4,321**	**(4,428)**	**(195,047)**	**317,312**	**776**	**318,088**
Profit after income tax		-	-	-	-	(12,641)	**(12,641)**	159	**(12,482)**
Other comprehensive income (OCI):									
Effective portion of changes in fair value of cash flow hedges, net of tax		-	445	-	-	-	**445**	-	**445**
Exchange differences on translation of foreign operations		-	-	-	7,677	-	**7,677**	61	**7,738**
Total comprehensive income for the period		**-**	**445**	**-**	**7,677**	**(12,641)**	**(4,519)**	**220**	**(4,299)**
Transactions with owners in their capacity as owners:									
Contributions of equity, net of transaction costs and tax		374,526	-	-	-	-	**374,526**	-	**374,526**
Share based payments		-	-	3,231	-	-	**3,231**	-	**3,231**
Capital reduction		(96,039)	-	-	-	96,039	**-**	-	**-**
		278,487	**-**	**3,231**	**-**	**96,039**	**377,757**	**-**	**377,757**
Balance at 31 December 2013		**791,398**	**-**	**7,552**	**3,249**	**(111,649)**	**690,550**	**996**	**691,546**

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

	Note	**2014 $'000**	2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**177,369**	164,907
Payments to suppliers and employees (inclusive of GST)		**(117,021)**	(108,839)
		60,348	56,068
Interest paid		**-**	(246)
Income taxes paid		**(2,587)**	(2,203)
Interest received		**288**	367
Net cash inflow from operating activities		**58,049**	53,986
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired	13	**(4,470)**	-
Payments for property, plant and equipment		**(2,032)**	(249)
Payments for systems software and data		**(25,112)**	(23,903)
Management loans		**668**	(3,434)
Dividends received		**1,793**	-
Contingent consideration paid		**(624)**	(6,250)
Interest paid on acquisition debt		**-**	(335)
Other		**-**	(900)
Net cash (outflow) from investing activities		**(29,777)**	(35,071)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**-**	358,704
Proceeds from borrowings		**30,000**	317,499
Repayment of borrowings		**(26,461)**	(657,723)
Dividends paid to company's shareholders	9	**(33,682)**	-
IPO related costs		**-**	(12,787)
Borrowing costs		**-**	(1,419)
Withholding tax payments		**-**	(1,982)
Interest and other costs paid on financial debt		**(6,516)**	(14,081)
Net cash (outflow) from financing activities		**(36,659)**	(11,789)
Net (decrease) increase in cash and cash equivalents		**(8,387)**	7,126
Cash and cash equivalents at the beginning of the financial year		**30,028**	27,554
Effects of exchange rate changes on cash and cash equivalents		**(46)**	374
Cash and cash equivalents at end of period	5	**21,595**	35,054

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

Contents of the notes to the interim financial statements

1 Summary of significant accounting policies

Veda Group Limited (the “Company”) is a company domiciled in Australia. These condensed consolidated interim financial statements as at and for the six months ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group’s interest in associates. The Group is a data analytics business. It provides credit information and analysis in Australia and New Zealand. It also provides information and analytic services to businesses and consumers to assist them in making decisions and managing risk.

(a) Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2014. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2014.

The accounting policies adopted are consistent with those found in the 30 June 2014 annual financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors on 25 February 2015.

(b) Basis of preparation of half-year report

The condensed consolidated interim financial statements are presented in Australian dollars, which is the functional currency of the company and the majority of the controlled entities in the Group. Unless otherwise stated all references to dollars refer to Australian dollars.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the condensed consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

(c) Accounting estimates and judgements

In preparing these condensed consolidated interim financial statements, Management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2014.

(d) New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB), including any consequential amendments to other standards, with a date of initial application of 1 July 2014.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities'

1 Summary of significant accounting policies (continued)

(d) New accounting standards and interpretations (continued)

The adoption of the above accounting standards had no material impact on the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

2 Operating Segments

(a) Information about reportable segments

31 December 2014	**Australia** $'000	**International** $'000	**Total** $'000
Total segment revenue	144,248	18,725	162,973
Operating EBITDA	60,038	9,215	69,253
Depreciation and amortisation			(12,508)
Net finance costs			(6,551)
Income tax (expense)/benefit			(13,589)
Share of profit from associates			1,459
Profit after income tax			38,064

31 December 2013	**Australia** $'000	**International** $'000	**Total** $'000
Total segment revenue	129,862	16,967	146,829
Operating EBITDA	53,254	8,867	62,121
Depreciation and amortisation			(11,021)
Net finance costs			(42,391)
IPO expenses/adjustments			(25,677)
Income tax (expense)/benefit			3,082
Share of profit from associates			1,404
Profit after income tax			(12,482)

(b) Other segment information

(i) Segment revenue

	2014 **$'000**	2013 $'000
Consumer Risk and Identity	**52,582**	48,444
Commercial Risk and Information Services	**67,367**	62,715
B2C and Marketing	**24,299**	18,703
Australia	**144,248**	129,862
International	**18,725**	16,967
Total revenue	**162,973**	146,829

3 Finance expenses

	2014 **$'000**	2013 $'000
Bank interest and finance charges paid/payable	**6,712**	26,687
Write-off of capitalised borrowing costs	**-**	12,847
Amortisation of capitalised borrowing costs	**242**	3,224
Finance costs recognised in profit or loss	**6,954**	42,758

4 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

5 Cash and cash equivalents

	31 December 2014 $'000	30 June 2014 $'000
Bank balances	**9,539**	15,412
Deposits at call	**12,056**	14,616
Cash and cash equivalents in the consolidated statement of cash flows	**21,595**	30,028

Reconciliation to cash flows from operating activities

	31 December 2014 $'000	31 December 2013 $'000
Profit/(loss) after income tax	**38,064**	(12,482)
Depreciation and amortisation	**12,508**	11,021
IPO related expenses	**-**	25,677
Acquisition cost	**-**	171
Interest expense	**6,954**	42,511
Share of profits of associates accounted for using the equity method	**(1,459)**	(1,404)
Unrealised foreign exchange (gain)/loss	**361**	(617)
	56,428	64,877
Change in operating assets and liabilities:		
Change in trade debtors and bills of exchange	**(196)**	2,950
Change in other receivables	**(649)**	87
Change in deferred tax assets	**11,577**	(4,005)
Change in other current assets	**(1)**	1,032
Change in trade creditors	**(2,614)**	(5,883)
Change in other liabilities (deferred revenue)	**(1,058)**	358
Change in income tax provision	**(737)**	(1,225)
Change in other provisions	**(4,701)**	(4,205)
Net cash inflow from operating activities	**58,049**	53,986

6 Income tax expense

Tax recognised in profit or loss

	2014 $'000	2013 $'000
Current tax expense/(benefit)	**13,589**	(3,082)

Numerical reconciliation of income tax expense to prima facie tax payable

	2014 $'000	2013 $'000
Profit/(loss) before tax	**51,653**	(15,564)
Income tax at 30%	**15,496**	(4,669)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D offset	**(965)**	(918)
Share-based payments	**-**	3,477
Share of net profit of associates	**(515)**	(421)
Adjustments for current tax of prior periods	**(669)**	(666)
Sundry items	**242**	115
Tax expense/(benefit) recognised in the profit or loss	**13,589**	(3,082)

7 Loans and borrowings

	31 December 2014 $'000	30 June 2014 $'000
Unsecured		
Senior Australian debt	**157,000**	146,000
Senior New Zealand debt	**118,743**	123,115
Capitalised borrowing costs	**(980)**	(1,184)
Total unsecured non-current borrowings	**274,763**	267,931

		31 December 2014		30 June 2014	
	Maturity	**Facility $'000**	**Utilised $'000**	Facility $'000	Utilised $'000
Revolving credit facility A (Note 1)	December 2016	**240,000**	**186,686**	240,000	182,375
Revolving credit facility B (Note 2)	December 2016	**89,057**	**89,057**	86,740	86,740
Less: cash and cash equivalents			**(21,595)**		(30,028)
Less: capitalised borrowings costs			**(980)**		(1,184)
Net bank debt		**329,057**	**253,168**	326,740	237,903

7 Loans and borrowings (continued)

Note 1 - Utilised amount includes NZD denominated debt of NZ$31 million converted to AUD at an exchange rate of 0.95761 (Jun14 : NZ$39 million converted to AUD at 0.9327).
Note 2 - NZD denominated debt of NZ$93 million converted to AUD at an exchange rate of 0.95761 (Jun14 : NZ$93 million converted to AUD at 0.9327).

8 Contributed equity

There is no 'par value' for ordinary shares. The holders of ordinary shares are entitled to receive dividends as determined from time to time, and are entitled to one vote per share at meetings of the company.

Share capital

	31 December 2014 Shares '000	30 June 2014 Shares '000	**31 December 2014 $'000**	30 June 2014 $'000
Ordinary shares				
Ordinary shares - fully paid	**842,055**	842,055	**791,364**	791,364

9 Dividends

Ordinary shares

The following dividends were declared and paid by the Company during the half year ended 31 December 2014.

	Cents per share	**Total amount $'000**	**Date of payment**
Final 2014 ordinary	4	33,682	9 October 2014

10 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 share options granted to employees.

(a) Basic earnings per share

	2014 $'000	2013 $'000
Profit for the period attributable to parent shareholders	**37,834**	(12,641)

10 Earnings per share (continued)

(a) Basic earnings per share (continued)

	2014 '000	2013 '000
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at 1 July	**842,055**	513,029
Effect of allotment and issuances	**-**	37,757
Basic weighted average number of ordinary shares	**842,055**	550,786

(b) Diluted earnings per share

	2014 $'000	2013 $'000
Profit for the period attributable to parent shareholders	**37,834**	(12,641)

	2014 '000	2013 '000
Weighted average number of ordinary shares (basic)	**842,055**	550,786
Effect of share options on issue	**4,138**	
Weighted average number of ordinary shares (diluted)	**846,193**	550,786

At 31 December 2014, 39 million options were included in the diluted weighted average number of ordinary shares calculation. In 2013, 39 million options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

	2014	2013
Parent basic earnings per share/(loss) (cents)	**4.5**	(2.3)
Parent diluted earnings per share/(loss) (cents)	**4.5**	(2.3)

11 Share-based payments

(a) Employee Incentive Scheme

During the period, the Company revised its Short Term Incentive (STI) plan to include a share based component and introduced a Long Term Incentive (LTI) plan. The nature of the plans is disclosed below:

(i) Short term incentive (STI) plan

(i) Share based component of STI plan

During the period, the Company revised the structure of its STI to enhance the existing system of cash rewards. The revised STI plan introduced a Deferred STI scheme for the members of the Senior Leadership Team (SLT) and designated members of the Extended Leadership Team (ELT). The participant’s deferred STI is set At Target as a percentage of Fixed Remuneration and will be paid in Deferred Share Rights (DSRs).

(ii) Calculation of number of DSRs

11 Share-based payments (continued)

(a) Employee Incentive Scheme (continued)

The dollar value of DSRs will reflect actual performance, assessed against a variety of measures including Revenue, EBITDA, NPAT and Cash from Operation and Investment. Each SLT and ELT member is notified of their potential after the beginning of the fiscal year. The number of DSRs allocated for that dollar 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.

(iii) 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 one year after the date of grant.
Once issued, 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.

There were no DSR's issued, forfeited, exercised or expired during the half year ended 31 December 2014 (30 June 2014: nil).

There are no DSR's outstanding or exercisable as at 31 December 2014 (30 June 2014: nil).

The Company expects to issue DSRs in respect of the FY15 STI, in September 2015 after the Board has determined the At Target outcome.

(ii) Long term incentive (LTI) plan

(i) Description of LTI

An LTI scheme has been established with effect from 1 September 2014 and is applicable to members of the SLT and key members of the ELT. It is envisaged that the potential for a grant will be made each year. Each relevant member of staff has been notified of their potential allocation for the first year of the Scheme, 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.

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. 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.

(ii) Vesting conditions and TSR hurdle of LTI

Options will vest in equal tranches at the end of 3 and 4 years from the date of grant, if the participant is still employed at that time.

The options will have a performance 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 the 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

11 Share-based payments (continued)

(a) Employee Incentive Scheme (continued)

(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 exercise, 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.

There were no LTI Options issued, forfeited, exercised or expired during the half year ended 31 December 2014 (30 June 2014: nil).

There are no LTI Options outstanding or exercisable as at 31 December 2014 (30 June 2014: nil).

Whilst the allocation of both DSRs and LTI options are not determined until finalisation of the financial year results and the board's approval, employees have begun rendering services in relation to FY15 DSRs and LTIs from the date the plans were established. As the grant date of these awards have not been achieved at 31 December 2014 and will only occur after finalisation of financial year result, the Company has estimated the fair value of these awards at 31 December 2014.

Total expense recognised for the half year ended 31 December 2014 based on expected achievement of Veda's FY 2015 Targets and estimates of fair value in respect to DSR and LTI is $0.4 million (31 December 2013 : $Nil).

(b) Management Performance Shares (MPS)

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). In the lead-up to the IPO, these arrangements were re-negotiated. Specifically, 53.3 million shares were forfeited, being 25% of Tranche A shares; and 100% of Tranches B and C and 14.4 million Shares (Tranche A) were reclassified and the re-classification price was varied from $1.00 to $0.25. The modification resulted in $6.9 million of modification value being expensed immediately upon the IPO as no future service period attached to the shares. The vesting of the MPS also resulted in acceleration of the remaining unamortised share based payments expense in the amount of $2.4 million. The expenses were included in “IPO related expenses” respectively in the statement of comprehensive income at 31 December 2013.

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). At 31 December 2014, the balance of loans outstanding to various members of the SLT and ELT were $2.8 million. (30 June 2014: $3.4 million).

(c) Share Options (equity-settled)

As part of the IPO in December 2013, the Company issued share options that entitle senior executives to purchase share in the Company, subject to the payment of an exercise price.

There are two tranches of options with strike prices of $1.90 and $2.10 per option. The options were 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 31 December 2014 at an exercise price of $1.90 is 21,150,000 (30 June 2014:21,150,000) and at an exercise price of $2.10 is 18,016,667 (30 June 2014: 18,016,667).

The options were valued as follows:

11 Share-based payments (continued)

(c) Share Options (equity-settled) (continued)

	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 in December 2013 and is included in the “IPO related expenses” in the statement of comprehensive income.

12 Contingent assets and contingent liabilities

(a) Contingent liabilities

Guarantees

Guarantees issued by VA Australia Finance Pty Limited:

- Property leases to $4,757,920 (June14 : $4,757,920)
- Contractual obligations, performance and warranties in respect of certain controlled entities to $3,281,626 (June 2014: $3,234,854).

The Company and the following subsidiaries have entered into a deed of cross guarantee:

- 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

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 31 December 2014 is $0.7 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 31 December 2014 is $1.7 million.

(b) Contingent assets

The Group had no contingent assets at 31 December 2014 (2013: nil).

13 Business combination

(a) Summary of acquisition - KMS Data Limited

Effective 31 July 2014, the Group acquired 100% of KMS Data Ltd, a business providing database resources primarily used for marketing, research and analytical purposes in New Zealand, for consideration of $1,759,772, net of cash acquired.

In the 5 months to 31 December 2014, KMS contributed revenue of $614,518 and net profit of $137,622 to the Group results. If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue for the half year would have been $737,422 and consolidated profit for the half year would have been $165,147. 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 2014,

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

	$'000
Purchase consideration	
Cash paid (net of cash acquired)	**1,441**
Deferred consideration	**319**
Total purchase consideration	**1,760**

	$'000
Net intangible assets acquired	**1,208**
Deferred tax liabilities on intangible assets	**(323)**
Other net tangible assets acquired	**(6)**
Goodwill	**881**
Fair value of net assets acquired	**1,760**

(b) Summary of acquisition - Kingsway Financial Assessments Pty Ltd

Effective 31 August 2014, the Group acquired 100% of Kingsway Financial Assessments Pty Ltd, a business specialising in independent financial assessment reports for procurement professionals. The total consideration for the acquisition was $3,154,912, net of cash acquired.

In the 4 months to 31 December 2014, Kingsway contributed revenue of $438,216 and net profit of $96,214 to the Group results. If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue for the half year would have been $657,324 and consolidated profit for the half year would have been $144,321. 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 2014,

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

	$'000
Purchase consideration	
Cash paid (net of cash acquired)	**812**
Deferred consideration	**2,343**
Total purchase consideration	**3,155**

The assets and liabilities recognised as a result of the acquisition are as follows:

13 Business combination (continued)

(b) Summary of acquisition - Kingsway Financial Assessments Pty Ltd (continued)

	$'000
Net intangible assets acquired	**1,570**
Deferred tax liabilities on intangible assets	**(236)**
Other net tangible assets acquired	**48**
Goodwill	**1,773**
Fair value of net assets acquired	**3,155**

(c) Summary of acquisition - The Prospect Shop Pty Ltd

Effective 1 December 2014, the Group acquired 100% of The Prospect Shop Pty Limited (TPS), a business primarily providing direct marketing and data agency services to the not-for-profit sector. The total consideration for the acquisition was $4,483,466, net of cash acquired.

In the 1 month to 31 December 2014, TPS contributed revenue of $400,000 and net profit of $28,000 to the Group results. If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue for the half year would have been $2,400,000 and consolidated profit for the half year would have been $166,000 before the impact of any synergies. 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 2014,

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

	$'000
Purchase consideration	
Cash paid (net of cash acquired)	**2,217**
Deferred consideration	**2,266**
Total purchase consideration	**4,483**

The assets and liabilities recognised as a result of the acquisition are as follows:

	$'000
Net intangible assets acquired	**1,310**
Deferred tax liabilities on intangible assets	**(337)**
Other net tangible assets acquired	**(149)**
Goodwill	**3,659**
Fair value of net assets acquired	**4,483**

14 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

In the opinion of the Directors of the Company:

(a) the condensed consolidated interim financial statements and notes set out on pages 26 to 44 are in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the six month period ended on that date, and
   (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001;* 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.

Signed in accordance with a resolution of the Directors.

Helen Nugent AO
Chairman

Sydney
25 February 2015

KPMG

Independent auditor's review report to the members of Veda Group Limited

We have reviewed the accompanying condensed consolidated interim financial report of Veda Group Limited, which comprises the consolidated statement of financial position as at 31 December 2014, consolidated income statement and statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 14 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 half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Veda Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed consolidated interim financial report of Veda Group Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

John Wigglesworth
Partner

Sydney

25 February 2015