VEDA GROUP LIMITED

# Annual Report 2015

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# At Veda, data is our business. It's at the heart of what we do.

**We are passionate about accumulating and transforming data into meaningful insights to empower our customers to make great decisions.**

When we started in 1967, our foundation was based on the idea that better information delivers greater clarity. This remains true today.

We have the most comprehensive and current data in Australia and New Zealand and offer a range of innovative products for businesses and consumers.

What makes us different is the determination and spirit of our people. We are continually discovering more, each and every day, delivering clarity and insights to our customers.

**Discover more with Veda**.

# Chairman's Letter

HELEN NUGENT

On behalf of your Board of Directors, I am pleased to present to Veda Group's shareholders our Annual Report for the financial year ending 30 June 2015.

In this, our second year of being a public listed company, we have delivered **another year of solid double-digit growth.**

**On behalf of your Board of Directors,** I am pleased to present to Veda Group's shareholders our Annual Report for the financial year ending 30 June 2015. In this, our second year of being a public listed company, we have delivered another year of double-digit growth.

## Continued strong financial results

Veda's results for FY15 exceeded guidance. Net Profit After Tax (NPAT) for the year was $78.4 million, representing growth of 13.8 per cent against last year's pro forma result. It reflected strong revenue growth of 12.2 per cent across all business lines, most particularly in B2C and Marketing Services. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) showed growth of 12.0 per cent against the FY14 pro forma result and 12.5 per cent against the FY14 statutory result.

Cash flow generation remained strong, with operating cash flow of $137.3 million. Capital investment was 15.5 per cent of revenue. As at 30 June 2015, Veda's net debt/net-debt-plus-equity ratio was 20.3 per cent.

As a result of Veda's strong operating performance and cash flow, Directors have recommended that the final dividend be 6 cents a share. This represents a dividend payout ratio of 64 per cent of NPAT, which is in line with the dividend payout ratio guideline of between 50 and 70 per cent of NPAT.

In addition, and in response to feedback from investors, the Board has considered whether in future to pay an interim dividend. Subject to the demands of new capital investment and the acquisition of new businesses, Veda intends to commence paying interim dividends in FY16. The amount will be determined at the half yearly results.

## Focussed strategy driving growth

When Veda was established, almost 50 years ago, it provided basic data to assist banks make lending decisions. Today, we are a highly customer-focussed data analytics company. The depth and breadth of products and services we offer not only touch almost every aspect of the economy, but allow us to make a real difference to the consumers and organisations with whom we do business.

Through our credit scoring product, VedaScore, consumers are able to negotiate better credit offers with lending organisations. Businesses are also better able to make lending and trade credit decisions that reflect the risk associated with a particular decision. The quality of recruitment decisions can be improved by using our high quality and accurate information about candidates. More targeted marketing offers can be made by leveraging our use of data and analytics. We also help businesses comply with regulatory requirements in a more cost-effective way.

As a consequence, in an era of significantly enhanced digital capability, Veda is at the forefront of using rich data and analytics to help our customers make better informed, higher quality decisions and to better manage risk. Our rich insights gained from high quality data and analytics make this possible.

In FY15 our revenue growth of 12.2 per cent occurred across all four business lines. Organically we grew at 9.5 per cent, with the balance coming from a series of small bolt-on acquisitions. Organic growth reflected our strategy of working with customers to better serve their existing needs as well as to deliver product innovation. We also expanded into new customer segments, such as wealth, and helped our customers respond to the plethora of regulatory changes with which they are challenged. Our three small acquisitions over the past 12 months have enhanced our marketing services and financial risk assessment capability.

## Pacific Equity Partners exit and Board changes

Significant change occurred in the composition of our shareholder register over the past year. Having helped us list on the Australian Securities Exchange in December 2013, Pacific Equity Partners (PEP) progressively sold down their remaining shares in Veda, exiting completely in February 2015. This represented an important milestone for Veda. In just over a year we transitioned from a private equity owned company to a fully public owned, listed entity.

PEP made a significant contribution to Veda through their extensive experience in financing, mergers and acquisitions, and strategy. Their approach was both consultative, yet focussed. This has allowed Veda to return to the public markets a stronger company. We thank PEP for the manner in which they have conducted themselves.

Following this change, Mr Geoff Hutchinson, one of the PEP nominee Directors, resigned from the Board. Mr Hutchinson had been a Director of Veda since July 2011. The Board and management team greatly valued his input and thank him for his contribution.

At the same time as Mr Hutchinson resigned, the appointment to the Board of Mr Steven Sargent was announced. Formerly a senior executive with GE, Mr Sargent brings significant skills to the Veda Board, including his deep understanding of financial services, as well as of the energy, mining and the healthcare sectors. He is a valuable addition to the Board, further complementing the skills of existing Directors.

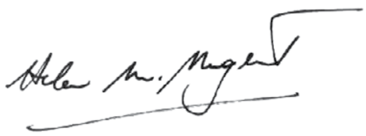
Mr Anthony Kerwick, who was a PEP nominee Director on the Veda Board, is no longer employed by PEP. Given his deep understanding of Veda and his ability to add significant strategic and operational expertise, he was asked to remain as a Non-Executive Director of Veda.

## Commitment to strong governance

Your Board is committed to excellence, transparency and accountability in corporate governance. We take the view that strong corporate governance is the bedrock that will assist management to drive superior performance over the long haul.

During the past year, we have refined many of the processes initially established prior to listing. As a consequence, our corporate governance, including in areas such as sustainability and diversity, is increasingly mature and robust. We are committed to ensuring that, particularly in response to evolving corporate governance requirements, we stay at the forefront of best practice. The Board is ever conscious that we represent shareholders. Our commitment is to ensure that we act in your interests.

In summary, Veda is well positioned to deliver innovation and insights for our customers and growth for our shareholders. We look forward to the future with optimism. We also thank you for your continued support.



**Helen Nugent** AO
Chairman

'... strong corporate governance is the bedrock that will assist management to **drive superior performance**'

# CEO's Report

## NERIDA CAESAR

In fiscal year 2015, Veda delivered another year of strong growth in earnings and our fourth consecutive year of double-digit revenue growth.

**In fiscal year 2015,** Veda delivered another year of strong double-digit growth in earnings and our fourth consecutive year of double-digit revenue growth.

This achievement reflected the acceleration of the implementation of our strategy. Business and consumer customers increased in number and our customer satisfaction performance scores remained strong.

Our strategy is clear. We remain focussed on our value proposition. We want to be the best data and analytics company for our customers, investing in innovative solutions to help them achieve their goals.

In the past year our customers were continually challenged by regulatory change, competition and new disruptive models, particularly in financial services. This is the new norm. Managing in an unpredictable economy is a challenge for all business leaders. We help our customers face these challenges by assisting them to be more agile in their decision making. We provide them with superior insights into people and businesses based on the best analytics and the freshest data.

Veda's business is resilient and diverse. It has experienced growth through economic cycles. Our diversity of product offerings not only galvanises the business, but also ensures we remain relevant to our customers and that they use us to help solve the challenges they face. It is this commitment to customer excellence, product superiority and a continued quest for innovation that permeates everything we do. We call this 'innovation with a purpose'.

Fiscal year 2015 saw us benefit from a continued focus on our client relationships. Our ability to address many of our customers' strategic issues, ranging from the value they attach to customer retention and acquisition, digital identification, fraud and credit checking, through to helping them improve collections, has enabled us to further deepen relationships with our 12,500 customers. We also expanded into new market segments, which include wealth, superannuation and energy while further strengthening relationships with our core financial services customers. We now serve well over half of the ASX 100, along with a range of non-listed entities and private enterprises.

The explosion of technology-enabled data and devices has profound implications for Veda and our customers. In a fast-paced digital world, Veda is playing an important role. In international markets, credit scores are integral to a consumer's everyday life, whether it be when they are taking out a loan, purchasing insurance, or changing employment. Veda has now made the credit score for an individual openly available to all consumers. We see VedaScore as the ubiquitous product, distributed through a range of channels to the market, empowering consumers to understand and control their credit profile. This allows them to use it to their advantage.

Commitment to **customer excellence**

Product **superiority**

Continued **quest for innovation**

We also continued to acquire data and enriched our reports to allow business customers to improve their decision-making. We used our data in new and creative ways to help our customers understand their own customers. This enabled them to make relevant offers that deliver a high conversion rate and a highly competitive return on their marketing investment. We also delivered a set of complex IT programs to support comprehensive credit reporting and many other regulatory-driven changes.

## Our strategy

Veda is a data and analytics company and the leading provider of credit information in Australia and New Zealand. We maintain this position by continuously focussing on those strategic dimensions that allow us to compete and thrive in the economies and markets we serve, both domestically and internationally.

Our strategy focusses on the pillars of using our 'smarts' in data and analytics to deliver value; opening up new market opportunities by ensuring we have relevant solutions to offer; and delivering on the promise of innovation. This is underpinned by ensuring we foster a culture of collaboration where we put the customer first in everything we do.

There have been notable developments throughout the year that support this strategy. These are also the areas where you can expect our continued focus.

## Using our 'smarts' in data and analytics

Double-digit sales growth of 37.8 per cent year-on-year was achieved by our B2C and Marketing Services division. This was driven predominantly by applying our data and analytics to develop solutions for our Marketing Services' customers and enhancing our CarHistory product. Our Marketing Services business increasingly helped our customers understand where to best direct their marketing dollars.

The way we connect our consumer and commercial data, while always being mindful of privacy, is unprecedented in the market. Only Veda can do this. When we combine this with the power of customers' data, we create results beyond that which any organisation can create alone. This assisted us to enter new industry segments in media, entertainment and retail, while at the same time allowing us to extend further into our traditional core group of customers.

Our data set is being continually augmented as we acquire new and fresh data and create new connections. Last year alone we added more than 50 million records and added new sources to our consumer assets. We created more than 50 million new connections with this data. We increased the frequency of commercial data updates from monthly to daily and connected every major business identifier in Australia. In addition, we added more than 20 million data elements to our Marketing Services assets. This continuous focus on data acquisition and quality, as well as the power of our algorithms, gives us the ability to provide market-leading solutions to our customers.

## Opening up new market opportunities

Veda invested capital to drive important market changes such as Comprehensive Credit Reporting (CCR) and new AUSTRAC regulations. CCR is an industry-changing development. Over 20 organisations are now planning their data loading strategy, or contributing CCR data to Veda. We are confident that we are well on the way to seeing the benefits for our customers and for Veda from this investment. In New Zealand, where CCR has already been implemented, early movers have seen increases in new-to-organisation application approval rates. They have also indicated that CCR is providing a more complete view of a customer's credit worthiness. Although in another jurisdiction, this is an encouraging sign of the benefits of CCR that we anticipate seeing in Australia.

We were the first to market with a verification solution to help customers meet the new ASIC Financial Advisers Register requirements. These requirements included checking advisers' qualifications, right to work, as well as police checks. Veda has now verified over 5,000 advisers. This will continue as an industry initiative.

A Veda Anti-Money Laundering Solutions team was also set up, helping customers bridge gaps in their anti-money laundering requirements and to ensure legislative compliance with the January 2016 deadline.

The agility of our teams responsible for products and development empowers us to strive to be ahead of the regulatory curve by building solutions that help our customers meet their compliance needs. Each year, our teams collaborate with customers and watch global markets to ensure we are innovating and creating new ways of working. We help customers grow their revenues and reduce their costs by doing things more efficiently. As markets change, and new digital technologies become commonplace, we are set up to respond rapidly.

## Acquisitions

We made three bolt-on investments: Kingsway, The Prospect Shop and KMS Data. These acquisitions filled product gaps and enabled us to deliver critical solutions to the market. In each case, we have integrated these well, delivered strong revenue and/or cost synergies, and a strong return on investment.

## The future

At Veda, we are committed to continued growth and ensuring we meet and exceed our customers' expectations. Our company values of collaboration, creativity, trust and energy help everyone at Veda connect their role to what we stand for and to take pride in what we are building.

We will continue to innovate and play a strong role in industry. This includes forming new partnerships. We know how to partner with other firms to create value. During fiscal year 2015, we created or strengthened over 10 partnership arrangements. Veda entered into a teaming agreement with Nielsen for the purpose of exploring methods of incorporating research-related insights into models and associated services. To reach the mid-market more effectively, we finalised a partnership with Xero, the listed accounting software business, to integrate a set of Veda products into their solution. To fulfil the promise of collections management and workflow automation, we integrated with CMC, an international best-practice collections software firm.

To help our customers improve how they meet responsible lending laws, we created an exclusive partnership with MOGO. These are just a few examples of how we enhanced the way we work with our customers.

We have also joined Stone & Chalk, Sydney's Fintech hub and look forward to working with them and the other corporate founding members to help foster and accelerate the development of world-class Australian Fintech start-ups.

We will continue to expand internationally. While today we serve five markets, including New Zealand, we are in the process of building another platform in Asia. In addition to our joint-venture arrangements in Singapore, Cambodia and the Middle East, in the past year we have also become the technology provider in Indonesia for the credit bureau that has been established there by our Singapore joint-venture partners.

We see an exciting future ahead for our customers, employees and shareholders and we look forward to another year of significant profitable growth.

I would like to thank the Veda leadership team and all of our employees for their hard work and dedication to success. To our shareholders, thank you for supporting Veda.

Nerida Caesar

**Nerida Caesar**
Chief Executive Officer

# Business Line Summary

Veda has two operating segments – Australia and International.

**WITHIN AUSTRALIA THERE ARE THREE LINES OF BUSINESS**

CONSUMER RISK & IDENTITY

COMMERCIAL RISK & INFORMATION SERVICES

B2C & MARKETING SERVICES

'Veda continues to grow in our targeted segments by **creating market-leading solutions that support our customers' business cases** and deliver compliance benefits.'

# Consumer Risk & Identity

Consumer Risk & Identity provides data intelligence about individuals to enable business customers to manage credit risk, validate identity and qualifications, and avoid fraud. This extends across the customer life-cycle from origination, to customer management, and to collections.

## Consumer bureau services

The retail credit market has been driven by two factors: mortgage market growth, and strong campaign activity by lenders in the area of credit cards and personal loans.

For financial services, key market challenges include stricter requirements to verify consumer data supplied on credit application forms, and tighter identity verification requirements. Generally, regulators appear to be interpreting lender obligations more strictly, particularly in relation to responsible lending provisions under the *National Consumer Credit Protection Act 2009*. The challenge for lenders is to meet these requirements while maintaining the most effective customer on-boarding experience. These factors add to credit provider incentives to share and consume Comprehensive Credit Reporting (CCR) data and create the need for supplementary income-and-expense verification solutions.

At the same time, telecommunications, utilities and other non-financial services segments are investing in credit decisioning and management infrastructure. To support these investments, Veda has developed integrated solutions that bundle identity fraud and credit checking to make customer on-boarding easier. Our solution also supports the ongoing management of the customer throughout the credit life-cycle.

Veda's enterprise DecisionPoint 3 credit decisioning platform allows a lender to automate credit decisions by accessing data from Veda and/or the broader market. We have over 30 Veda bureau services that include originating a loan, managing the customer, and providing collection analytics. Our customers can quickly respond to market demands and provide the best experience to their clients.

## Comprehensive Credit Reporting

Since the introduction of changes enabling CCR in Australia in March 2014, Veda has made significant progress assisting customers in their CCR transition from data supply to data consumption. Over 20 customers are actively engaged with Veda on data supply projects, with many starting to consider their data consumption strategies. At the end of FY15, 10 per cent of the accounts in the retail credit market had CCR data loaded onto Veda's bureau in a private testing environment.

Veda launched its analytic and credit originations solutions in February 2015 to support a smoother transition to CCR data consumption for lenders. This product, known as VedaScore Apply®, is the fourth generation of our VedaScore suite for credit origination. CCR-enabled products that support other stages of the credit life-cycle will be released in the new financial year. They include account management, account collection and account recovery solutions.

## Fraud and Identity

With the growing incidence of fraud and identity crime and a cost to the Australian economy of around $1.6 billion per year, Veda's fraud and identity verification products experience high demand from multiple customer segments. The growth of online transactions, an increasing focus on Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) legislative obligations, and the constant morphing of fraud in Australia are all contributing factors.

Veda's IDMatrix is Australia's most comprehensive identity verification solution. The inclusion of fraud assessment as part of the verification process now helps our customers detect and prevent fraud at both the point of application and in subsequent dealings.

OVER 30 BUREAU SERVICES

Verified over
**5,000**
of Australia's
**financial advisors**

Prevented a fraudulent account-takeover and branch withdrawal of **$100,000 through the use of IDMatrix**

Audited
**3m**
superannuation members

OVER 20 ACTIVELY ENGAGED CUSTOMERS ON DATA SUPPLY PROJECTS

We have achieved **strong growth for services** in the credit provider market

One of our major banking customers was able to prevent a fraudulent account-takeover and branch withdrawal of $100,000 through the use of IDMatrix. Veda's unique Knowledge Based Authentication module within IDMatrix revealed that the individual claiming ownership of the account was not the rightful owner.

Veda's Fraud Focus Group (FFG) facilitates fraud information sharing amongst members through Veda's FraudCheck, regular forums and round-table events. This 80-member user group is the only one of its kind in Australia and enables lenders to collaborate and fight fraud. It is comprised of Australia's big four banks, international financial institutions, telecommunications providers, motor vehicle financiers and other credit providers such as credit unions and asset financiers.

## Employee verification

Veda's employee verification service, Verify, continues to perform extremely well in a volatile recruitment market. Veda recently identified that 30 per cent of information in resumes is inaccurate. Verify helps organisations conduct adequate background screening to address this. Verify is a great example of our acquisition strategy in practice. We have leveraged relationships within our existing customer base to reach customers that Verify would not otherwise have been able to easily connect with.

We have also worked with customers in the wealth segment, helping them comply with their ASIC Financial Advisor Register obligations, verifying over 5,000 Australian financial advisors as part of this process. Verification covered their employment history, qualifications and professional memberships, as well as police and bankruptcy checks.

## Wealth

Expansion of the wealth segment across the superannuation, fund management and financial advice sector continues. Opportunities cover the spectrum, from data quality audits and data migrations, data cleansing and augmentation, to providing insights on their customers and members, while also offering online identification and fraud prevention solutions. All these activities assist our wealth customers better serve and retain existing clients and attract new ones. Recently Veda audited three million superannuation members and found nine per cent have data issues in their primary identification fields, such as name, address or date of birth. Maintaining and improving data quality is a major challenge in the wealth segment.

## Collections

Veda's Collection Services assist customers with solutions that drive productivity outcomes, improve collection rates and create better customer experiences. We have achieved strong growth for services in the credit provider market and established long-term agreements with major mercantile agents and debt purchasers, reflecting the strength of our core product offering. Our service offering and capabilities have been expanded with the development of complementary partnerships where Veda is the exclusive reseller of a collection analytics and workflow tool from CMC.

# Commercial Risk & Information Services

Commercial Risk & Information Services helps business customers assess commercial credit risk, verify entities and manage supplier risk through the use of data intelligence and third-party data about businesses and the people behind them.

## Commercial Risk

Veda's Trading History product assists customers assess credit risk and repayment behaviour of organisations and their related entities. This year the product was enhanced with new scores and data sets. This enables customers to improve approval rates; reduce bad debt rates; on-board customers faster; and identify earlier signs of repayment stress. A recent customer used the Trading History product to uncover a bad debt in a related party of over half a million dollars that otherwise would not have been revealed.

A new Veda Corporate Ratings service was launched providing customers with an independent and auditable process utilising Veda's Credit Rating Agency licence. This service enables customers to demonstrate to their directors, investors, customers and financiers that they have the financial viability and capacity to meet their commitments as and when they fall due.

In September 2014, Veda acquired Kingsway, a financial risk assessment company. Kingsway helps government and businesses identify if companies they may be considering doing business with are in financial distress or at risk of insolvency. The acquisition increases Veda's scale and capability in financial risk assessment.

> 'The Commercial Risk & Information Services business continues to grow through **product innovation** and **solutions** focussed on the needs of existing and new customer segments.'

## Commercial & Property Solutions

Commercial & Property Solutions provide businesses with access to third-party data through Veda's value-added products. This includes business records, information held by the Australian Securities & Investments Commission (ASIC) and the Australian Financial Security Authority (AFSA), and court and property registers.

The growth in Commercial & Property Solutions was achieved through investment in data and product innovation. Veda's delivery channels allow our customers to easily purchase multiple products from one place. A good example is Veda's Personal Property Securities Register (PPSR) solution, where customers can select multiple assets in one search. One financial services customer achieved an 80 per cent efficiency gain in company and security searches using Veda's PPSR multi-search functionality.

VedaCheck Visual was launched in November 2014. It is Veda's next-generation search solution. The tool allows users to more easily interpret data and provides an efficient way to deal with complex scenarios, such as understanding company structures and complying with regulatory obligations. Veda's offering delivers a visually efficient solution, underpinned by a rich data set of information on companies, their directors and their connections.

Regulation continues to drive demand for Veda's products. The additional obligations of anti-money laundering and counter-terrorism financing legislation requires organisations to collect and verify customer information, as well as to monitor risk and changes in customer status on an ongoing basis. VedaCheck Visual helps organisations with the full spectrum of simple and complex checks.

# B2C & Marketing Services

Business-to-Consumer (B2C) provides products that help consumers improve their financial literacy, negotiate better credit offers, protect their identity and belongings, and safely purchase used vehicles. Marketing Services provides businesses with insight into data driven marketing to make informed decisions about how to target customers. It includes Inivio, Datalicious and The Prospect Shop.

## Business-to-Consumer

During the year, Veda worked with financial institutions to launch risk based pricing offers for credit cards and personal loans. Using VedaScore as a platform, financial institutions were able to price specific offers in the personal loan and credit card markets to match the credit risk profile of individuals. Consumers with a good VedaScore could then be rewarded with better interest rates. This is commonplace in international markets such as the USA and the UK, where consumers benefit from obtaining a better deal based on their credit score. The demand for credit scores has grown exponentially in overseas markets with over 35 million scores issued in the USA by one company alone. This trend is emerging in Australia.

Placing VedaScore in consumers' hands and linking them to a better deal will be a growing proposition for the Australian and New Zealand financial services market place. This is underpinned by the improved predictability that comprehensive credit reporting brings.

Identity theft has become more pronounced on a global scale with fraudulent access to personal information being a currency in the underground world of cybercrime. Veda estimates that more than 700,000 Australians have been affected by identity theft in the 12 months to March 2015.

In April 2015 Veda launched a stand-alone cyber-monitoring service called Identity Watch. The service monitors whether a person's information, such as email addresses, credit cards and bank details, is being illegally traded in online forums and alerts the real 'owner' if their information has been compromised.

CarHistory.com.au, a service giving consumers a comprehensive report on the history of a used vehicle, was relaunched, offering an improved customer experience. Catering to the market's changing needs, the establishment of a new mobile-responsive website resulted in a strong uplift in website conversion rates.

## Marketing Services

Marketers face the challenge of both improving the return on their marketing investment and remaining relevant in the marketplace. They need to understand the most appropriate time to communicate with their target customer or prospect, via the most optimal channels, about a product or service they want. Veda's Marketing Services division assists its clients in solving these challenges via a vast 'data lake' - a repository of data in its raw form - of consumer and commercial information. Combined with our market-leading data matching capability and advanced analytics, Veda generates insights to help our customers grow in their chosen segments.

During 2015, we extended our partnership with Nielsen, a global information and measurement company. Nielsen's Consumer and Media View provides a 360-degree view of Australian consumer attitudes and lifestyles, complemented by media audience data from online, radio and television. The partnership creates actionable insights for brands that can be applied across a range of marketing activities, resulting in improved marketing effectiveness and an enhanced consumer experience.

Continuing the growth strategy for Marketing Services, Veda acquired The Prospect Shop (TPS), a direct marketing and data planning agency primarily focussed on the not-for-profit sector. TPS helps charities engage new supporters across multiple marketing channels. During the year, TPS launched donorXchange, a network that allows charities to 'trade' donor data with other charities to increase their respective new donors. This allows for greater efficiency, flexibility and market insights to be created and extends the capabilities of TPS across the full life-cycle of the donor journey.

# International

International comprises the operating businesses outside Australia. These include New Zealand, Singapore, Malaysia, Cambodia and Saudi Arabia.

Veda's New Zealand business operates similar lines of business as Australia. Product offerings have been extended in the past year in marketing services, identity verification and corporate ratings. Other major services include consumer credit score (VedaScore), commercial company checks, employment verification and a range of collections-based products. Veda also licenses and implements consumer and commercial bureau software in Asia and the Middle East.

## New Zealand

Veda's system was CCR-enabled from April 2012. Veda was the first bureau to go live with CCR in March 2014 when several major banks and finance companies commenced sharing positive data. In New Zealand Veda has led the industry transition to CCR and has delivered CCR products, including the first and only positive bureau score.

These new products have enabled credit providers to take advantage of the additional data and make more informed credit decisions across the credit risk life-cycle of origination, account management and collections. Early adopters have embedded Veda products and services as part of their CCR strategy and they indicate that it is enhancing their lending decision-making. For some credit providers, Veda's positive bureau scores have driven uplift in automated approval rates for new-to-organisation credit applications of between 10 and 20 per cent.

With the acquisition of KMS Data, Veda expanded its marketing services offering to the New Zealand market. This acquisition extended Veda's reach into new segments, including utilities, research and charities. The business is well placed to support the growing demand for data driven marketing services in New Zealand, assisting customers to unlock powerful insights to maximise their return on marketing investment.

Veda's Verify service offers employment and background verification solutions across a range of industries. Launched in New Zealand in 2014, Verify assists businesses to meet their compliance obligations and to have confidence in their candidates', contractors' and customers' experience and background. Several large banks and organisations have now adopted the Verify service. Veda continues to develop innovative offerings to support its customers' end-to-end employment processes.

Veda's Passport Verification Service was launched in November 2014, expanding Veda's suite of electronic identity verification services. Sold as one part of a suite of electronic identity verification products, the service is now used by numerous banks and financial services providers to assist them meet their anti-money laundering and counter-terrorism financing obligations while supporting digital on-boarding strategies. Veda also launched a bureau-based electronic identity verification solution in 2014, which allows credit data to be used to support anti-money laundering ('know your customer') obligations.

## International

In other international markets Veda contributed to the launch of the first and only bureau score for the fully functioning Cambodian bureau. This will allow credit assessment at a glance for banks and micro-finance providers and will eventually become a mandatory requirement for all lenders. The number of enquiries to the bureau continues to grow in this emerging market.

Veda also has interests in bureaus in Singapore, Malaysia and Saudi Arabia and is a technology provider to Indonesia.

# Board and Management Team

## BOARD OF DIRECTORS

### DR HELEN NUGENT AO
INDEPENDENT CHAIRMAN
BA (Hons) MBA (Dist) PhD Hon DBus FAICD

Helen was appointed Independent Chairman of the Company in September 2013. She is a professional company director, with close to 30 years' experience in the financial services and energy and resources sectors.

Helen is a Non-Executive Director of Origin Energy Limited (since March 2003) and Chairman of Funds SA, the $26 billion investment fund of the South Australian Government.

Her prior financial services' experience includes being Chairman of Swiss Re (Australia) and a Non-Executive Director of Macquarie Group Limited (June 1999 to July 2014). She was part of the executive team at Westpac Banking Corporation responsible in the early 1990s for a major turnaround in the bank's performance. As 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.

In 2004 she was made an Officer of the Order of Australia and in 2001 she was awarded a Centenary Medal.

### NERIDA CAESAR
CEO AND MANAGING DIRECTOR
BCom MBA GAICD

Nerida was appointed CEO and Managing Director of the Company in February 2011. With a focus on innovation and technology, she has over 29 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. 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.

Before 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 and a Director on the NSW Fintech hub, Stone & Chalk.

### BRUCE BEEREN
INDEPENDENT NON-EXECUTIVE DIRECTOR
BSc BCom MBA FCPA FAICD

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

Bruce is currently a Director of Contact Energy, Equipsuper and The Hunger Project Australia. Until October 2014, he was also a Director of Origin Energy (March 2000 to October 2014), initially as Finance Director and then from January 2005 as a Non-Executive Director.

Bruce was formerly a Non-Executive Director of Veda Advantage Limited, ConnectEast Group, Coal & Allied Industries Limited 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.

### DIANA EILERT
INDEPENDENT NON-EXECUTIVE DIRECTOR
BSc MCom GAICD

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

Diana is currently a Non-Executive Director of Navitas Limited (a global education provider) (since July 2014) and AMP Life Limited. She was previously a Non-Executive Director of realestate.com.au (REA Group) and digital start-ups 'onthehouse' (Onthehouse Holdings Limited) (July 2012 to November 2013) and 'OurDeal'.

With more than 25 years as an executive in financial services and media, Diana brings significant industry, technology and digital 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 her technology knowledge and skills in executive roles and also as Partner of IBM. Her deep understanding of recent digital trends, disruption and strategies was developed further in her role as Head of Strategy and Corporate Development at News Corp Australia.

## ANTHONY KERWICK
**NON-EXECUTIVE DIRECTOR**
BCom LLB (Hons) GAICD

Anthony was appointed a Non-Executive Director of the Company in March 2007. He was a Board nominee on behalf of Pacific Equity Partners (PEP) shareholders until March 2015, when it was confirmed that he would remain as a Non-Executive Director of the Company.

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, healthcare, retail, utilities and manufacturing industries on strategy, mergers and acquisitions, operations improvement, industrial relations and e-commerce.

He was previously a Non-Executive Director of Spotless Group Limited from November 2011 to April 2014. He was appointed Chairman of Society One Holdings Pty Ltd in February 2015.

## STEVEN SARGENT
**INDEPENDENT NON-EXECUTIVE DIRECTOR**
BBus FTSE GAICD

Steve was appointed Independent Non-Executive Director of Veda in March 2015.

Steve had a career spanning nearly a quarter of a century at General Electric, becoming a member of GE's 45-member Corporate Executive Council (CEC) and one of its 180 Officers. Steve was the first Australian to be made an Officer or be a member of the CEC in GE's 130-year history.

Steve has led GE businesses in the USA, Europe, Asia Pacific, and Australia & New Zealand. Most recently he was President and Chief Executive Officer of GE Mining, GE's global mining technology and services business. Prior to this, he was responsible for all of GE's operations across Australia & New Zealand, GE's third largest sales region in the world.

Steve has extensive experience in driving a culture of innovation and technology development. He has deep commercial experience with organic growth (start-ups, new product introduction), inorganic (acquisitions and integrations) as well as turnaround situations and divestitures.

Steve is currently a Non-Executive Director of Origin Energy Limited since May 2015, The Great Barrier Reef Foundation and Bond University Limited. He is a Fellow of the Australian Academy of Technological Sciences and Engineering, and a Graduate of the Australian Institute of Company Directors.

Over recent years he has been a Non-Executive Director of the Business Council of Australia, American Chamber of Commerce and a member of the Federal Government's Financial Services Advisory Council.

## DR PETER SHERGOLD AC
**INDEPENDENT NON-EXECUTIVE DIRECTOR**
BA (Hons) MA PhD FAICD

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

Peter is currently a Director of AMP Limited (since May 2008), AMP Life Limited and Corrs Chambers Westgarth. He is also Chairman of Opal Aged Care.

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 also serves as Chairman of the NSW 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.

# Board and Management Team

## KEY EXECUTIVES

### NERIDA CAESAR
**CEO AND MANAGING DIRECTOR**

See Board of Directors.

### JAMES ORLANDO
**CHIEF FINANCIAL OFFICER**

BSc MBA CFA GAICD

James joined Veda in May 2013 as CFO, and has more than 25 years' experience leading teams across the treasury, finance and accounting, pricing, and legal functions.

Before joining Veda, James was the CFO of AAPT, where he focussed on improving the company's earnings, as well as divesting its consumer business. James has also served as the CFO of PowerTel Ltd, an ASX-listed telecommunications service provider, and has held various international treasury positions at AT&T and Lucent Technologies in the USA and Hong Kong, focussing on export and project finance.

### TIM COURTRIGHT
**EGM, SALES**

BSc

Tim joined Veda in July 2011, and has over 30 years' global experience in sales, operations, products, service and solutions. His career spans global roles in IT outsourcing, oilfield services, telecommunications and professional services.

Before joining Veda, Tim was Telstra's General Manager Westpac Account, and was the Director of Strategy, Business Development and Investor Relations for Telstra Enterprise and Government. Tim moved to Australia in 1996 as Vice President Outsourcing ASPAC with Wang Global, worked for Ericsson Australia and was the Managing Director of Inflection Technologies.

### LIONEL LOPEZ
**CHIEF DATA OFFICER**

MASc (Mathematics) BCS IB

Lionel joined Veda in March 2015 and has over 20 years' experience in financial services in Australia and internationally.

As Chief Data Officer, Lionel is responsible for all of Veda's direct-to-consumer products, the Marketing Services division and the sourcing, management and commercialisation of Veda's data and analytics.

Lionel has worked both internationally and domestically at GE UK and GE Taiwan, Barclays UK, Standard Chartered Singapore and National Australia Bank. He has run leading data and analytics business units and served as Chief Risk Officer for GE in various countries, Barclays and National Australia Bank. Lionel has a depth of capability and experience in data strategy and analytics, risk, and operations, as well as a strong marketing and commercial proficiency.

Educated in France, Lionel holds a Master of Applied Science (Mathematics), a Computer Science degree and a Baccalaureate in maths and physics.

### JOHN WILSON
**EGM, PRODUCT AND MARKET DEVELOPMENT**

BBus MAppFin FCPA

John joined Veda in February 2010, and has more than 20 years' experience in information technology, management, sales and marketing, treasury and financial risk management.

Before joining Veda, John was the Asia Pacific President for SunGard, where he managed over 1,500 staff, across 14 offices in 11 countries. He was responsible for all of SunGard's business activities across the Asia Pacific region, and grew the business successfully year upon year, including undertaking a number of strategic acquisitions for SunGard. He joined SunGard in 2000 from KPMG where he was a Partner. At KPMG, he had responsibility for the Treasury software and consulting practice.

### CAROL CHRIS
### MANAGING DIRECTOR, NEW ZEALAND
BCom

Carol joined Veda in 2011 to head Veda's Commercial and Property Solutions (CPS) division.

Over the course of several years she transformed the CPS business, working closely with Veda's customers and bringing multiple new products to market to help meet regulatory and market needs.

In 2015 Carol was promoted to the role of Managing Director for Veda's New Zealand business and relocated from Sydney to Auckland.

Carol built her earlier career with SingTel Optus in a number of strategic and product portfolio roles. She has extensive knowledge of the IT&T and financial services segments and in-depth experience in e-business, customer transformation strategies and process improvement.

### MIKE CUTTER
### EGM, CREDIT RISK & ADVISORY SERVICES
BSc (Hons) SF Fin

Mike joined Veda in March 2015 with an extensive career in financial services, spanning more than 25 years both in Australia and abroad. Mike's roles have included time at National Australia Bank, CRO at ANZ (Australia), CEO at GE Money Australia & New Zealand, and CEO of OAMPS Insurance Broking. Mike has knowledge of Comprehensive Credit Reporting from international markets and has been one of the original champions of CCR in the Australian market.

Mike has held numerous directorships and chairmanships with Wesfarmers, ANZ and GE. He is a Senior Fellow of Finsia, was a Director of the Women's Cancer Foundation from 2006 to 2015, and served as a Director of the Australian Finance Conference until 2009 and the National Insurance Brokers Association until 2014.

### CATE HATHAWAY
### EGM, PEOPLE AND PERFORMANCE
BCom MBA GAICD FAHRI PMAPI

Cate joined Veda in July 2014, and has held senior executive positions across the banking, building resources and insurance industries for more than 20 years.

Before joining Veda, Cate was the HR Director for St.George Banking Group, responsible for all aspects of HR and Communications to 5,500 employees across four brands. Previously with Boral for 12 years, Cate was responsible for HR, health & safety and sustainability in the Australian and Asian businesses, and accountable for significant transformational change, leadership and talent-management programs. Cate's early career involved 12 years in the insurance sector in line management roles.

Cate is passionate about positioning HR to provide a competitive edge for the business by contributing to improved and sustainable business performance. She is a Fellow and Member of the NSW Council of the Australian Human Resources Institute (AHRI), and Chair, Sydney Graduate School of Management External Advisory Board for Masters in Human Resources and Industrial Relations.

### TONY KESBY
### CHIEF INFORMATION OFFICER
BCompSc MBA

Tony joined Veda in August 2008, and has over 30 years' technology experience primarily in the financial services industry in Australia, the UK and the USA, with the last 16 years being in senior IT management positions.

The senior IT positions Tony has held include CIO roles at FAI Life and Tower Australia. Prior to joining Veda, Tony held the role of General Manager Information Technology at MBF Australia, where he was responsible for the technology division of the largest non-government health insurer in Australia, supporting 1,500 MBF staff in 70 branches across Australia.

Tony has a strong record of building customer-focussed, service-oriented teams of IT professionals to support the business in achieving its strategic and operational goals, and has significant experience in managing and strengthening key technology supplier relationships.

### TIM WOODFORDE
### GENERAL COUNSEL AND COMPANY SECRETARY
BSc LLM F Fin

Tim joined Veda as General Counsel and Company Secretary in August 2014 and is responsible for the legal and company secretarial functions. Tim has more than 20 years' experience as a corporate and commercial lawyer and corporate advisor at leading professional service firms in Sydney and London.

Before joining Veda, Tim was a Partner of Norton Rose Fulbright Australia for 12 years. Previously, Tim was a Partner of Andersen Legal Australia, a senior manager at Gresham Partners Limited and a solicitor at King & Wood Mallesons, and Slaughter and May.

Tim is a member of the Corporations Committee of the Business Law Section of the Law Council of Australia and is admitted to practice as a solicitor in various jurisdictions, including New South Wales.

# Corporate Governance Statement

The Board of Directors is responsible for Veda's overall corporate governance.

The Board has created a framework for overseeing corporate governance, including adopting relevant corporate governance policies and practices, risk management processes and internal controls which it considers are appropriate for Veda's business and designed to promote responsible governance. The Board also aims to create a culture that nurtures appropriate behaviour.

This Corporate Governance Statement reports against the third edition of the ASX Principles. It is current as at 30 June 2015 and has been approved by the Board.

All charters and policies referred to within this Corporate Governance Statement are available on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance).*

# Principle 1: The Board lays solid foundations for management and oversight

## ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is responsible for overseeing Veda's overall direction and governance. The Board has identified the responsibilities and functions which it reserves for itself in the Board Charter, which is available on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance)*.

The Board's role and responsibilities include:

- Approving and monitoring strategic direction
- Providing financial oversight
- Overseeing risk management and internal controls
- Overseeing sustainability management
- Providing managerial oversight
- Approving delegations
- Approving the corporate governance approach and monitoring compliance.

The Board has established the following committees to assist it in discharging its functions:

- Audit and Risk Committee
- Remuneration and Nomination Committee
- Disclosure Committee.

The CEO is responsible for the day-to-day management of the Company with the authority to exercise all necessary powers, discretions and delegations authorised from time to time by the Board. These delegations were reviewed by the Board in FY15. The CEO is supported by her Senior Leadership Team (SLT), all of whom are listed on Veda's website under 'Investors' then 'Board & Management' *(http://investors.veda.com.au/Investor-Relations/?page=Board---Management)*.

## BOARD MEETINGS

The Board holds regular meetings and is expected to meet a minimum of 10 times a year and as frequently as may otherwise be required to deal with other matters, which might arise between the scheduled meetings.

In addition to these meetings, the Non-Executive Directors meet at least once a year in the absence of the CEO and management, and at such other times as they may determine. The Independent Directors also meet on their own if required.

The Board met 19 times between 1 July 2014 and 30 June 2015, including one meeting of the Independent Directors and one meeting of the Independent Directors and the CEO.

Details of the current Directors, their qualifications, skills and experience, and their attendance at Board and committee meetings during FY15, are contained in the Directors' Report.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

When appointing new Directors, the Board and the Remuneration and Nomination Committee consider the mix of skills and expertise required of Directors so that the Board can contribute to the successful oversight and stewardship of the Company and discharge its duties.

The Remuneration and Nomination Committee works on behalf of the Board to identify qualified individuals for appointment to the Board. In identifying candidates, the Committee has regard to the selection criteria set out in the Board's appointment process, which include:

- Skills, expertise, interpersonal skills and background that adds to, and complements, the background of existing Directors
- Diversity
- The extent to which the candidate would fill a skills-need on the Board.

As part of a Non-Executive Director selection process, the Company undertakes checks on potential candidates to consider their suitability to fill a vacancy on the Board. Before appointment, candidates are required to provide the Chairman with details of their other commitments and an indication of the time they involve. They need to confirm that they will have adequate time to fulfil their responsibilities as a Non-Executive Director of Veda.

A newly appointed Non-Executive Director receives a formal letter of appointment setting out the key terms, conditions, responsibilities and expectations of their appointment. Additionally, the Company enters into an employment contract with a newly employed member of the Senior Leadership Team.

A formal induction program exists for a new Director (see further details below regarding the induction program).

All of the processes outlined above were followed during the past year during the appointment process for Mr Steven Sargent.

In accordance with Veda's constitution, no Director, except the CEO, may hold office without re-election beyond the third annual general meeting at which the Director was last elected or re-elected. Directors available for election or re-election at a general meeting are reviewed by the Remuneration and Nomination Committee, after the Chairman conducts one-on-one consultations with Directors, and before a recommendation is made to the Board. Directors up for election or re-election do not participate in discussions in relation to their own election or re-election.

## PERFORMANCE REVIEW OF THE BOARD

In accordance with the Board Charter, a performance assessment of the Board as a group and of individual Directors is conducted annually. The Board assesses its performance against a set of agreed criteria.

During FY15, the Board reviewed the Board and Chairman's performance, which included the completion of a Board Assessment Questionnaire. The Board discussed the outcomes of the assessment, identifying initiatives to improve and enhance the Board's performance and effectiveness. Overall, the results of the Board Assessment Questionnaire were very positive.

The Remuneration and Nomination Committee, Audit and Risk Committee and Disclosure Committee are each required to conduct at least a biennial evaluation of their performance under their respective Charters and to review the extent to which their remit has been carried out under their Charters. This is undertaken in conjunction with the Board Assessment Questionnaire. Again, the outcomes were very positive.

In addition, in accordance with the Board Charter, a formal performance appraisal was undertaken of Mr Bruce Beeren and Dr Peter Shergold AC, both of whom are seeking re-election at the 2015 Annual General Meeting (AGM), to determine whether the Board should recommend their re-election to shareholders. The review considered Mr Beeren's and Dr Shergold's expertise, skills and experience, understanding of Veda's business, preparation for meetings, relationships with other Directors and management, awareness of ethical and governance matters and overall contribution as a Director. The Board determined that Mr Beeren and Dr Shergold are each providing a valuable contribution to the Board and should be recommended to shareholders for re-election. This recommendation will be included in the Notice of Meeting for the AGM. In addition, the Board considered, as part of the same process, whether they would recommend Mr Steven Sargent for election to shareholders. The Board determined that Mr Sargent should be recommended for election to shareholders.

## PERFORMANCE REVIEW OF THE SENIOR LEADERSHIP TEAM

The Senior Leadership Team members' (Executives) key performance indicators are set annually. They are recommended by the CEO to the Board and adopted by the Board following discussion. The CEO conducts a yearly one-on-one performance evaluation with individual Executives to assess whether they have met their key performance indicators set in the preceding year as well as their performance more broadly.

During FY15, a performance evaluation for Executives was undertaken and conducted in accordance with the process outlined above.

The Board sets key performance indicators for the CEO and formally evaluates the achievement of those objectives. The CEO provides a stewardship report regarding her achievements for review by the Board. Directors provide feedback to the CEO following this process. This process was followed for FY15.

Veda has induction procedures in place to accelerate any newly appointed Executive's knowledge of the Company to ensure that the Executive is able to participate fully and actively in management decision-making at the earliest opportunity.

## COMPANY SECRETARY

All Directors have direct access to the Company Secretary, who is responsible to the Board through the Chairman on all matters relating to the conduct and function of the Board and its Committees. The Company Secretary's responsibilities are set out in the Board Charter and the charters of the Board's committees, which are available on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance)*.

## DIVERSITY AND INCLUSION

The diversity of Veda's people is considered to be fundamental to Veda's success. To support Veda in achieving its diversity objectives, a Diversity Policy has been developed which has been adopted by the Veda Board.

The policy defines Veda's commitment to diversity and inclusion in the workplace, and establishes the structure for Veda to achieve its diversity goals.

Further detail on Veda's diversity initiatives and outcomes are provided in Section 7 of this Annual Report, and on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance).*

The Diversity Policy is available on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance).*

# Principle 2: The Board is structured to add value

## COMPOSITION OF THE BOARD AND DETAILS OF DIRECTORS

Veda currently has seven Directors, one of whom is the CEO and Executive Director, Ms Nerida Caesar. The Board considers the current size to be appropriate for the effective discharge of its duties. Five Directors are considered by the Board to be Independent Non-Executive Directors, comprising Dr Helen Nugent AO (Chairman of the Board), Mr Bruce Beeren, Ms Diana Eilert, Mr Steven Sargent and Dr Peter Shergold AC, forming a majority of the Board who are Independent Directors. The other Non-Executive Director, Mr Anthony Kerwick, is not considered by the Board to be independent, given his previous relationship with Pacific Equity Partners (see further details regarding this relationship below).

The Chairman is an Independent Non-Executive Director and there is a clear division of responsibility between the Chairman and the CEO. The role of the Chairman and CEO is not exercised by the same individual. The role of the Chairman is set out in the Board Charter and includes responsibility for leading the Board, ensuring the efficient conduct of the Board's functions and meetings, and managing the Board's relationship with the CEO. The CEO is responsible for the day-to-day management of Veda.

In appointing Non-Executive Directors, the Board seeks to ensure that candidates have the appropriate skills, expertise and experience to complement the existing members of the Board.

The names of current Directors and the date they were appointed to the Board are set out below:

| DIRECTOR | DATE OF APPOINTMENT* |
|---|---|
| Dr Helen Nugent AO | September 2013 |
| Ms Nerida Caesar | March 2011 |
| Mr Bruce Beeren | September 2013 |
| Ms Diana Eilert | October 2013 |
| Mr Anthony Kerwick | March 2007 |
| Mr Steven Sargent | March 2015 |
| Dr Peter Shergold AC | October 2013 |

* Veda Group Limited was listed on the ASX on 5 December 2013.

In addition, Mr Geoff Hutchinson was a Director of Veda Group Limited from July 2011 to March 2015.

Details of the current Directors, their qualifications, skills and experience are set out in the Directors' Report.

## DIRECTOR INDEPENDENCE

Veda recognises the importance of Independent Non-Executive Directors and the external perspective and advice they offer. The Board Charter sets out the criteria the Board uses to determine independence, which accords with the ASX Principles. In addition, the approach and attitude taken by each Independent Non-Executive Director is also a factor in determining independence. Other factors such as materiality thresholds, as set out in the Board Charter which is available on the Veda website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance)*, are also taken into account.

If a Director is or becomes aware of any information, facts or circumstances that will or may affect his or her independence, the Director must immediately disclose all relevant details in writing to the Company Secretary and/or the Chairman. In accordance with the terms of the Board Charter, the Board regularly reviews the independence of Directors.

The Board also has assiduous processes in place to manage conflicts of interest.

## PACIFIC EQUITY PARTNERS RELATIONSHIP

As stated above, Mr Anthony Kerwick is not considered by the Board to be independent, given his previous relationship with Pacific Equity Partners (PEP).

During FY15, the PEP shareholders progressively sold their shares in the Company, reducing their interest from 63.5 per cent on 30 June 2014 to 0 per cent on 26 February 2015. Accordingly, PEP no longer has any interest in or association with the Company.

As a consequence of the sale of all of its shares in Veda, Mr Geoff Hutchinson (who was appointed by PEP under the Relationship Deed between PEP and the Company) retired as a Director on 25 March 2015, and the Relationship Deed between PEP and the Company came to an end.

Mr Anthony Kerwick (who was appointed by PEP under the Relationship Deed between PEP and the Company, but is no longer employed by PEP) has continued as a Non-Executive Director, given his deep understanding of Veda based on his long association. The Board passed a resolution recognising the change in Mr Kerwick's status.

## REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee:

- Has three members, the majority of whom are Independent Non-Executive Directors
- Is chaired by Dr Helen Nugent AO, who is an Independent Non-Executive Director
- Meets at least three times a year and otherwise as required
- Operates as a Nomination Committee to assist the Board in fulfilling its corporate governance responsibilities in regard to:
  - Director selection, appointments and re-elections
  - Board composition

- Induction procedures for new Board appointments
- Assessment and consideration of time commitment from Directors to effectively fulfil their duties to the Company
- Succession planning for the Board and senior executives.

Dr Nugent has become Chairman of the Remuneration and Nomination Committee in the short term at the request of the Board, given her deep expertise in remuneration and Veda's need to develop and implement new remuneration policies in a listed-company environment. It is envisaged that once these policies are firmly established, another Independent Non-Executive Director will become Chairman of the Committee. At that point, a separate Nominations Committee, chaired by the Chairman of the Board, might also be formed.

Other Directors may and do attend meetings of the Committee.

The Committee met six times between 1 July 2014 and 30 June 2015.

The Charter of the Committee is available on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance)*.

The Committee may independently obtain information from, and consult with, management and external advisers, as it considers appropriate. That did not occur in FY15 because the focus has been on implementing changes proposed in FY14.

Details of the Remuneration and Nomination Committee members, their qualifications, skills and experience, and their attendance at committee meetings during FY15 are set out in the Directors' Report.

## BOARD SKILLS MATRIX

The Board of Directors has considered the skills that it requires to discharge its responsibilities. Those skills fall into two categories:

- Overall
  - Accounting
  - Remuneration
  - Strategy
  - Capital management
  - Executive experience
  - Corporate governance.
- Specific
  - Data analytics
  - Customer understanding, particularly in banking, wealth management, utilities and telecommunications
  - Credit knowledge
  - Digital knowledge
  - Regulatory knowledge.

It is not expected that all Directors will have skills in all areas. Rather, taken together, the Board as a whole needs to have the skills identified as being necessary. The Board confirms this is the case.

Nerida Caesar, as Chief Executive Officer, has a strong executive background across almost all skill areas. Before her role at Veda she held senior executive roles at Telstra and IBM, both in Australia and overseas. As a result, the details for each skill area below focus on the Non-Executive Directors.

**Accounting:** Two Non-Executive Directors have significant accounting knowledge with a further four Non-Executive Directors having some experience in accounting and financial management. Specifically, Bruce Beeren (Chair of the Audit & Risk Committee) was Finance Director for Origin Energy and Chief Financial Officer of AGL, and is also a Fellow of CPA Australia. Helen Nugent has been chairman and a member of audit committees of three ASX 100 companies and Steven Sargent has led businesses within GE and was a member of the Federal Government's Financial Services Advisory Council, both of which required strong accounting knowledge.

**Remuneration:** Three Non-Executive Directors have extensive remuneration experience and knowledge, and are members of the Remuneration and Nomination Committee. The remaining Non-Executive Directors also have considerable experience in this area and an ability to contribute positively to remuneration issues at the Board. Specifically, Helen Nugent (Chair of Remuneration and Nomination Committee) has been chairman and a member of several remuneration committees for ASX 20 companies, including through periods of rapid regulatory change. Peter Shergold has significant experience in remuneration through the executive roles he has held within government and his experience as a Non-Executive Director. Anthony Kerwick has significant experience through his roles as a consultant and through sitting on several company boards during his tenure at Pacific Equity Partners.

**Strategy:** All Veda's Non-Executive Directors have deep strategic skills. Specifically, Helen Nugent was a partner at McKinsey & Company and has been Director of Strategy at Westpac. Diana Eilert was Group Executive for Suncorp's insurance business and Head of Strategy and Corporate Development for News Corp Australia. Peter Shergold has headed five public service departments with responsibility for providing strategy advice to the Commonwealth Government. Anthony Kerwick was a consultant with Bain & Company. Bruce Beeren has deep strategic experience from his roles as a Chief Executive Officer and Chief Financial Officer. Steven Sargent led GE businesses in the USA, Europe, Asia Pacific, Australia & New Zealand, and was an Officer of GE and a member of GE's Corporate Executive Council.

**Capital management:** Two Non-Executive Directors have significant experience in capital management. Specifically, Bruce Beeren was Finance Director for Origin Energy and Chief Financial Officer of AGL. Anthony Kerwick has held roles with Bain & Company and Pacific Equity Partners advising on capital structures.

**Executive experience:** Five Non-Executive Directors have had long careers as executives. Specifically, Helen Nugent at Westpac; Bruce Beeren at AGL and Origin Energy;

Diana Eilert at Suncorp, News Corp Australia and Citibank; Steven Sargent at GE and Westpac; and Peter Shergold in the Australian Public Service (Department of the Prime Minister and Cabinet; Department of Education, Science and Training; and Department of Employment, Workplace Relations and Small Business).

**Corporate Governance:** All Veda's Non-Executive Directors have experience in corporate governance through their careers as Non-Executive Directors. In addition, Helen Nugent has served on the Board of the Australian Institute of Company Directors (AICD), the AICD Corporate Governance Committee and the ASX Corporate Governance Council.

In terms of specific skills, each Veda Non-Executive Director has deep experience and knowledge in some or all of these areas.

**Data analytics:** Four Non-Executive Directors have extensive experience in data analytics. Specifically, Helen Nugent and Anthony Kerwick have had long careers in consulting organisations where data analytics was a key part of the strategic advice they provided. Diana Eilert has run mortgage and unsecured credit businesses and the retail funds business at Citibank, as well as insurance and wealth management businesses at Suncorp and Zurich; each requiring a strong knowledge of data analytics. Peter Shergold's executive roles in the public service have provided considerable experience with data analytics.

**Customer understanding:** Each of Veda's Non-Executive Directors has a good understanding of Veda's customers across the banking, wealth management, utilities and telecommunications sectors. More specifically, Helen Nugent has for the past 30 years worked in financial services, including banking and wealth management, and has extensive experience in the utilities and resources sectors. Diana Eilert has deep expertise in banking and wealth management. As a consultant with Bain & Company and through his role at Pacific Equity Partners, Anthony Kerwick has advised and served on boards in sectors including financial services, technology, business services, utilities, retail and consumer products. Bruce Beeren has held executive and director roles in the utilities sector ensuring a strong understanding of customers. Peter Shergold has gained a significant understanding of customers through serving as a Non-Executive Director on the boards of AMP Limited and Corrs Chambers Westgarth. Steven Sargent has a deep understanding of financial services through his long executive career at GE and Westpac, as well as the energy, mining and health sectors.

**Credit knowledge:** Five Non-Executive Directors have a strong background in the banking, utilities and wealth management sectors ensuring a deep level of credit knowledge on the Board. Specifically, Helen Nugent has a strong background in credit given her roles in the banking and wealth management sectors as an executive with Westpac and Non-Executive Director of Macquarie Group. Steven Sargent has a strong background in credit from his long executive career at GE and Westpac. Peter Shergold serves as a Non-Executive Director of AMP and AMP Life. Diana Eilert headed Credit and Risk Management and also Lending Operations for Citibank. Bruce Beeren, with his long career as a finance executive at AGL and Origin Energy and as a Director, has significant experience in credit.

**Digital knowledge:** Two Non-Executive Directors have a deep knowledge of digital businesses. More specifically, Diana Eilert has a deep understanding of digital businesses through her role as Head of Strategy and Corporate Development for News Corp Australia and her board experience which includes digital businesses such as realestate.com.au (REA Group), 'onthehouse' and 'OurDeal'. Peter Shergold chairs a capital start-up company in the area of quantum cyber security for big data, providing a good understanding of the digital sector.

**Regulatory knowledge:** Four Non-Executive Directors have a significant understanding of Veda's regulatory environment. More specifically, from her background in the banking, wealth management and utilities sectors, Helen Nugent has gained an extensive knowledge of the regulatory environment in which Veda operates. This is also the case with Steven Sargent, through his long executive career in the financial services industry. Peter Shergold has operated at the most senior levels of the Australian Public Service for two decades and continues to be involved with regulatory change. Anthony Kerwick understands Veda's regulatory environment well through his involvement with the Company.

## INDUCTION AND EDUCATION

As stated above, new Directors undergo a formal induction program in which they are given a full briefing on Veda, its operations and the industry in which it operates. This includes meeting members of the existing Board, including the Chairman, the Company Secretary, members of the Senior Leadership Team and other relevant executives, to familiarise themselves with the Company, its procedures and Board practices. The Remuneration and Nomination Committee is responsible for reviewing induction procedures for newly appointed Directors to facilitate their ability to discharge their responsibilities.

To achieve continuing improvement in Board performance and to enhance the skills set out in the Board's Skills Matrix detailed above, Directors may request and undertake relevant training and professional development, as appropriate, at the Company's expense. During FY15, Directors were provided with development sessions, including presentations from executive management on key strategic areas for Veda and briefings on key customers.

### ACCESS TO INFORMATION AND INDEPENDENT PROFESSIONAL ADVICE

Each Director has the right to seek any information they require from management, the external auditor or external advisers.

Individual Directors may seek independent professional advice where they consider it necessary to assist in fulfilling the performance of their duties and responsibilities. Any costs incurred from the Director consulting an independent expert are borne by the Company, subject to the estimated costs being approved by the Chairman, in advance, as being reasonable. The Independent Non-Executive Directors sought such advice on several matters in the past year during the PEP sell-down.

## Principle 3: The Board promotes ethical and responsible decision-making

### CODE OF CONDUCT

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct (Code). The objectives of the Code are to:

- Provide a benchmark for professional behaviour
- Support the Company's business reputation and corporate image within the community
- Identify the actions that should be taken where a breach occurs.

The Code applies to all Directors, employees, consultants, contractors and associates of the Company in their dealings with customers, suppliers, regulators, shareholders and other stakeholders.

The Code covers the following areas:

- Compliance with laws and regulations
- Fair trading and dealing
- Conflicts of interest
- Improper use or theft of Company property, assets and email
- Confidentiality
- Privacy
- Public communications and disclosures
- Employment practices
- Community and environment.

Staff members are encouraged, if they consider a breach of the Code, policies or the law has occurred, to report the issue to their superior, human resources or legal and compliance. Persons reporting a breach to the Company's nominated Whistleblower Protection Officer have the benefit of protections applicable under whistleblowing legislation if they fall within the specific statutory definition. The Code stipulates that it is a breach for any employee to cause disadvantage to, or discriminate against, an employee who lodges a report.

Management regularly monitors and tests Veda's policies under the Code to ensure that its commitments remain relevant, effective and consistent with stakeholders' expectations.

The Board, the Senior Leadership Team and all Veda employees are committed to implementing the Code and each person is held accountable for compliance. Compliance with the Code is monitored closely by the Board both through the CEO and the Audit and Risk Committee.

The Code has been reviewed by the Board and has recently been updated.

A copy of the Code is given to all Directors, employees and relevant personnel. The Code of Conduct is available on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance).*

### SECURITIES TRADING POLICY

Veda has adopted a Securities Trading Policy that applies to all Directors, Officers, all direct reports to the CEO and their direct reports, any other personnel designated by the Board, and their respective closely related parties (collectively, Relevant Persons). The policy prohibits Relevant Persons from dealing in Veda's securities while in possession of price-sensitive or inside information.

Relevant Persons are prohibited from dealing in Veda's securities (subject to limited exceptions) during the following blackout periods:

- From the close of the ASX trading day on 31 May each year, until 10.00am (AEST) on the ASX Trading day following the day on which the Company's full year results are released to the ASX
- From the close of the ASX trading day on 30 November each year, until 10.00am (AEDT) on the ASX trading day following the day on which the Company's half-yearly results are released to the ASX
- Any other period that the Board specifies from time to time.

If 31 May or 30 November are not ASX trading days, the blackout period begins on the preceding trading day.

During any period other than a blackout period, Relevant Persons must follow 'seeking to trade' procedures (i.e. providing notice and obtaining an approval from a designated approver before dealing in Veda securities).

Relevant Persons are prohibited from short-term dealings in Veda's securities, or entering into any margin lending or hedging arrangement (subject to certain circumstances).

The policy is available on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance).*

# Principle 4: The Board safeguards integrity in corporate reporting

## AUDIT AND RISK COMMITTEE: OPERATIONS

- Has three members, each of whom are Independent Non-Executive Directors
- Is chaired by Mr Bruce Beeren, who is a Fellow of CPA Australia
- Meets at least four times a year and otherwise as required.
- In functioning as an audit committee, assists the Board in fulfilling its responsibilities for oversight of the quality and integrity of the accounting, auditing, corporate reporting and operational risk of the Company including:
  - Exercising oversight over the compliance of the financial statements with the requirements of the *Corporations Act 2001* (Cth) and any other mandatory professional reporting requirements, statutory reporting requirements and the making of informed decisions regarding accounting and regulatory policies, judgements, practices and disclosures
  - Reviewing the scope and results of internal audit reviews and external audits
  - Assessing the effectiveness of the Company's internal controls
  - Assessing the effectiveness of the Company's internal audit function
  - Reviewing the Company's risk framework and recommending to the Board the Company's approach to risk management
  - Exercising oversight in relation to the Company's corporate reporting processes, and reviewing and making recommendations to the Board in relation to the adequacy of the Company's corporate reporting processes.

Other directors may and do attend meetings of the Committee.

The Committee's charter is available on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance).*

The Committee met five times between 1 July 2014 and 30 June 2015.

The Committee may obtain information from, and consult with, management, the external auditor and external advisers, as it considers appropriate. The Committee also has access to the Chief Financial Officer (CFO), external auditor and internal auditor and meets independently of management with the external and internal auditors.

Details of the Audit and Risk Committee members, their qualifications, skills and experience, and their attendance at committee meetings during FY15 is set out in the Directors' Report.

## SELECTION AND ROTATION OF THE EXTERNAL AUDITOR

The Audit and Risk Committee is responsible for recommending to the Board the appointment, removal or replacement of the external auditor and the managing partner of the external auditor.

The Committee is also responsible for reviewing and advising the Board on the external auditor's plan, the terms of appointment or any re-appointment, audit fees and annual review of the external auditor's performance and independence.

## AUDITOR AT AGM

At Veda's AGM, the external auditor will be present and available to answer shareholder questions on:

- The conduct of the audit
- The preparation and content of the Auditor's Report
- The accounting policies adopted by Veda in relation to the preparation of the financial statements
- The independence of the auditor in relation to the conduct of the audit.

## CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER DECLARATION

Before the Board's approval of Veda's half-year and annual financial reports, the CEO and CFO provide the Board with declarations required under section 295A of the *Corporations Act 2001* (Cth) and Recommendation 4.2 of the ASX Principles.

For the financial year ended 30 June 2015, the CEO and CFO made a declaration in accordance with section 295A of the *Corporations Act 2001* (Cth) and Recommendation 4.2 of the ASX Principles (Declaration) including that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## SUPPLEMENTARY CORPORATE REPORTING

Veda has implemented a Sustainability Framework under which Veda will progressively manage towards Board-approved sustainability performance targets and objectives. Under the Framework, the Board has responsibility for the oversight of the Company's external reporting on corporate responsibility and sustainability policies, principles and initiatives. Externally reported information will be independently verified and disclosed in accordance with Veda's Sustainability Framework.

## Principle 5: The Board makes timely and balanced disclosure

Veda has adopted a Continuous Disclosure Policy to ensure compliance with its disclosure obligations under the *Corporations Act 2001* (Cth) and ASX Listing Rules. The policy outlines the authorisation process for the disclosure of information to the market. Depending on the nature of the release, authority to approve the release is required from the Board, the Disclosure Committee, the Chairman or the CEO.

The Board is responsible for managing Veda's compliance with its continuous disclosure obligations.

The Board must approve:

- Any release which relates to a matter which is both material and strategically important for the Group
- Any other release considered under the Continuous Disclosure Policy which includes disclosure of a profit projection or forecast
- Any decision to request a trading halt or voluntary suspension of trading pending an announcement except where the disclosure or decision is urgent and a meeting of the Board cannot be called at short notice.

Except as described above:

- The Disclosure Committee must approve any release, or make any decision to request a trading halt or voluntary suspension of trading pending an announcement, where authority is delegated to the Disclosure Committee in accordance with the Disclosure Committee Charter, and
- Otherwise, the CEO and Managing Director or (where appropriate) the Chairman must approve, and is accountable for, the disclosure of material information to the market.

The Company Secretary coordinates disclosure to the ASX once a decision is made that disclosure to the market is required.

The Continuous Disclosure Policy is available on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance).*

### DISCLOSURE COMMITTEE: OPERATIONS

- Has three members, including the Chairman, the CEO and another Non-Executive Director
- Is chaired by the Chairman of the Board, Dr Helen Nugent AO
- Meets as often as necessary to fulfil its role
- Assists the Board to meet its disclosure obligations to the ASX promptly and without delay.

Other directors may and do attend meetings of the Committee.

The Committee's charter is available on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance).*

The Committee met twice during FY15.

Details of the Disclosure Committee members, their qualifications, skills and experience as well as their attendance at committee meetings during FY15 is set out in the Directors' Report.

## Principle 6: The Board respects the rights of shareholders

The Board's aim is to provide shareholders with sufficient information to assess Veda's performance and to inform them of major developments affecting the Company's affairs. Although Veda does not have a formal shareholders' communications policy, Veda has adopted a comprehensive approach to ensuring effective communication with shareholders and encouraging their participation in a number of ways that are described more fully below.

Information is communicated to shareholders through the lodgement of all relevant financial and other information with the ASX and through publishing information on Veda's website, *www.veda.com.au.*

### COMPANY WEBSITE

Veda's website contains a comprehensive overview of the Company's profile and businesses. In particular, its 'Investors' section is regularly kept up-to-date to maintain effective communication with shareholders and stakeholders.

The following Company and governance information is available on the website:

- ASX announcements – current and historical
- Presentations and webcasts
- Annual reports and financial reports
- Share price information – current and historical
- Calendar for past and future Company events
- FAQs
- Corporate Governance Charters and Policies
- Board and management profiles
- Investor relations and Share Registry contact details
- Email alerts – subscription to ASX announcements.

### INVESTOR RELATIONS PROGRAM

The contact details of Veda's investor relations manager and its share registry (see below under 'Electronic Communications') are available to shareholders to address and facilitate any shareholder-related enquiries. Veda recognises the importance of its relationships with investors and analysts and has adopted approaches for conducting analyst and investor briefings within strict guidelines. Further details are contained in the Continuous Disclosure Policy available on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance).*

### SHAREHOLDER ENGAGEMENT AND PARTICIPATION

Veda will hold its 2015 AGM on 28 October 2015. In the lead-up to the 2015 AGM, Veda aims to have effective two-way communications with shareholders. The Chairman of the Board and the Remuneration and Nomination Committee will engage with shareholders and proxy advisers, as appropriate. Shareholders can also submit written questions to the Company and the external auditor, or make comments on the management of the Company and access AGM presentations and speeches made by the Chairman and CEO.

To encourage shareholder engagement and participation at the AGM, shareholders can attend the AGM, ask questions from the floor, participate in voting and meet the Board and Senior Leadership Team in person after the meeting. Shareholders who are unable to attend the AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form accompanying the Notice of Meeting or online through the share registry's website. The Company will publish results of the meeting to the ASX and on its website after the end of the AGM.

### ELECTRONIC COMMUNICATIONS

The Company's contact details are available on Veda's website under 'Investors' then 'Investor Contacts' *(http://investors.veda.com.au/Investor-Relations/?page=Investor-Contacts).*

Shareholders can contact Veda's Investor Relations Manager via email at investor.relations@veda.com.au or contact its share registry, Link Market Services.

Shareholders have the option of receiving all shareholder communications (including notification about the publication of the Annual Report, Notices of Meeting and dividend payment statements) by email. Shareholders can also subscribe to ASX-announcement email alerts via the Veda website under 'Investors' then 'Email Alerts'. Electronic communications have the added advantage of being more timely and cost effective, which benefits all shareholders.

## Principle 7: The Board recognises and manages risk

Risk management is viewed by Veda as integral to its objective of creating and maintaining shareholder value. Veda has embedded risk-management practices through all levels of the organisation to support the achievement of business objectives and to fulfil its corporate governance obligations.

The Board is responsible for reviewing and monitoring significant business risks of the Veda Group and has oversight of how risks are managed.

The Company has established an Audit and Risk Committee to oversee its policies and procedures in relation to risk management and internal control systems. Details of the members of the Audit and Risk Committee are contained in the disclosure under Principle 4, and their qualifications, skills and experience, and attendance at meetings of the Committee, is set out in the Directors' Report.

Management reports to the Board annually through the Audit and Risk Committee as to the effectiveness of Veda's management of its material business risks.

The Audit and Risk Committee also assists the Board in fulfilling its corporate governance responsibilities in regard to the oversight of the Company's risk management framework.

The Committee's risk function includes:

- Recommending to the Board, Veda's risk management approach and significant variations to it, including overseeing its effectiveness, with a view specifically to enabling the timely and effective identification of material risks
- Receiving and reviewing reports concerning the appropriateness of the risk management approach
- Reviewing and making recommendations to the Board on the overall risk profile and risk appetite, as well as the Company's significant business risks and risk profile in each risk area of market, liquidity, equity, credit, regulatory and operational
- Reviewing the Company's level of insurance
- Reviewing and making recommendations to the Board on the Company's capital management plan
- Reviewing and approving risk matters requiring Board approval, including significant variations to policies, limits and delegations of authority where these have not been reviewed by the Board
- Reviewing limit and policy breaches to the extent that there are implications for the risk management framework
- Assessing the risk management framework against the expectations of corporate regulators.

The Audit and Risk Committee reviewed the Risk Management Policy and the Board endorsed a revised Risk Management Policy and Framework in FY15.

The principles outlined in Veda's risk management policy are to:

- Create and protect value
- Be integrated into decision-making and organisational processes
- Help make informed choices
- Be focused on uncertainty, not loss
- Be tailored to context and fit for purpose
- Be dynamic and responsive to change
- Evolve in step with Veda's maturity as a company.

The Risk Management Framework sets the foundations and organisational arrangements for designing, implementing, monitoring and improving risk management. The Risk Management Framework details the key roles and responsibilities for risk management, the risk management process and the system of risk reporting.

To facilitate the Audit and Risk Committee's review of Veda's Risk Management Framework, management risk reviews are undertaken to identify and assess emerging risks and to confirm that all risks are being effectively managed and reported to the Audit and Risk Committee for the Committee to satisfy itself and to report to the Board that the framework continues to be sound.

Veda has implemented its Enterprise Risk Management Framework for the identification, ranking and monitoring of risk at the business unit level, in accordance with the Australian/New Zealand Risk Management Standard – ISO 31000:2009.

## INTERNAL AUDIT FUNCTION

On the recommendation of the Audit and Risk Committee, the Board has appointed Ernst & Young to provide internal audit services. The internal audit function provides objective assurance on the effectiveness of risk management, control and governance processes. The independent internal audit function has a direct reporting line to the Audit and Risk Committee.

Following a review of the risks facing the Company, Ernst & Young have undertaken a program of work over FY15 to test and assess Veda's control environment in key risk areas, with findings and recommendations communicated to the Audit and Risk Committee. Through the audit program priority activities are assessed. The Board has also endorsed the Internal Audit Plan for FY16 with the work to be undertaken by Ernst & Young.

## CORPORATE SOCIAL RESPONSIBILITY

Veda's Board and management view the commitment to corporate social responsibility, including sustainability and Environmental, Social and Governance (ESG) management, as part of its broader responsibility to clients, shareholders and the communities in which Veda operates.

The Board has oversight of sustainability management, and a dedicated resource has been put in place. In addition, a Sustainability Operations Committee has been established, comprised of members from Risk, Compliance, Human Resources, Information Security, and Facilities, and is responsible for the implementation of initiatives and actions for Veda's development, monitoring and reporting of sustainability issues.

Veda's management and reporting of sustainability aims to address the issues that Veda considers are most material for its business and stakeholders, now and into the future. Veda understands that this is an evolving agenda and seeks to progressively embed sustainability work practices so that it is treated as 'business as usual'.

In particular, the management of personal data is central to Veda's operations. In this regard, Veda fully understands the power of Veda's data analytics to create a public benefit, reducing the identification of non-payments, fraud, identity theft, money laundering and the funding of terrorism. Veda equally recognises that personal information is to be afforded the highest protection under the law. Each member of staff is trained to recognise and appreciate their personal responsibility to work within applicable privacy laws. The right to privacy is a matter of priority which goes to the heart of Veda's business, is regularly reviewed by the Board, and is central to Veda's understanding of the company's corporate social responsibility.

Additional detail on Veda's sustainability risks and how they are managed are available in Section 6 of this Annual Report, and on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance).*

## Principle 8: The Board remunerates fairly and responsibly

The Board is committed to best practice in relation to remuneration governance and practice.

### REMUNERATION AND NOMINATION COMMITTEE

In its function as a remuneration committee, the Remuneration and Nomination Committee assists the Board in fulfilling its corporate governance responsibilities in regard to:

- Reviewing Veda's remuneration policy
- Non-Executive Director remuneration
- Providing a remuneration report for shareholders.

Details in relation to the Remuneration and Nomination Committee are contained in the disclosure under Principle 2. Details of its members, their qualifications, skills and experience, and attendance at committee meetings during FY15 are set out in in the Directors' Report.

### REMUNERATION REPORT AND REMUNERATION POLICIES

Veda's Board of Directors and the Remuneration and Nomination Committee examined how Veda's remuneration compares to market. Changes were made to the executive remuneration which were designed to align the interests of shareholders and executives in a publicly listed environment.

Directors have reviewed investor feedback in relation to remuneration. They noted positively the 99.94 per cent vote of support received from investors for last year's Remuneration Report. They also considered recent legislative changes and an internal review of benchmarked remuneration data for companies of relatively similar size and industry sectors.

As a result of that review, Directors have reached the conclusion that the remuneration approach and structure remains appropriate, with only very nominal changes. The changes that are proposed do not relate to remuneration structure, but instead reflect relatively small adjustments to individual remuneration to ensure they are more aligned to benchmark data.

In addition, the remuneration outcomes for Executives reflect performance and are consistent with delivering superior returns to shareholders.

Directors consider that effective governance has been exercised by skilled Directors who have a deep understanding of remuneration practices. No increase in Non-Executive Director remuneration is proposed for FY16.

The Remuneration Report and details about Veda's Remuneration Policy are outlined in the Directors' Report.

Information about the policies and practices regarding the remuneration of Non-Executive Directors, the CEO and Management is disclosed in the Remuneration Report.

### EQUITY-BASED REMUNERATION SCHEME

As detailed in the Remuneration Report, an equity-based remuneration scheme, comprising Deferred Share Rights (DSRs) and options, has been developed to reward and provide incentives to the SLT and other executives who are key to Veda's business performance and growth.

Short-term incentives are designed to drive superior operating performance to attract staff to Veda and to act as a strong retention mechanism. The deferred component, which is invested in Deferred Share Rights (DSR) links a per cent of each executives STI to Veda's share price. Deferral over one, two and three years encourages a longer-term view to be taken.

The objective of the Long Term Incentive (LTI) 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 total return to shareholders. Further alignment is achieved by having the LTI hurdle linked to Total Shareholder Returns (TSR).

The LTI scheme is applicable to members of the SLT and key members of the ELT. It came into effect from FY15, with the first grant being made subsequent to the end of FY15. It is envisaged, going forward, that the potential for a grant may be recognised each year.

These LTI awards have been delivered in the form of options. The value of the LTI award for a specific Executive has been determined independently, using the fair market value of the options at the date of grant, and using the Black-Scholes option-pricing model and Monte Carlo simulation techniques.

Non-Executive Directors are not part of any equity incentive scheme. The Remuneration Report shows the difference between the remuneration structures for Executives and Non-Executive Directors.

Under the Securities Trading Policy, relevant persons are not permitted to hedge Veda securities prior to vesting. However, vested and unrestricted Veda securities may be hedged, subject to receiving approval under the policy. The policy is available on Veda's website under 'Investors' then 'Corporate Governance' *(http://investors.veda.com.au/Investor-Relations/?page=Corporate-Governance).*

# Corporate Social Responsibility

Ensuring corporate social responsibility and sustainability is an integral part of Veda's customer service model.

Veda's future depends on how it operates within its environment and interacts with the community. Veda's commitment to corporate responsibility and sustainability is central to its business culture; it forms part of and supports all of Veda's activities. It is achieved by recognising the centrality of privacy, embedding sustainable work practices for the delivery of business outcomes for customers, providing a safe workplace for staff, and fostering enduring relationships with suppliers and communities.

The Board is committed to making a positive contribution to sustainability through the implementation of Veda's Sustainability Framework. The Framework integrates the identification, analysis and management of sustainability issues within Veda's enterprise risk management framework, and reinforces Veda's commitment to the following sustainability principles:

- Ensuring that privacy considerations are at the core of all Veda does
- Demonstrating good governance by incorporating sustainability principles into all of Veda's activities and processes
- Continuing 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 its supply chain
- Enhancing the communities in which Veda operates by acting sustainably, and
- Pursuing continual improvement in corporate responsibility and sustainability management and performance.

Under the Framework, Veda actively assesses the environmental, social and governance risks associated with each of its activities and has established initiatives to manage material sustainability issues.

**There are a number of material sustainability risks that have been identified by Veda, for which risk management plans are in place and which focus on:**

- **Veda's Commitment to Privacy and Data Security:** Veda strongly believes that it creates social value from its activities. Its data intelligence helps to reduce the incidence of identity theft, prevents fraud and corruption, lowers the risk of money laundering and lessens the likelihood that funds will be transmitted for terrorist activities. More broadly, knowledge of credit risk reduces the cost of financial transactions, benefitting both businesses and their customers.

  These social benefits are significantly enhanced by Veda's commitment to good corporate citizenship. For this reason, corporate social responsibility and sustainability are integral to Veda's customer service model. Veda's future depends on abiding by, and supporting, the privacy laws in each of the countries in which it operates.

  Veda is committed to working with governments to protect the identity of citizens from theft and combating the laundering of money for criminal or wrongful purposes. Veda, therefore, has an unrelenting dedication to ensuring that privacy laws and code requirements are embedded in its processes, systems and products and that personal data is used only for the purposes intended. Veda has a strong history of managing compliance with its regulatory responsibilities and is closely involved in processes for industry-implementation of privacy laws.

  Veda recognises that its reputation for integrity can never be compromised with key stakeholders. To that end, Veda exercises strong corporate governance with zero tolerance for fraud, corruption, or misuse of position or data. Policies, training and governance processes are in place to manage the prevention, detection and reporting of data breaches, bribery, fraud and corruption.

  Veda uses security procedures and technology to protect the information it holds. Access privileges, authorisations and internal controls are in place to prevent and detect misuse or unlawful disclosure of information. A risk-based assurance program tests compliance and the effectiveness of these controls within Veda and, where appropriate, in its customers' processes and systems.

- **Customer and Product Focus:** Veda recognises that its success depends on the success of its customers and the communities in which it operates. Veda has a clear strategy to help its customers make better risk and pricing decisions through the use of proprietary data and analytics. Veda helps make this happen by aggregating proprietary and public information, applying its intellectual and analytical capability, and distributing products that allow its customers to better manage their risks and pricing decisions. Veda accumulates and transforms data into meaningful insights, which helps customers make improved decisions.

  Veda's goal is to empower every one of its customers to make proactive, responsible and informed decisions. To accomplish this, Veda follows rigorous and continuous processes of customer-engagement assessment, quality control, product and service refinement, and innovation.

  Veda worked proactively with regulators, industry groups, and customers to bring the benefits of Comprehensive Credit Reporting (CCR) to its customers (both consumers and lenders) through its product and service offerings. CCR empowers consumers to get better deals when negotiating with lenders. Veda considers that CCR data will lead to lower barriers to entry for competition, drive differentiated offers in the market, and extend the choices available for consumers. For those that have demonstrated good credit behaviour, CCR enables consumers to be rewarded with better offers and better access to credit.

- **Veda in the Community:** Veda is a responsible corporate citizen, and values and supports the community in which it lives and works. Veda's BlueSky Workplace Giving Program is a powerful yet simple way for the company and its employees to make a real difference in the community by donating directly to charities that help the community. Charities supported include Alzheimer's Australia, Children's Cancer Institute Australia, Fred Hollows Foundation, The Smith Family, The Mater Foundation, and the Royal Children's Hospital Melbourne.

  Veda is also proud to be a partner with Camp Quality, the highest ranking children's charity in Australia in terms of reputation. Camp Quality's purpose is to create a better life for all children and their families living with cancer in Australia, by building optimism and resilience throughout each stage of their cancer journey. Veda and its employees assist through providing financial support, and volunteering employee time for recreational activities, fundraising and administration assistance.

- **Environment:** Veda is committed to doing business in an environmentally responsible way and identifying any environmental risks that may arise from its operations. Veda has a relatively low impact on the environment. However, through improved measurement, benchmarking and technology, Veda aims to continue to minimise its consumption of natural resources.

  In light of the nature of its data management and analytics business, Veda heavily relies on information technology systems. Veda has, therefore, implemented its Infrastructure Refresh project to upgrade Veda's existing network, storage and computer hardware at its Australian data centres. This significant investment provides Veda with the latest technology to support its future growth, and Veda now operates some of the best private cloud-infrastructure available.

  The performance and functionality improvements have been across the board and have been substantial. In addition to increasing server virtualisation rates in Veda's data centres to well beyond 90 per cent, system and application response times have also improved; most by more than 30 per cent. This initiative has significantly reduced energy consumption from Veda's Australian data centres, where overall power consumption has been reduced by 15kW per hour.

  In addition, Veda's Head Offices in Sydney are located in Innovation Place, which was constructed with a NABERS (Energy) rating and 3.5 Green Star rating. Veda utilises sensor lighting in its meeting rooms and scheduled timers for lighting and air conditioning and annually participates in 'Earth Hour'.

  Employees are encouraged to respect and care for the environment in which Veda operates, and have adopted workplace initiatives to reduce consumables.

- **Veda's People:** Veda's employees are a key element of the Company achieving its corporate goals and delivering sustainable outcomes for stakeholders. Veda is committed to treating its staff in a lawful and fair way, and promoting a culture of mutual trust and respect, in which its employees are engaged, motivated and happy. This is crucial to Veda's ongoing success.

  Veda recognises the essential contribution of employees to its business. Veda needs engaged employees with the right skills and capabilities who develop their careers and perform their roles effectively. Training and development ranges from on-the-job training to leadership development. Mentoring, coaching and feedback are key components in building Veda's leadership culture for competitive advantage.

  Veda promotes health, safety and wellbeing in the workplace, and understands the importance of diversity and inclusion. Veda has implemented initiatives to support flexible work practices and individual development of its employees, including through:

  - Policies providing for flexible work arrangements
  - Paid parental leave for primary and secondary carers
  - Nursing mother facilities
  - An employee assistance program
  - Discounted private health insurance, and
  - Internal and external development programs.

  Veda is also committed to building and maintaining a culture of corporate compliance and ethical behaviour. Veda actively encourages all its employees to report behaviour that they consider is inconsistent with its values.

  When an employee reports behaviour that is considered to be inconsistent with its values, Veda commits to handle the report constructively and with integrity, with the objective of remedying the issue.

  All concerns raised in accordance with Veda's Whistleblower Policy are treated seriously, kept confidential and secure within the law, and investigated appropriately. Processes are in place to ensure employees who raise concerns in good faith have the benefit of protection applicable under whistleblowing legislation.

# Diversity and Inclusion

Veda strongly believes that a diversity of experience and perspectives contributes to more innovative thinking. For this reason it has adopted a Policy which reinforces Veda's commitment to diversity and inclusion in the workplace as an integral component of its commitment to superior performance. The Policy provides a framework to enable Veda to achieve its diversity goals and to create a diverse work environment.

In order to pursue this ambition Veda seeks to provide a work environment where employees have equal access to career opportunities, training and benefits. Veda's aim is to provide a workplace that is inclusive of difference, encouraging and enabling employees to perform at their best. Veda is committed to ensuring that employees are treated with fairness and respect, and are not judged by unlawful or irrelevant references to gender, age, ethnicity, race, cultural background, disability, religion, sexual orientation or caring responsibilities.

Under the Diversity Policy, the Board is responsible for:

- Overseeing the implementation of the Policy
- Setting measurable objectives for achieving gender diversity, and
- Assessing and reporting progress in Veda's Annual Report.

All executives, managers and employees are responsible for promoting workplace diversity and inclusion.

As part of its commitment to continuous improvement and achieving best practice in its diversity and inclusion practices, Veda reviewed its Diversity Policy and practices against both corporate and industry benchmarks in FY15, including against:

- The Workplace Gender Equality Agency (WGEA) benchmarks
- The ASX Corporate Governance Council recommendations
- The Diversity Council of Australia (DCA) benchmarks, and
- Industry-recognised surveys and research.

Veda's FY15 report to WGEA is available on the Veda website at the following link *http://www.veda.com.au/sites/default/files/docs/wgea_public_report_signed.pdf* . Veda is fully compliant with all WGEA reporting requirements.

## Gender balance at Board, management, and organisational levels

As part of its strong commitment to merit-based diversity, Veda has focussed on identifying and eliminating barriers to career development and progression for men and women within the organisation. Gender is considered in promotions, succession planning and talent-management activities.

The Board has set an objective of 35 to 40 per cent of the workforce being female, with a focus on attaining the top of this range by 2019. To assist in achieving this, a requirement has been introduced that at least one female candidate is considered for every vacancy.

The Board annually reviews the gender diversity among Directors. At present, the Board is comprised of 57 per cent male (four out of seven) and 43 per cent female (three out of seven) Directors, with both the Chairman and the CEO being female.

The table below outlines the proportion of women and men employed by Veda against the overall target, as at 1 July 2015.

| | WOMEN | MEN |
|---|---|---|
| Board | 3 (43%) | 4 (57%) |
| Key Management Personnel (KMP) | 1 (20%) | 4 (80%) |
| Senior Leadership Team and Extended Leadership Team (excluding KMP) | 13 (27%) | 35 (73%) |
| Other Managers | 38 (37%) | 66 (63%) |
| Total All Managers | 52 (33%) | 105 (67%) |
| Non-Managers | 207 (36%) | 372 (64%) |
| All Staff | 259 (35%) | 477 (65%) |

The Remuneration and Nomination Committee annually reviews female-to-male salaries with a view to ensuring pay equity.

## Diversity and Inclusion Survey

As part of Veda's commitment to continuous improvement and achieving best practice, employees were asked to provide feedback on the effectiveness of Veda's diversity and inclusion practices as part of its 2014 Employee Survey.

The response to the following survey statements, and subsequent discussion during employee survey action-planning sessions, are a very positive reflection of Veda's approach to diversity and inclusion.

| STATEMENT | AGREE |
|---|---|
| At Veda, there is respect for diverse backgrounds, experiences and perspectives | 86.3% |
| A diverse workforce allows us to provide better service to our customers | 85.6% |
| My workplace is free from harassment and discrimination | 84.4% |
| Women and men have the same development and career opportunities within Veda | 80.8% |
| Leaders are committed to having a diverse and flexible work environment | 71.4% |
| I am able to balance work and personal life | 70.5% |
| Flexible work arrangements are available to everyone at Veda | 61.4% |

Such positive outcomes depend on proactive management to promote diversity and equality. To this end, Veda has significant programs in place to enhance diversity and inclusion in its workplace, including:

- Paid parental leave for primary carers, in addition to government schemes
- Paid parental leave for secondary carers
- Policies for flexible working arrangements, including working from home, job sharing, part-time work and flexible work
- The ability to purchase additional leave to supplement the standard leave requirements to assist in managing family commitments
- Flu vaccinations for employees to reduce the likelihood of sickness and the resulting impact on families
- An employee-assistance program for employees and their families to seek any assistance and support as required
- Leadership development, and mentoring and sponsorship programs
- Nursing mother facilities
- Annual online training in the prevention of harassment and discrimination to support workplace behaviour policies that are in place, and
- A subsidised cafeteria at Veda's North Sydney offices (where most employees are situated) to help busy working parents with time-management and costs.

In addition, in FY16, Veda will continue to focus on:

- Using recruitment panels that provide a gender-balanced shortlist, and
- Adopting internal processes to equip women to be ready for promotion.

# Directors' Report

## YEAR ENDED 30 JUNE 2015

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 2015.

## 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. Dividends - Veda Group Limited and its Controlled Entities

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) | 6.0 | 50,547 | 8 October 2015 |
| **Total amount** | | **50,547** | |

The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial reports.

A final dividend of 4 cents per share in respect of the year ended 30 June 2014 was paid on 9 October 2014.

## 4. Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

## 5. Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2015 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.

## 6. Directors and company secretary

The following persons held office as Directors of Veda Group Limited and its Controlled Entities during the financial year:

**Helen Nugent,** Chairman

**Nerida Caesar,** Chief Executive Officer & Managing Director

**Bruce Beeren**

**Diana Eilert**

**Peter Shergold**

**Anthony Kerwick**

**Steven Sargent** (appointed 25 March 2015)

**Geoff Hutchinson** (resigned 25 March 2015)

**Clark Butler** resigned as company secretary on 26 August 2014 and was replaced by **Tim Woodforde** and **Emma Lawler,** who were appointed joint company secretaries on 26 August 2014. Emma Lawler resigned as company secretary on 16 December 2014.

## 7. Information on directors and company secretary

### DR HELEN NUGENT AO
### INDEPENDENT CHAIRMAN

BA (Hons) MBA (Dist) PhD Hon DBus FAICD

Helen was appointed Independent Chairman of the Company in September 2013. She is a professional company director, with close to 30 years' experience in the financial services and energy and resources sectors.

Helen is a Non-Executive Director of Origin Energy Limited (since March 2003) and Chairman of Funds SA, the $26 billion investment fund of the South Australian Government.

Her prior financial services' experience includes being Chairman of Swiss Re (Australia) and a Non-Executive Director of Macquarie Group Limited (June 1999 to July 2014). She was part of the executive team at Westpac Banking Corporation responsible in the early 1990's for a major turnaround in the bank's performance. As 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.

In 2004 she was made an Officer of the Order of Australia and in 2001, she was awarded a Centenary Medal.

### NERIDA CAESAR
### CEO AND MANAGING DIRECTOR

BCom MBA GAICD

Nerida was appointed CEO and Managing Director of the Company in February 2011. With a focus on innovation and technology, she has over 29 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. 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.

Before 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 Chancellors Industry Advisory Board and a Director on the NSW Fintech hub, Stone & Chalk.

### BRUCE BEEREN
### INDEPENDENT NON-EXECUTIVE DIRECTOR

BSc BCom MBA FCPA FAICD

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

Bruce is currently a Director of Contact Energy, Equipsuper and The Hunger Project Australia. Until October 2014, he was also a Director of Origin Energy (March 2000 to October 2014), initially as Finance Director and then from January 2005 as a Non-Executive Director.

Bruce was formerly a Non-Executive Director of Veda Advantage Limited, ConnectEast Group, Coal & Allied Industries Limited 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.

### DIANA EILERT
### INDEPENDENT NON-EXECUTIVE DIRECTOR

BSc MCom GAICD

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

Diana is currently a Non-Executive Director of Navitas Limited (a global education provider) (since July 2014) and AMP Life Limited. She was previously a Non-Executive Director of realestate.com.au (REA Group) and digital start-ups 'onthehouse' (Onthehouse Holdings Limited) (July 2012 to November 2013) and 'OurDeal'.

With more than 25 years as an executive in financial services and media, Diana brings significant industry, technology and digital 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 her technology knowledge and skills in executive roles and also as a Partner of IBM. Her deep understanding of recent digital trends, disruption and strategies was developed further in her role as Head of Strategy and Corporate Development at News Corp Australia.

## DR PETER SHERGOLD AC
### INDEPENDENT NON-EXECUTIVE DIRECTOR

BA (Hons) MA PhD FAICD

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

Peter is currently a director of AMP Limited (since May 2008), AMP Life Limited and Corrs Chambers Westgarth. He is also Chairman of Opal Aged Care.

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 also serves as Chairman of the NSW 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.

## ANTHONY KERWICK
### NON-EXECUTIVE DIRECTOR

BCom LLB (Hons) GAICD

Anthony was appointed a Non-Executive Director of the Company in March 2007. He was a Board nominee on behalf of Pacific Equity Partners (PEP) shareholders until March 2015, when it was confirmed that he would remain as a Non-Executive Director of the Company.

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, healthcare, retail, utilities and manufacturing industries on strategy, mergers and acquisitions, operations improvement, industrial relations and e-commerce.

He was previously a Non-Executive Director of Spotless Group Limited from November 2011 to April 2014. He was appointed Chairman of Society One Holdings Pty Ltd in February 2015.

## STEVEN SARGENT
### INDEPENDENT NON-EXECUTIVE DIRECTOR

BBus FTSE GAICD

Steve was appointed an Independent Non-Executive Director of Veda in March 2015.

Steve had a career spanning nearly a quarter of a century at General Electric, becoming a member of GE's 45-member Corporate Executive Council (CEC) and one of its 180 Officers. Steve was the first Australian to be made an Officer or be a member of the CEC in GE's 130-year history.

Steve has led GE businesses in the US, Europe, Asia Pacific, and Australia & New Zealand. Most recently he was President and Chief Executive Officer of GE Mining, GE's global mining technology and services business. Prior to this he was responsible for all of GE's operations across Australia & New Zealand, GE's third largest sales region in the world.

Steve has extensive experience in driving a culture of innovation and technology development. He has deep commercial experience with organic growth (start-ups, new product introduction), inorganic (acquisitions and integrations) as well as turnaround situations and divestitures.

Steve is currently a Non-Executive Director of Origin Energy Limited since May 2015, The Great Barrier Reef Foundation and Bond University Limited. He is a Fellow of the Australian Academy of Technological Sciences and Engineering, and a Graduate of the Australian Institute of Company Directors.

Over recent years he has been a Non-Executive Director of the Business Council of Australia, American Chamber of Commerce and a member of the Federal Government's Financial Services Advisory Council.

## TIM WOODFORDE
### GENERAL COUNSEL AND COMPANY SECRETARY

BSc LLM F Fin

Tim joined Veda as General Counsel and Company Secretary in August 2014 and is responsible for the legal and company secretarial functions. Tim has more than 20 years' experience as a corporate and commercial lawyer and corporate advisor at leading professional service firms in Sydney and London.

Before joining Veda, Tim was a Partner of Norton Rose Fulbright Australia for 12 years. Previously, Tim was a Partner of Andersen Legal Australia, a senior manager at Gresham Partners Limited and a solicitor at King & Wood Mallesons, and Slaughter and May.

Tim is a member of the Corporations Committee of the Business Law Section of the Law Council of Australia and is admitted to practice as a solicitor in various jurisdictions, including New South Wales.

## 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 2015, and the numbers of meetings attended by each Director were:

| DIRECTORS | BOARD MEETING | | MEETINGS OF COMMITTEES | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | AUDIT AND RISK COMMITTEE | | REMUNERATION AND NOMINATION COMMITTEE | | DISCLOSURE COMMITTEE | |
| | H | A | H | A | H | A | H | A |
| Helen Nugent | 19^ | 19 | – | – | 6 | 6 | 2 | 2 |
| Nerida Caesar | 18^ | 18 | – | – | – | – | 2 | 1 |
| Bruce Beeren | 19^ | 19 | 4 | 4 | – | – | 2 | 2 |
| Diana Eilert | 19^ | 19 | 4 | 4 | – | – | – | – |
| Peter Shergold | 19^ | 16 | – | – | 6 | 5 | – | – |
| Anthony Kerwick | 17 | 17 | – | – | 6 | 6 | – | – |
| Steven Sargent[1] | 4 | 4 | 1 | 1 | – | – | – | – |
| Geoff Hutchinson[2] | 13 | 12 | 3 | 3 | – | – | – | – |

H = Number of meetings held during the time the Director held office or was a member of the committee during the year

A = Number of meetings attended

^ = Includes meetings of the Independent Directors (together with, in the case of one meeting, the CEO)

[1] Appointed to Board on 25 March 2015

[2] Retired from Board on 25 March 2015

The Board held one strategy day during the year to consider strategic matters of relevance to the Veda Group.

## 9. Shares, rights and options

Details of shares under option and warrants are included in Note [19] in the attached financial statements respectively.

Shares and options held by Directors as at 30 June 2015 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 | – |
| Steven Sargent | 66,000 | – |

No options or rights have been granted during the financial year.

No options or rights were granted since the end of the financial year.

## 10. Environmental regulation

Veda remains committed to doing business in an environmentally responsible way, and to identifying any environmental risks that may arise from its operations. Veda has a relatively low impact on the environment, however through improved measurement, benchmarking and technology Veda aims to continue to minimise its consumption of natural resources, reduce its environmental footprint and in so doing comply with all relevant legislation.

Veda has therefore implemented a Corporate Responsibility & Sustainability Framework which reinforces Veda's commitment to the following sustainability principles:

- Demonstrating good governance by incorporating sustainability principles into all Veda activities and processes
- Continuing 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.

Employees are encouraged to respect and care for the environment in which Veda operates, and have adopted workplace initiatives to reduce consumables.

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

As at 30 June 2015, the parent entity and ultimate controlling party of the Group is Veda Group Limited.

As at 30 June 2014, the parent entity of the Group was Veda Group Limited and the ultimate controlling party was Pacific Equity Partners Pty Limited (collectively "PEP") who held 63.5% of the ordinary shares of the company. PEP ceased being the ultimate controlling party of the Group in September 2014.

## 13. Auditor's independence declaration

There is no former partner or director of KPMG, the Company's auditor, who is or was at any time during the year ended 30 June 2015 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 65.

## 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:

| OTHER SERVICES | $ |
|---|---|
| Other audit related services | 25,000 |
| Taxation compliance services | 138,000 |
| Other tax advisory services | 82,000 |
| Other advisory services | 114,000 |

Further details of amounts paid to the Company's Auditors are included in Note [20] of the financial statements.

In accordance with written advice signed by the Audit and Risk Committee Chairman and provided to the Board pursuant to a resolution passed by the Audit and Risk Committee, the Board has formed the view that the provision of those non-audit services by the auditor is compatible with, and did not compromise, the general standards of independence for auditors imposed by the *Corporations Act 2001*.

The Board's reasons for concluding that the non-audit services provided did not compromise the auditor's independence are:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor
- All non-audit services provided did not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards, and
- There were no known conflict of interest situations nor any circumstance arising out of a relationship between the Group (including its Directors and Officers) and the auditor which may impact on auditor independence.

## 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.

# Operating and Financial Review

YEAR ENDED 30 JUNE 2015

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 Annual Financial Report.

The OFR covers the period from 1 July 2014 to 30 June 2015, including the comparative prior period. The OFR includes pro forma numbers for FY14 prepared on the same basis as presented in the Prospectus dated 18 November 2013. The pro forma adjustments in FY14 remove the impact of the expenses incurred as part of the December 2013 IPO, Veda's pre-IPO financing arrangements and Pacific Equity Partners' (PEP) management fees. The pro forma adjustments for FY14 also provide for a half year of listed company costs and adjust the tax expense.

## 1. Strong financial results

Veda has delivered another year of double digit growth with the result for FY15 exceeding 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 & Marketing Services.

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

### 1.1. NPAT result

Statutory NPAT was $78.4 million against the pro forma result for FY14 of $68.9 million and the statutory result for FY14 of $22.7 million. The pro forma adjustments for FY14 are reconciled back to the statutory result in Tables 2 and 3.

The driver of improved NPAT against the pro forma result for the previous period was primarily increased EBITDA. The rate of NPAT growth at 13.8 per cent exceeded the EBITDA growth rate of 12.0 per cent due to lower net financing costs and higher share of profit from associates. 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 expenses in the prior period, and increased EBITDA. Partially offsetting these was the income tax effect of moving from a loss to a profit position.

### 1.2. Pro forma adjustments to statutory results for FY14 NPAT

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

*Table 1: Financial highlights*

| | FY15 STATUTORY ACTUAL $'m | FY14 PRO FORMA ACTUAL $'m | VARIANCE | FY14 STATUTORY ACTUAL $'m | VARIANCE |
|---|---|---|---|---|---|
| **Revenue** | 338.8 | 302.0 | 12.2% | 302.0 | 12.2% |
| **EBITDA**[1,2] | 144.5 | 129.0 | 12.0% | 128.4 | 12.5% |
| **EBIT** | 116.6 | 106.0 | 10.0% | 79.6 | 46.5% |
| **NPAT** | 78.4 | 68.9 | 13.8% | 22.7 | 245.4% |

Notes

1 Tables 2 and 3 reconcile statutory and pro forma NPAT and EBITDA for FY14. No pro forma adjustments were made in FY15.

2 EBITDA excludes share of profit from associates.

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

| | FY14 ACTUAL $'m |
|---|---|
| **Statutory Net Profit after Tax** | **22.7** |
| Management fees[1] | 1.8 |
| Listed company expenses[1] | (1.1) |
| IPO expenses[2] | 25.7 |
| **Total operating expense adjustments** | **26.3** |
| Net finance costs adjustment[3] | 34.8 |
| Tax expense[4] | (14.9) |
| **Pro forma Net Profit after Tax** | **68.9** |

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

| | FY14 ACTUAL $'m |
|---|---|
| **Statutory Net Profit after Tax** | **22.7** |
| **Add back:** | |
| Tax expense | 10.2 |
| Share of profit from associates | (2.5) |
| Net finance costs | 49.3 |
| Depreciation and amortisation | 23.0 |
| IPO expenses[2] | 25.7 |
| **Statutory ('Operating') EBITDA** | **128.4** |
| Management fees[1] | 1.8 |
| Listed company expenses[1] | (1.1) |
| **Pro forma EBITDA** | **129.0** |

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 expenses) is non-tax deductible.

## 1.3. EBITDA result

Veda's EBITDA result of $144.5 million, up 12.0 per cent against the FY14 pro forma result and 12.5 per cent above the FY14 statutory result, reflects strong revenue growth partially offset by operating cost growth.

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

| | FY15 STATUTORY ACTUAL $'m | FY14 PRO FORMA ACTUAL $'m | VARIANCE | FY14 STATUTORY ACTUAL $'m | VARIANCE |
|---|---|---|---|---|---|
| **Revenue** | 338.8 | 302.0 | 12.2% | 302.0 | 12.2% |
| **Total operating expenses** (excluding IPO expenses) | (194.3) | (173.0) | 12.3% | (173.7) | 11.9% |
| **EBITDA**[1,2] | 144.5 | 129.0 | 12.0% | 128.4 | 12.5% |

Notes

[1] FY14 pro forma EBITDA excludes IPO-related expenses as per Note [7] of the Financial Statements.

[2] EBITDA excludes share of profit from associates.

Revenue grew at 12.2 per cent above FY14. At the same time operating costs grew relative to pro forma and statutory FY14 at 12.3 per cent and 11.9 per cent respectively. As signalled in the guidance, 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.

### 1.3.1. Revenue performance

Revenue in both the Australia and International segments grew against the previous period at rates of 12.8 per cent and 7.6 per cent respectively. International benefitted somewhat from favourable currency movements. On a local currency basis, International revenue grew 5.2 per cent against the previous period (4.7 per cent on a local currency basis for FY14 versus FY13).

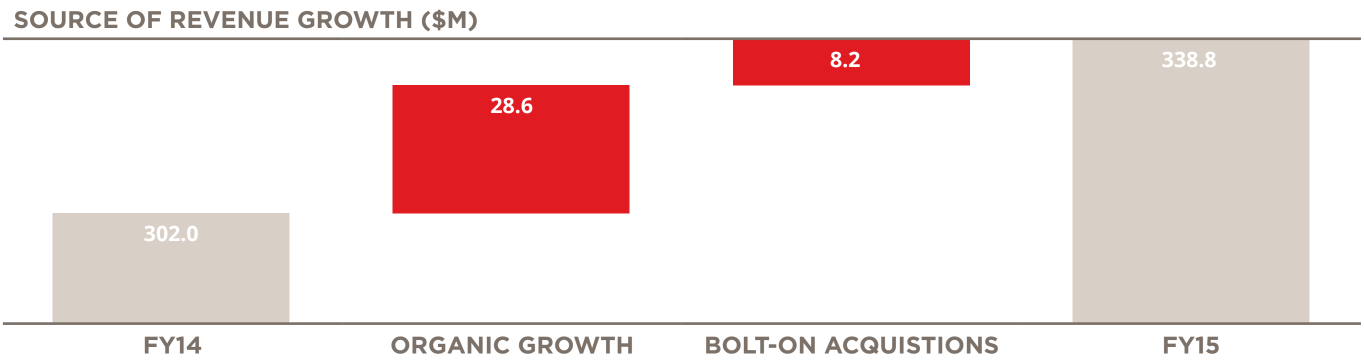
***Table 5: Revenue growth by segment***

| | FY15 ACTUAL $'m | FY14 ACTUAL $'m | GROWTH |
|---|---|---|---|
| Australia | 300.5 | 266.5 | 12.8% |
| International | 38.3 | 35.6 | 7.6% |
| **Total revenue** | **338.8** | **302.0** | **12.2%** |

### ORGANIC AND BOLT-ON ACQUISITION GROWTH

As illustrated in Figure 1, Veda has increased its revenue predominantly through organic growth. Overall revenue growth was 12.2 per cent. In FY15 organic growth was 9.5 per cent.

***Figure 1: Sources of revenue growth***



Organic growth is driven by Personal Property Securities Register (PPSR) searches, Land Titles searches, Trading History & Debtor IQ volumes, IDMatrix, fraud detection solutions, Verify, digital marketing campaigns and CarHistory.com.au.

Bolt-on acquisition growth includes acquisitions made since FY14. Veda made five niche 'bolt-on' acquisitions, these being Datalicious, Wealth Services (ITM), Inivio NZ, Kingsway and The Prospect Shop. 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.

## CLICK AND NON-CLICK REVENUE GROWTH

Veda distributes most of its products to its customers electronically on a 'per click' basis (through server-to-server and mainframe-to-mainframe linkage as well as through online web portals). Veda's FY15 revenue was 83 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***

| | FY15 ACTUAL $'m | FY14 ACTUAL $'m | GROWTH |
|---|---|---|---|
| Daily click revenue ($ million per business day)[1] | 1.12 | 1.04 | 7.7% |
| Click revenue | 281.0 | 262.3 | 7.1% |
| Non-click revenue | 57.8 | 39.8 | 45.2% |

Note

[1] FY15 & FY14 have 252 business days.

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

- PPSR searches, Land Titles searches, Trading History volumes and the Kingsway acquisition in Commercial Risk and Information Services
- Verify, Fraud and Identity and core bureau growth in Consumer Risk & Identity, and
- CarHistory.com.au and Consumer B2C growth within B2C & Marketing Services.

Non-click revenue growth above the previous period was driven by focussing on digital marketing campaigns across Veda's existing and new segments as well as investment in product offerings and acquisitions (The Prospect Shop, Datalicious, Wealth Services (ITM) and Inivio NZ (KMS)). This is consistent with Veda's focus on being a data and analytics company.

## BUSINESS LINE REVENUE GROWTH

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

***Table 7: Revenue summary by business line***

| | FY15 ACTUAL $'m | FY14 ACTUAL $'m | GROWTH |
|---|---|---|---|
| Consumer Risk & Identity | 110.0 | 100.0 | 10.0% |
| Commercial Risk & Information Services | 134.4 | 125.7 | 6.9% |
| B2C & Marketing Services | 56.1 | 40.7 | 37.8% |
| **Australia** | **300.5** | **266.5** | **12.8%** |
| **International** | **38.3** | **35.6** | **7.6%** |
| **Total revenue** | **338.8** | **302.0** | **12.2%** |

***Consumer Risk & Identity***

Consumer Risk & Identity revenue grew to $110.0 million, 10.0 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 due to the employment verification work driven by ASIC's Financial Advisor Register.

Core bureau business growth was in line with expectations.

***Commercial Risk & Information Services***

Commercial Risk & Information Services revenue grew to $134.4 million, a 6.9 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 searches. PPSR growth in 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. Changing AML/CTF compliance regulations are also driving growth in this product group.

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 Debtor IQ products. The acquisition of Kingsway in September 2014 has also contributed.

***B2C & Marketing Services***

B2C & Marketing Services revenue grew to $56.1 million, a 37.8 per cent increase above the previous period.

B2C revenue growth was driven by growth in CarHistory.com.au, in consumer credit products 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 $38.3 million, a 7.6 per cent increase above the previous period. International benefitted somewhat from favourable currency movements. On a local currency basis revenue was 5.2 per cent higher than the previous period.

Drivers of the growth were international sales of bureau technology, sales of commercial risk products including Corporate Scorecard, Verify sales to New Zealand companies and the acquisition of Inivio NZ.

### 1.3.2. Operating cost analysis

Overall operating costs grew to $194.3 million, an increase of 12.3 per cent above the FY14 pro forma amount and 11.9 per cent growth above the 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. Veda also completed a review of New Zealand operations as part of a management change resulting in a restructure and associated one-time costs.

The overall expense-to-revenue ratio was 57.3 per cent, in line with the FY14 pro forma ratio and improved against the FY14 statutory ratio of 57.5 per cent.

Table 8 outlines operating expenses and their composition.

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

| | FY15 STATUTORY ACTUAL $'m | FY14 PRO FORMA ACTUAL $'m | VARIANCE | FY14 STATUTORY ACTUAL $'m | VARIANCE |
|---|---|---|---|---|---|
| Costs of external data and products for resale | (61.7) | (56.4) | 9.4% | (56.4) | 9.4% |
| Staff costs | (97.4) | (84.5) | 15.3% | (84.2) | 15.7% |
| Other operating expenses | (35.2) | (32.1) | 9.7% | (33.1) | 6.3% |
| Total operating expenses (excluding IPO expenses) | **(194.3)** | **(173.0)** | **12.3%** | **(173.7)** | **11.9%** |

The 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 9.4 per cent above the FY14 pro forma and statutory amounts.

The cost 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. This was partially offset by the mix of revenue growth, particularly that from recent acquisitions.

#### STAFF COSTS

Staff costs grew by 15.3 per cent above the FY14 pro forma amount and 15.7 per cent above the 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. Veda also completed a review of New Zealand operations as part of a management change resulting in a restructure and associated one-time costs.

#### OTHER OPERATING EXPENSES

Other operating expenses grew by 9.7 per cent above the FY14 pro forma amount and 6.3 per cent above the 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.

### 1.3.3. 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: FY15 and pro forma and statutory FY14***

| | FY15 STATUTORY ACTUAL $'m | FY14 PRO FORMA ACTUAL $'m | VARIANCE | FY14 STATUTORY ACTUAL $'m | VARIANCE |
|---|---|---|---|---|---|
| **EBITDA** | **144.5** | **129.0** | **12.0%** | **128.4** | **12.5%** |
| IPO expenses | 0.0 | 0.0 | – | (25.7) | (100.0%) |
| Depreciation and amortisation | (27.9) | (23.0) | 21.3% | (23.0) | 21.3% |
| **EBIT** | **116.6** | **106.0** | **10.0%** | **79.6** | **46.5%** |
| Net finance costs | (12.7) | (14.5) | (12.4%) | (49.3) | (74.2%) |
| Share of profit from associates | 3.2 | 2.5 | 28.0% | 2.5 | 28.0% |
| **Profit before tax** | **107.1** | **94.0** | **13.9%** | **32.8** | **226.5%** |
| Tax expense | (28.7) | (25.1) | 14.3% | (10.2) | 181.4% |
| **NPAT** | **78.4** | **68.9** | **13.8%** | **22.7** | **245.4%** |

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

#### IPO EXPENSES

IPO-related expenses in the 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 FY14 pro forma results.

#### DEPRECIATION AND AMORTISATION

The increase in depreciation and amortisation by 21.3 per cent reflects higher capital expenditure in recent years, primarily driven by purchases of data that are utilised for the creation of a wide variety of products as well as for internally developed software/products (including CCR related).

#### NET FINANCING COSTS

Net financing costs decreased by 12.4 per cent versus the pro forma previous period, primarily as a result of a lower average debt driven by Veda's cash performance and lower average AU/NZ interest rates.

The 74.2 per cent decrease in net financing costs for 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 28.0 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's pro forma amount in line with higher profit before tax.

The higher tax expense in FY15 over the statutory previous period was driven by higher profit before tax partially offset by the non-deductible portion of 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 balance sheet as at 30 June 2015 with the balance sheet as at 30 June 2014.

***Table 10: Balance sheet comparison***

| | ACTUAL 30 JUNE 2015 $'m | ACTUAL 30 JUNE 2014 $'m |
|---|---|---|
| Cash | 29.8 | 30.0 |
| Other current assets | 50.0 | 42.0 |
| **Current assets** | **79.8** | **72.0** |
| Other non-current assets | 56.5 | 77.2 |
| Intangible assets | 938.1 | 910.2 |
| **Total non-current assets** | **994.6** | **987.4** |
| **Total assets** | **1,074.4** | **1,059.4** |
| Trade and other payables | 29.8 | 26.1 |
| Other current liabilities | 30.2 | 25.2 |
| **Total current liabilities** | **60.0** | **51.3** |
| Loans and borrowings | 226.6 | 267.9 |
| Other non-current liabilities | 14.6 | 12.6 |
| **Total non-current liabilities** | **241.2** | **280.5** |
| **Total liabilities** | **301.2** | **331.8** |
| **Net assets** | **773.2** | **727.6** |
| Share capital | 792.2 | 791.4 |
| Reserves | 11.0 | 10.8 |
| Accumulated losses | (32.6) | (76.6) |
| Non-controlling interests | 2.6 | 2.0 |
| **Total equity** | **773.2** | **727.6** |
| **Balance sheet ratios:** | | |
| Current ratio[1] | 1.33 | 1.40 |
| Net debt / (net debt + equity)[2] | 20.3% | 24.7% |
| Net debt / EBITDA[3] | 1.36x | 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 30 June 2015 used FY15 EBITDA of $144.5 million. For 30 June 2014 used FY14 pro forma EBITDA of $129.0 million.

The balance sheet as at 30 June 2015 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 mix of non-click project work and marketing campaigns, 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 Inivio NZ (KMS), Kingsway and The Prospect Shop and depreciation of the New Zealand dollar. These factors were partially offset by amortisation of software and data sets.

The debt position decreased over the year primarily due to a net $37.2 million debt repayment and a $3.7 million foreign exchange decrease in the New Zealand dollar loans. The net debt / (net debt + equity) and net debt / EBITDA ratios shown in Table 10 were significantly improved as a result.

Accumulated losses declined, reflecting the profit after tax for the full year partially offset by the FY14 final dividend.

## 2.2. Veda's cash flow generation capability

Table 11 compares the FY15 free cash flow to FY14.

***Table 11: Cash flow results against previous period***

| | FY15 STATUTORY ACTUAL $'m | FY14 STATUTORY ACTUAL $'m |
|---|---|---|
| **EBITDA** | **144.5** | **128.4** |
| Interest and income tax (included in net cash from operating activities) | (3.8) | (2.0) |
| Net changes in working capital and non-cash items in EBITDA | (3.4) | 4.1 |
| **Net cash from operating activities[1]** | **137.3** | **130.5** |
| Capital expenditure | (52.6) | (46.1) |
| Acquisition of subsidiaries | (5.1) | (8.0) |
| **Free cash flow** | **79.6** | **76.4** |

Note

[1] Net cash from operating activities is extracted from the statement of cash flows in the Annual Financial Report.

The 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 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 change in working capital between FY14 and FY15 is primarily driven by large customers paying early in FY14, acquisitions, a higher mix of non-click project work and marketing campaigns, and timing of trade and prepayments in FY15.

The drivers of growth in capital expenditure compared to the previous year were higher data acquisition reflecting increased revenue, an infrastructure technology refresh (including additional capacity for CCR data volumes) and growth projects including VedaCheck Visual. Partially offsetting these increases was reduced capital spend on CCR as the project moves from development to implementation.

Capital expenditure as a per cent of revenue in FY15 was 15.5 per cent compared to the previous period of 15.3 per cent.

Acquisition cash flow in FY15 primarily relates to the upfront consideration for new acquisitions, Inivio NZ (KMS), Kingsway and The Prospect Shop, which are more fully explained in Note [25] of the Financial Statements.

## 2.3. Veda's level of debt

Table 12 compares the consolidated debt of Veda as at 30 June 2015 and 30 June 2014.

***Table 12: Statutory consolidated debt position of Veda***

| | ACTUAL 30 JUNE 2015 $'m | ACTUAL 30 JUNE 2014 $'m |
|---|---|---|
| Non-current loans and borrowings | 226.6 | 267.9 |
| Cash and cash equivalents | (29.8) | (30.0) |
| **Net debt** | **196.8** | **237.9** |
| **Debt ratios:** | | |
| Net debt / EBITDA[1,2] | 1.36x | 1.84x |
| Interest coverage (EBITDA / net finance costs)[3,4] | 11.4x | 8.9x |
| Net debt / (net debt + equity) | 20.3% | 24.7% |

Notes

[1] For 30 June 2015 used FY15 EBITDA of $144.5 million. For 30 June 2014 used FY14 pro forma EBITDA of $129.0 million.

[2] Financial covenant for the Facilities Agreement: not greater than 3.50 to 1.

[3] For 30 June 2015 used FY15 EBITDA of $144.5 million and net finance costs of $12.7 million.
For 30 June 2014 used FY14 pro forma EBITDA of $129.0 million and pro forma net finance costs of $14.5 million.

[4] Financial covenant 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. Focussed strategy driving growth

When Veda was established, almost 50 years ago, it provided basic data to assist banks make lending decisions. Today, Veda is a highly customer-focussed data analytics company. The depth and breadth of products and services Veda offer not only touch almost every aspect of the economy, but allow it to make a real difference to the consumers and organisations with which they do business.

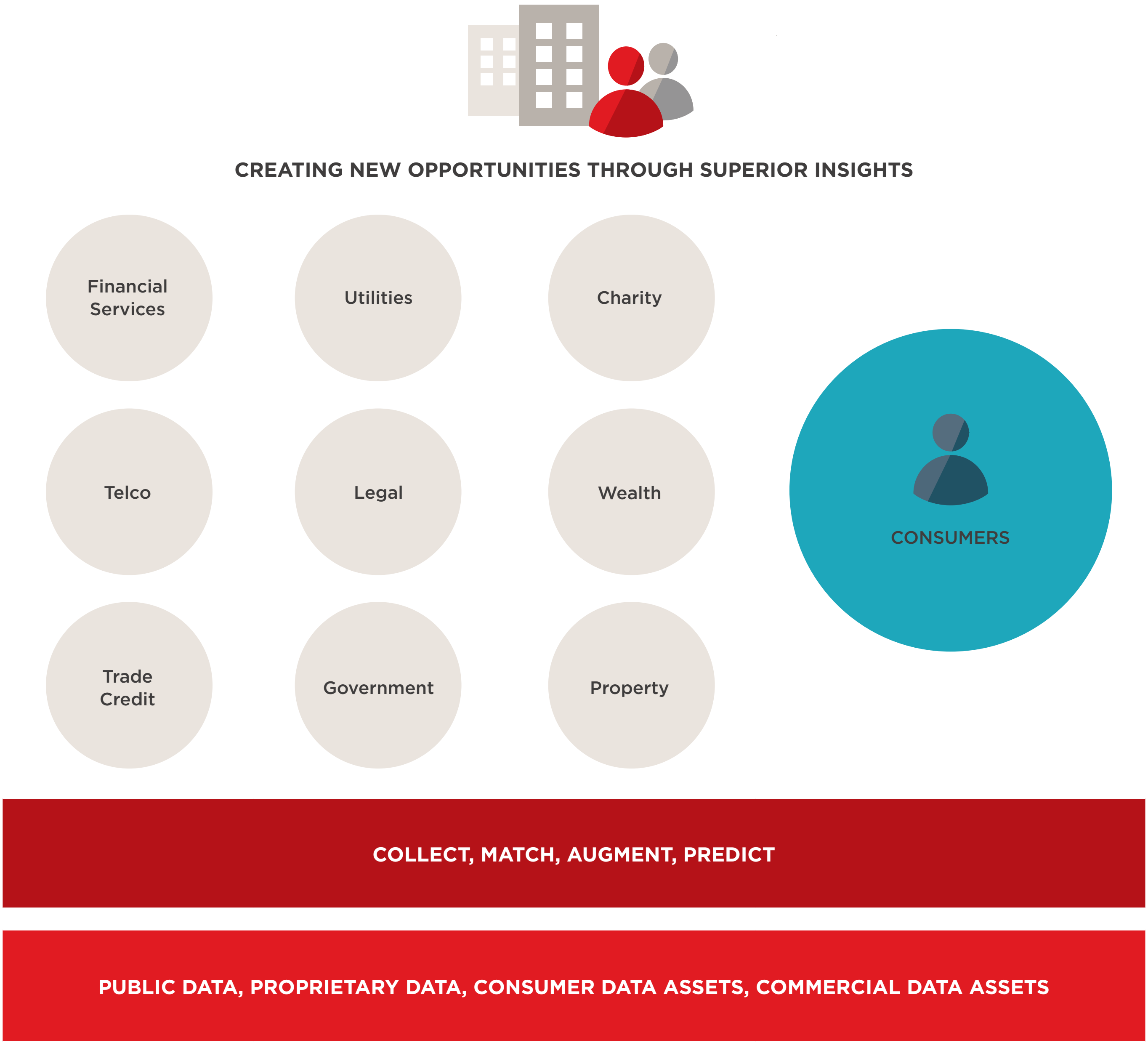
## 3.1. Business model

Veda uses its extensive data and analytics to help its customers make better inforrmed, higher quality decisions and to better manage risk. Veda's ability to draw rich insights from its extensive data and analytics make this possible.

Veda's business model, summarised in Figure 2, has the following characteristics:

- Customer focus
- Valuable data assets
- Intellectual property in data management and analytics, and
- Embedded delivery channels and long-term customer relationships.

***Figure 2: Veda's business model: Serving Businesses and Consumers***




Veda's 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 its analytical capabilities that have been developed over its history. 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 both within its traditional financial services segment and more broadly. Other segments where Veda has expanded beyond traditional financial services include utilities, telecommunications, wealth, government, online markets, non-traditional finance, collections and most recently not-for-profits.

All of these elements result in Veda being a resilient and diverse business with continual revenue growth experienced over more than 20 years.

## 3.2. Strategic initiatives

Veda's strategy is to grow from its core business by:

- **Using smart Data & Analytics to create insights** – connecting data to reveal actionable insights for its customers
- **Opening up Market opportunities** – apply its thinking to market opportunities, digital disruption and regulatory change
- **Delivering Innovation for a purpose** – build, partner or buy to deliver innovative products and services to the market, ensuring efficient use of capital
- **Fostering a Culture of collaboration and customer first** – be a great place to work and have a dedication to every customer success.

From these core strategies FY15 achievements and areas of future focus are identified in the following table.

***Table 13: Growth strategies and opportunities***

| STRATEGY | FY15 ACHIEVEMENTS | FUTURE FOCUS |
|---|---|---|
| **Using smart Data & Analytics to create insights** | Veda holds extensive data assets. Veda's core capabilities in collecting, matching, augmenting and predicting from the use of data ensure that the insights derived are extensive and highly predictive about a consumer's behaviour. Similarly, the insights on companies for credit risk and marketing are highly predictive. The size and breadth of Veda's data assets are unique, value-adding and present a significant opportunity for growth. Veda's uniqueness is in mapping and connecting the data that is held. This is treated as a continual evolutionary process, working through how to best use the data to support customers. The focus is not only on the credit bureaus but also on fraud prevention and detection, identity services, and marketing. Veda has had great success in FY15 leveraging its data and analytics capability by growing its offerings and expanding into new segments across Veda's business lines but in particular in B2C & Marketing Services. | Veda will continue to 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. |
| | The acquisition of a controlling interest in Datalicious provided a technology platform that complements the Inivio product offering and has positioned Veda well to execute its digital marketing strategy using smart data and analytics. The direct marketing and data agency The Prospect Shop further complements the strategy. The acquisition of Inivio NZ has expanded Veda's marketing services growth strategy to New Zealand. | Veda will continue to leverage the analytical capability and data sources of the Datalicious, Inivio NZ and The Prospect Shop acquisitions with Veda's offline consumer data and Inivio's marketing ability. |

| STRATEGY | FY15 ACHIEVEMENTS | FUTURE FOCUS |
|---|---|---|
| **Opening up Market opportunities** | Veda is focussed on upfront investment in CCR customer transition and product development to enable future revenue growth. Customers are currently contributing to product development, data load and testing. The launch of VedaScore Apply in FY15 has given customers the ability to credit check using a CCR score. | Veda is committed to leadership in CCR in Australia and New Zealand and considers revenue growth from CCR is expected to progressively build. |
| | Veda has provided a customer on-boarding and monitoring solution to assist with the *AML/CTF Act* requirements as they pertain to customer due diligence. | Veda is well positioned to assist customers with their regulatory and compliance obligations with its existing product suite and its adaptability to provide solutions as requirements change. |
| | The evolution of consumer products continues. Increasing interest in cyber monitoring products has driven the launch of Identity Watch as a standalone product, further enhancing the utility of the product set. Veda has created a credit score for consumers -- VedaScore. Risk based pricing offers are emerging in the market generating consumer interest in their score and creating opportunities for lead generation. | The launch of GetCreditScore.com.au, in July, powered by VedaScore is the first step in the journey of a ubiquitous VedaScore in Australia and New Zealand. Veda expects to grow its consumer base with this offering as well as generate significant lead generation opportunities as Australian consumers begin to embrace taking control of their credit score. This is seen in markets where positive reporting has matured. |
| | The Collections team has had strong engagement with utilities, banking and government for Receivables Management Solutions which improve bad debt performance and cash flow while reducing back office operating expenses. | Receivable management solutions will continue to be a focus. |
| | The transfer of Australian product capability to the New Zealand market in Verify, Corporate Scorecard and Inivio. | As opportunities arise Veda will transfer existing capabilities to the New Zealand market. |
| | The Kingsway and Prospect Shop acquisitions provide access to the government and not-for-profit segments. | Veda will focus on opportunities to penetrate into complementary adjacent segments. |

| STRATEGY | FY15 ACHIEVEMENTS | FUTURE FOCUS |
|---|---|---|
| **Delivering Innovation for a purpose** | Veda's resilience is demonstrated through its continual growth through economic cycles. This has been achieved by diversifying its product range with revenue that is driven by counter-cyclical factors. These include areas such as investment in fraud, online identity, collections and receivable analytics and products that serve the wealth and employment verification market. | Veda will continue to deliver innovative products in a way that is tailored to the needs of market segments, including online markets, government, wealth, non-traditional finance, utilities and not-for-profits. |
| | Veda made three acquisitions in FY15: Inivio NZ (KMS) in July 2014, Kingsway in September 2014 and The Prospect Shop in December 2014. They are all delivering results in line with expectations. 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 was the case previously. The contribution of these and previous acquisitions to Veda's revenue growth is shown in Figure 1 in Section 1. | Veda will continue to investigate and consider potential acquisitions, partnerships and investments that complement the existing core business. Veda has a strong pipeline of opportunities.<br>Veda continues to explore technology supply arrangements internationally, consistent with the International segment's business in Asia and the Middle East. |
| **Fostering a Culture of collaboration and customer first** | As Veda's product range has expanded, the value provided by transforming products into solutions has increased. It has combined identity verification, credit risk assessment, asset assessment and decisioning. This has assisted customers 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, in collaboration with customers, to meet their needs. |
| | Veda has worked with customers in the wealth segment, helping them to comply with their ASIC Financial Advisor Register obligations, verifying over 5,000 of Australia's financial advisors as part of this process. | Veda will continue to collaborate with customers to provide solutions to challenges as they arise. |
| | 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 reinforce their business case and has supported the development of their product roadmap. | Veda Advisory Services will continue to assist customers to transition to CCR throughout FY16. |

## 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 or 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. 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 *Australian Privacy Act 1988*, Veda manages compliance professionally and assesses all new products and technology developments to ensure they meet Veda's high standards of integrity and security.

### 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, and 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 equity incentive plan 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 by 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 generating predicted returns from acquisitions and joint ventures.

## 5. FY16 Outlook

It is expected that revenue and EBITDA growth for FY16 will be low double digit, barring unforeseen circumstances.

NPAT growth is expected to be somewhat slower than that for EBITDA, reflecting an increased rate of growth in depreciation and amortisation, driven by the investment that is being made in products and data to grow our business and market position. This includes CCR and the significant investment made to build the platform for the future.

It is expected that for FY16 capital expenditure as a per cent of revenue will be broadly the same as for FY15, before gradually declining in the following years.

The dividend payout ratio is expected to be between 50 and 70 per cent of NPAT. Veda intends to commence paying interim dividends in FY16.

# Remuneration Report

## YEAR ENDED 30 JUNE 2015

Following Veda's initial listing as a public company, in last year's Report, Directors indicated the changes they planned to make in FY15 to Veda's executive remuneration. Those changes were designed to align the interests of shareholders and executives in a publicly listed company environment.

In the past year, Directors have reviewed investor feedback in relation to remuneration. The Board also noted positively the 99.94 per cent vote of support for the Remuneration Report received from investors at last year's Annual General Meeting. The Board also considered recent legislative changes and an internal review of benchmarked remuneration data for companies of relatively similar size as well as those in similar sectors.

As a result of that review, Directors have reached the conclusion that the remuneration approach and structure outlined in the 2014 Annual Report and reiterated in Section 2 of the 2015 Remuneration Report remain appropriate, with only nominal changes. The changes that are proposed do not relate to remuneration structure, but instead reflect relatively small adjustments to individual remuneration to ensure they are more aligned to benchmark data.

Those changes are outlined in Section 4 of this Remuneration Report.

In addition, Section 3 of the Remuneration Report demonstrates that remuneration outcomes for Executives reflect performance and are consistent with delivering superior returns to shareholders.

Finally, Section 5 of the Remuneration Report shows Veda's overall governance by, and remuneration arrangements for, Non-Executive Directors. It is considered that effective governance has been exercised by skilled Directors who have a deep understanding of remuneration practices. No increase in Non-Executive Director remuneration is proposed for FY16.

Directors recommend that shareholders consider and support this year's Remuneration Report after reading it in detail.

# 1. Introduction

Last year, in its Remuneration Report, shareholders were informed of Veda's intention to implement a new remuneration structure designed to drive superior outcomes by aligning the interests of staff and shareholders. The new structure was outlined in detail in that report. These changes were necessary because Veda's earlier remuneration structure was more reflective of its prior private sector ownership.

This year, as part of its regular remuneration process, Veda's Directors reviewed the changes previously outlined.

In undertaking that review, Directors considered feedback from shareholders, including the 99.94 per cent vote in favour of the FY14 Remuneration Report. Directors also considered shareholders' comments at the AGM, as well as the input of a large number of investors, proxy advisors and other key stakeholders with whom the Chairman met prior to the AGM.

In addition, the Remuneration and Nomination Committee supervised the undertaking of a comprehensive internal analysis of how Veda's remuneration structure and outcomes compared with market practice for companies of relatively similar size, as well as those in similar sectors. Published Annual Reports were used, along with data supplied by the Hay Group.

As a result of that review, Directors have concluded that Veda's remuneration approach and structure remain appropriate and that only nominal changes are required for FY16 affecting the remuneration of specific Executives. More specifically, Directors ask shareholders to consider that:

- Veda's remuneration structure is appropriate and focussed on delivering sustained superior outcomes for shareholders
- Veda's remuneration outcomes are aligned with delivering superior shareholder outcomes
- For FY16, only minor changes will be made to Veda's remuneration arrangements, and
- Veda's remuneration governance arrangements, including the way Non-Executive Directors are remunerated, are aligned with supporting shareholder interests.

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). This group reports directly to the SLT.

# 2. Veda's remuneration structure is focussed on delivering sustained superior outcomes for shareholders

Last year, the Remuneration Report outlined Veda's proposed remuneration approach going forward. The approach discussed in that report has been implemented this year and is outlined here for ease of access.

## 2.1 The overall objectives are designed to align the interests of staff and shareholders

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

Veda aims to achieve this 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 is operating in ways that reflect the responsibilities of staff for driving the performance of the business. More specifically, changes were put in place in FY15 for members of the SLT and specific members of the ELT, given the key role they play in driving the performance of the business.

Their remuneration consists of the following components:

- Fixed remuneration
- A Short-Term Incentive (STI) that has both a cash element and a deferred component that is paid as Deferred Share Rights (DSRs), and
- A Long-Term Incentive (LTI) that is paid as options.

Each of these elements is discussed below.

## 2.2 Fixed remuneration is benchmarked to the market median to attract quality people who can deliver value for shareholders

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 a cash salary and employer contributions to superannuation.

As a general principle, Directors consider that fixed remuneration should reflect the median of benchmark companies of a similar size and/or in related industries.

To that end, benchmark data was sourced from Annual Reports and the Hay Group.

## 2.3 Short-Term Incentives are designed to drive superior operating performance while encouraging staff attraction and retention

The objective of the STI is to drive superior performance, attract staff to Veda and act as a strong retention mechanism.

The STI encourages those objectives in the following ways:

- Potential STI payments for the SLT are related to corporate performance as determined by revenue, EBITDA, NPAT and cash flow from operations and investment. These are all aspects of performance that are aligned with driving returns to shareholders
- The STI for the CEO and all other members of the SLT are evaluated using the same metrics, resulting in each of them striving to achieve the best overall outcomes for the Group as a whole, including fostering strong cross-selling opportunities and the optimal allocation of resources
- The STI can accelerate and this encourages superior performance
- The deferred component, which is invested in Deferred Share Rights (DSRs) links 30 per cent of an SLT member's At Target STI to Veda's share price, and
- Deferral over three years for the SLT encourages a longer-term view to be taken, more so when linked to the LTI scheme, which is discussed further below.

The key features of the STI scheme that have been introduced are as follows:

*Table 1: Key features of the STI scheme*

| STI PARAMETER | FY15 DESCRIPTION |
|---|---|
| **Allocation of STI** | A participant's STI is set At Target as a percentage of fixed remuneration, which is partly paid in cash and Deferred Share Rights (DSRs) at a predetermined ratio.<br>The At Target cash proportion can be accelerated by up to 175% for stretch targets. The DSRs are not subject to the same acceleration.<br>The At Target potential and extent of acceleration of the cash component reflects an individual's role and responsibilities, with the maximum being capped.<br>Directors retain discretion to make an adjustment to the STI allocation, both up or down.<br>More specifically, for members of the SLT:<br>• Veda's overall performance determines their allocation<br>• The key variables used to determine performance are Revenue/EBITDA (50%); NPAT (25%) and cash flow 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 former New Zealand Managing Director<br>• At Target performance is set by the Board on the recommendation of the Remuneration and Nomination Committee, with a pro rata allocation of up to 175% being possible, only on the cash proportion of the STI, down to 0 per cent, and<br>• A pro rata allocation of up to 175% over the amount of the cash target reflects significant over-achievement relative to the target.<br>For members of the ELT (except for New Zealand, where a different mix operates):<br>• 50% of their outcome is determined by Veda's overall results for revenue and EBITDA<br>• 30% is determined by specific Business Unit outcomes, which will include people objectives<br>• 5% is determined by Customer Satisfaction results as a Performance Score, and<br>• 15% is set with reference to other objectives (including customer and innovation objectives).<br>Each SLT and ELT member is notified of their potential STI after the beginning of the fiscal year. Table 2 below provides that information for Executive KMP who are members of the SLT.<br>Individuals are informed of their KPIs at the beginning of each financial year and the basis for assessing outperformance. |
| **Instruments used** | For the SLT, of the amount finally allocated against potential At Target performance:<br>• 70% is paid in cash<br>• 30% is paid in DSRs, and<br>• Any accelerated amount is only calculated against the At Target cash component and is paid in cash.<br>For designated members of the ELT, of the amount finally allocated against potential At Target performance:<br>• 75% to 85% is paid in cash<br>• 15% to 25% is paid in DSRs, and<br>• Any accelerated amount is calculated against the At Target cash component and is paid in cash.<br>For other members of the ELT, 100% is paid in cash. |
| **Calculation of DSRs** | The dollar value of DSRs reflects actual performance on the basis outlined above.<br>The number of DSRs allocated for that amount reflects an average Volume Weighted Average Price (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. |

| STI PARAMETER | FY15 DESCRIPTION |
|---|---|
| **Vesting of DSRs** | For the SLT, DSRs vest in three equal tranches one, two and three years after the date of grant.<br><br>For designated ELT, DSRs vest in two equal tranches, one and two years after the date of grant, unless the grant is de minimis, in which case it vests at the end of Year 2.<br><br>DSRs vest in all cases provided the employee is 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.<br><br>Approval from shareholders was obtained at the 2014 AGM to ensure that the Company does not infringe Terminations Benefit Legislation in cases where employees are Directors or Officers and where discretion is exercised. |
| **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:<br><br>• 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, or a voluntary winding up of the Company, or a court approved arrangement or scheme<br><br>• On termination of employment due to death, disability, genuine retirement or redundancy, as defined in the Veda Group Equity Incentive Plan Rules, or<br><br>• In other rare circumstances where the Board determines it to be appropriate.<br><br>Approval from shareholders was obtained at the 2014 AGM to ensure that the Company does not infringe Terminations Benefit Legislation in cases where employees are Directors or Officers and where 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.<br><br>Non-compliance may result in summary dismissal. |

In addition, for staff below the 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 vested DSRs 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, the At Target and Maximum STI was disclosed in the 2014 Annual Report for the FY15 financial year. Maximum potential was to reflect the At Target STI, plus the potential acceleration of only the cash component. The information disclosed was as follows:

*Table 2: Executive KMP: At Target STI as a percent of fixed remuneration for FY15*

| NAME | FIXED REMUNERATION | AT TARGET STI AS % OF FIXED REMUNERATION | MAXIMUM STI AS % OF FIXED REMUNERATION |
|---|---|---|---|
| Nerida Caesar | $1,100,000 | 85% | 129.6% |
| James Orlando | $476,470 | 57% | 86.9% |
| Simon Bligh | $460,000 | 85% | 129.6% |
| Tim Courtright | $400,000 | 65% | 99.1% |
| John Wilson | $459,641 | 85% | 129.6% |

On 1 April 2015, Mr Bligh stepped down as Chief Data Officer, following the announcement on 27 February that he was planning to resign. As a result, from 1 April 2015, Mr Bligh was no longer categorised as KMP and disclosure in relation to his payments reflects his time in the KMP role. In addition, due to his intended resignation, he was no longer eligible for Deferred STIs for FY15. On 1 April, Mr Lionel Lopez became Chief Data Officer and a KMP, having commenced employment on 17 March 2015 on an annual fixed remuneration of $440,000. Mr Lopez's At Target STI as a percentage of fixed remuneration for the period he was employed in FY15 is 65 per cent, with his maximum STI as a percentage of fixed remuneration for the same period being 99.1 per cent.

## 2.4 Long-term incentives are designed to align the interests of senior staff and shareholders over the longer term

The objective of the Long-Term Incentive Scheme (LTI) 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 total return to shareholders. Further alignment is achieved by having the LTI hurdle linked to Total Shareholder Returns (TSR).

The LTI scheme is applicable to members of the SLT (including those not designated as Executive KMP) and key members of the ELT. It came into effect in FY15. The first grant will be made subsequent to the end of FY15. It is envisaged that the potential for a grant will be made each year going forward.

These LTI awards will be delivered in the form of Options. The value of an option will be determined independently by PriceWaterhouseCoopers using the fair market value of the option at the date of grant. The Black-Scholes option pricing model and a Monte Carlo simulation will be used to determine the probability that hurdles will be met.

Fair value will be used for the following reasons:

- Options do not attract dividends
- Options are subject to a relative TSR hurdle against the ASX 200, with a requirement to exceed the 50th percentile. By definition, this means that only 50 per cent of all companies can be expected to exceed such a hurdle
- 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" calculated using the Black-Scholes option pricing model and a Monte Carlo simulation.

Each relevant member of staff was notified of their potential allocation at the beginning of the financial year. They were informed that any grant at year end would reflect both their performance in the past financial year and their potential to make an ongoing significant contribution to Veda's future.

The At Target allocation for Executive KMP, as indicated in the 2014 Remuneration Report, is outlined in Table 3.

*Table 3: Executive KMP: potential maximum allocations of LTI FY15*

| NAME | AT TARGET LTI AS % OF FIXED REMUNERATION |
|---|---|
| Nerida Caesar | 50% |
| James Orlando | 30% |
| Simon Bligh | 40% |
| Tim Courtright | 40% |
| John Wilson | 40% |

Mr Bligh will not be allocated LTI because he indicated during the year that he was planning to resign. Mr Lionel Lopez commenced employment with Veda Group on 17 March 2015 and became a KMP on 1 April 2015. As part of his employment conditions, his potential LTI allocation for FY15 is 40 per cent of fixed remuneration for the period he is employed.

The At Target allocation to other members of the SLT and specified members of the ELT will be between 15 per cent and 40 per cent, dependent on an individual's role and responsibilities.

**The key features of the LTI scheme are as follows:**

*Table 4: Key features of the LTI scheme*

| STI PARAMETER | FY15 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. |
| **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.<br><br>The fair value is calculated using the Black-Scholes methodology with a Monte Carlo simulation that takes into account market conditions; that no dividends are paid on options; that there are performance hurdles; and that an exercise price needs to be paid by the member of staff.<br><br>The exercise price for the Options is the volume weighted average market price of Veda shares traded on the ASX in the 30 trading days prior to the date of grant.<br><br>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. |
| **Relative TSR hurdle and vesting schedule** | If the participant remains an eligible employee (subject to specific exclusions outlined in "Early Vesting"), options vest in equal tranches at the end of years three and four.<br><br>The options are subject to 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 years after the grant is made, subject to the factors outlined below:<br><br>(a) If at the end of years three or four (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 per cent of the options become exercisable<br><br>(b) If at the end of years three or four (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 per cent of the options become exercisable<br><br>(c) If at the end of years three or four (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 per cent, and<br><br>(d) If at the end of years three or four (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.<br><br>Prior to vesting and the allocation of shares, unvested and unexercised options carry no voting rights or entitlement to dividends.<br><br>In order to exercise vested options, the exercise price must be paid before the shares can be allotted.<br><br>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]. |
| **Re-testing** | There is no re-testing. Any unvested LTI after the test at the end of the performance period lapses immediately. |

[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.

| | |
|---|---|
| **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:<br>• 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, or the voluntary winding up of the Company, or a court approved arrangement or scheme<br>• On termination of employment due to death, disability, genuine retirement or redundancy, as defined in the Veda Group Equity Incentive Plan Rules, or<br>• In other rare circumstances where the Board determines it to be appropriate.<br>Approval from shareholders has been obtained to ensure that the Company does not infringe Terminations Benefit Legislation in cases where employees are Directors or Officers and where discretion is exercised. |
| **Exercise period, expiry and forfeiture** | 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.<br>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 10 years after grant. The maximum length before exercise has been extended from 7 to 10 years following a recent Federal Government legislative change. |
| **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 performance hurdles or are otherwise unvested.<br>Non-compliance may result in summary dismissal. |

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.

## 2.5 Taken together, these elements of remuneration should drive superior outcomes

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

The way this occurs can be seen in Table 5.

***Table 5: Summary of the executive remuneration system***

| | REMUNERATION COMPONENT | DELIVERY VEHICLE | PERFORMANCE MEASURE | POLICY WEIGHTING SECTION 2.2[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 | **Corporate Measure 1** Revenue and EBITDA | **STI AT RISK At Target** MD 85% Other KMP 57%–85% | Underpins real annual earnings growth |
| | | | **Corporate Measure 2** NPAT | | Reflects a key driver of shareholder returns |
| | | | **Corporate Measure 3** Cash flow from Operations | | Promotes prudent use of capital on 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 | **Allocation measure:** Personal performance and development potential **Vesting measure:** Relative TSR (ASX 200) | **LTI AT RISK** 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.

***Table 6: Remuneration mix: FY15***

| NAME | PROPORTION DEFERRED[1] |
|---|---|
| Nerida Caesar | 32% |
| Jim Orlando | 25% |
| Tim Courtright | 29% |
| John Wilson | 29% |

[1] Total is the Aggregate Reward At Target incentive outcomes.

Because Mr Bligh indicated that he intended to resign, he is not eligible for Deferred STI or LTI, and as a consequence, his deferred proportion is zero per cent. The proportion deferred for Mr Lopez, who became KMP on 1 April 2015, prorated for the time he has been KMP, is 29 per cent.

# 3. Veda's remuneration outcomes are aligned with delivering superior shareholder outcomes

Veda has delivered strong financial results in FY15. Revenue and EBITDA have both increased significantly compared to FY14, in line with guidance released in last year's Annual Report. In addition, since listing, underlying shareholder returns have been strong as shown in Table 7.

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 delivered strong financial returns over the past year and, since listing, has delivered superior returns to shareholders

Table 7 provides information on outcomes for shareholders and for executive remuneration. Given that Veda only listed in December 2013, comparative data for FY13 and prior years 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 five years on a comparable basis.

***Table 7: Veda's Performance and Remuneration Outcomes***

| PERFORMANCE MEASURES | | FY15 | FY14 | FY13 | FY12 | FY11 | GROWTH 2014 TO 2015 | 4YR CAGR 2011 TO 2015 |
|---|---|---|---|---|---|---|---|---|
| **Revenue**[1] | $m | 338.8 | 302.0 | 268.6 | 243.1 | 208.7 | 12.2% | 12.9% |
| **EBITDA**[1] | $m | 144.5 | 129.0 | 107.0 | 78.3 | 77.7 | 12.0% | 16.8% |
| **NPAT**[1] | $m | 78.4 | 68.9 | n/a | n/a | n/a | 13.8% | n/a |
| **TSR**[2] | | 14.0% | 58.4% | n/a | | | | |
| **EXECUTIVE REMUNERATION MEASURES** | | | | | | | | |
| Staff costs[1] | $m | 97.4 | 84.5 | 75.9 | 71.4 | 56.3 | | |
| Staff costs to revenue ratio | | 28.8% | 28.0% | 28.3% | 29.4% | 27.0% | | |
| Average staff headcount | | 669 | 585 | 566 | | | | |
| Actual staff headcount[3] | | 722 | 612 | 565 | | | | |
| Statutory remuneration – CEO | $m | 2.0 | 8.3 | 2.5 | | | | |
| Non-IPO related remuneration – CEO[4] | $m | 2.0 | 1.5 | 1.9 | | | | |
| Statutory remuneration – Executive KMP[5] | $m | 4.9 | 16.1 | 4.6 | | | | |
| Non-IPO related remuneration – Executive | | | | | | | | |
| KMP[6] | $m | 4.9 | 4.5 | 4.8 | | | | |

1 Pro forma amounts are included for FY14 and for previous years as the Board are of the opinion that these most appropriately represent the Group's underlying historical performance. They exclude one-off significant items and owner management fees and include pro forma listed company costs and are presented as per the 2013 Prospectus.

2 Veda listed on 5 December 2013, therefore, FY14 TSR growth can only be reported from 5 December 2013.

3 As at 30 June.

4 Total amount shown in Appendix 3 of the Remuneration Report, excluding Management Performance Shares (MPS) expenses for FY13 and MPS and options expenses for FY14.

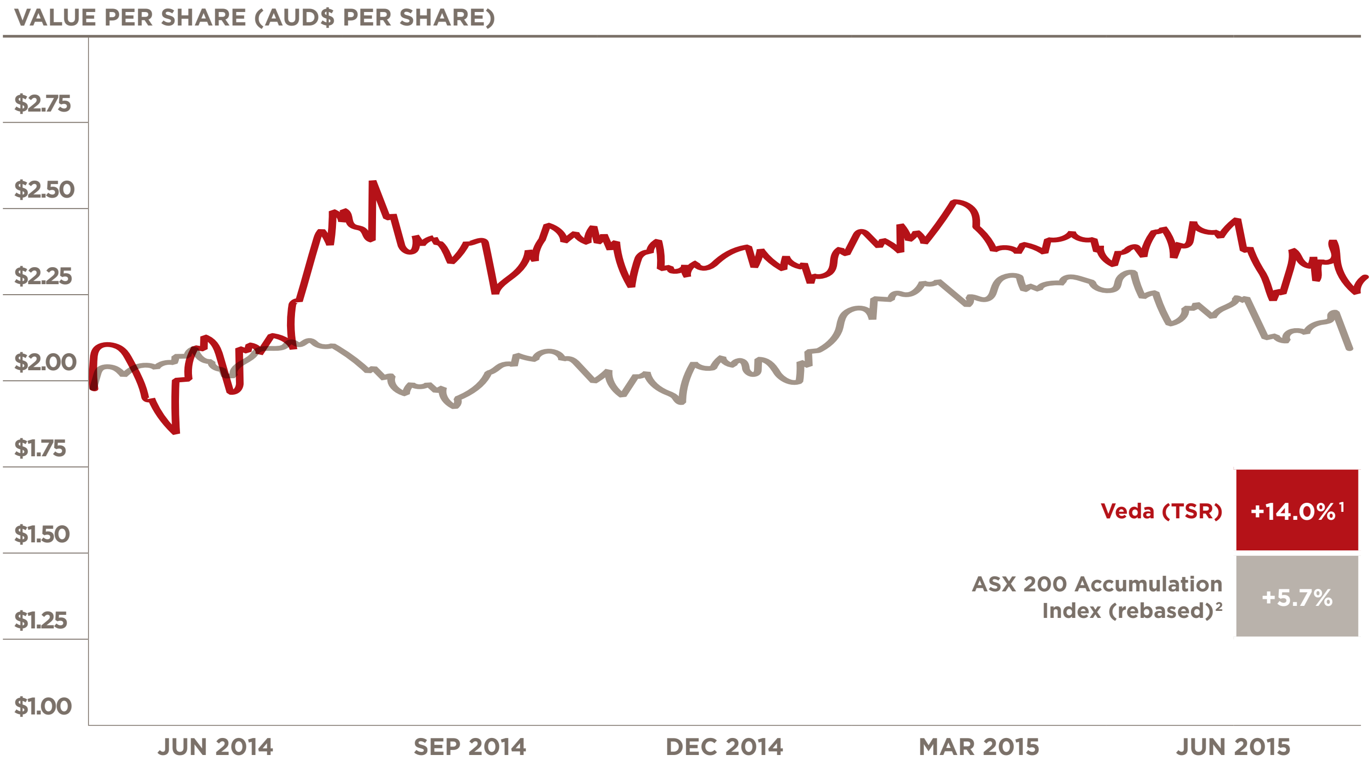
5 Mr Lopez commenced as a KMP on 1 April 2015, after Mr Bligh stepped down from his role as a KMP on 1 April 2015. Mr Orlando commenced in May 2013. Only actual amounts earned during their tenure as a KMP have been included for these employees.

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

## VEDA HAS PERFORMED WELL 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) over the year ended 30 June 2015.

***Table 8: Veda's TSR versus the All Ords Year ended 30 June 2015***




[1] Veda declared a 4 cent per share dividend which was paid on 9 October 2014. Assumes gross dividends reinvested in Veda shares at 9 October 2014.

[2] ASX 200 Accumulation index rebased to Veda at 30 June 2014.

The key price-sensitive events for Veda in the 2015 financial year have been the payment of its FY14 final dividend in October 2014 and the release of its half-year results in February 2015. Veda's TSR for FY15 was 14.0 per cent while the ASX 200 Accumulation Index increased by 5.7 per cent over the same period[(1)].

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

## 3.2. Veda's remuneration outcomes for executives are aligned with performance

This section of the Remuneration Report outlines the specific remuneration outcomes for KMP for FY15. It shows the remuneration allocated to executives during the year rather than the way remuneration needs to be accounted for under the accounting standards. Appendix 3 shows statutory remuneration disclosures in accordance with the required accounting standards.

### 3.2.1. Fixed remuneration was paid in accordance with stated intentions

Management received fixed remuneration in line with the amounts indicated in the FY14 Remuneration Report as per Table 9. The following exceptions are noted. On 27 February, 2015, Mr Bligh announced his intention to retire. Mr Bligh stepped down from his role as a KMP on 1 April 2015. Mr Lopez was appointed as Chief Data Officer and became a KMP on 1 April 2015. The fixed remuneration outlined below reflects the period each was designated as KMP.

***Table 9: Profile of FY15 fixed remuneration for KMP***

| NAME | ROLE | FIXED REMUNERATION ($)* |
|---|---|---|
| **Nerida Caesar** | Chief Executive Officer | 1,100,000 |
| **James Orlando** | Chief Financial Officer | 476,470 |
| **Simon Bligh** | Chief Data Officer | 345,000 |
| **Tim Courtright** | Executive General Manager – Sales | 400,000 |
| **John Wilson** | Executive General Manager – Product & Market Development | 459,651 |
| **Lionel Lopez** | Chief Data Officer | 109,970 |

* 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).

### 3.2.2. Short-Term Incentive payments have reflected defined performance

STI payments for KMP have been determined in accordance with the approach outlined in Section 2.3 above. The specific outcomes are outlined below.

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

The revenue, EBITDA and cash flow performance for FY15 against the matrix has resulted in achievement of an STI outcome for SLT of 105 per cent.

More specifically, the corporate performance, against which STI payments have been made, is as follows:

***Table 10: Benchmarks on which STI allocations have been made***

| MEASUREMENT | 2015 $'m | 2014 $'m |
|---|---|---|
| Revenue | 338.8 | 302.0 |
| EBITDA | 144.5 | 129.0 |
| Net cash flow from operating activities and net cash flow from investing activities | 83.4 | 73.2 |
| NPAT | 78.4 | n/a |

The outcome for each executive KMP is outlined in Table 11.

*Table 11: Profile of FY15 and FY14 STI allocations for KMP*

| INDIVIDUAL | YEAR | FIXED REMUNER-ATION[1] | % STI ON TARGET | % ALLOCATED | STI CASH PAYMENT | STI DEFERRED AWARD | IPO BONUS | TOTAL STI ALLOCATED |
|---|---|---|---|---|---|---|---|---|
| **Nerida Caesar** | 2015 | $1,100,000 | 85% | 88% | $687,225 | $280,500 | – | $967,725 |
| | 2014 | $900,000 | 56% | 64% | $577,500 | – | $1,350,000 | $1,927,500 |
| **James Orlando** | 2015 | $476,470 | 57% | 59% | $199,500 | $81,429 | – | $280,929 |
| | 2014 | $476,470 | 40% | 46% | $219,450 | – | $476,470 | $695,920 |
| **Simon Bligh[2]** | 2015 | $345,000 | 85% | 68% | $215,539 | – | – | $215,539 |
| | 2014 | $435,890 | 69% | 79% | $346,500 | – | $435,890 | $782,390 |
| **Tim Courtright** | 2015 | $400,000 | 65% | 67% | $191,100 | $78,000 | – | $269,100 |
| | 2014 | $400,000 | 45% | 52% | $207,900 | – | – | $207,900 |
| **John Wilson** | 2015 | $459,651 | 85% | 88% | $287,167 | $117,211 | – | $404,378 |
| | 2014 | $458,643 | 60% | 69% | $317,625 | – | – | $317,625 |
| **Lionel Lopez[2]** | 2015 | $109,970 | 65% | 67% | $52,553 | $21,450 | – | $74,003 |
| | 2014 | - | n/a | n/a | – | – | – | – |

1 Includes superannuation.

2 Mr Lopez commenced on 17 March 2015 and became Chief Data Officer on 1 April 2015 and Mr Bligh ceased as a KMP on 1 April 2015. The remuneration for these Executives reflects their time in their KMP roles. Mr Bligh will only receive the cash component of his STI because he had announced his intention to resign.

## 3.2.3. LTI has been allocated on the basis as defined

The Board, on the recommendation of the Remuneration and Nomination Committee, has undertaken a review of the performance of each KMP. As a consequence of that review, the Board proposes that the value of options issued under the LTI scheme will be as defined in Table 12. In making these awards the Board has taken into account the performance of each Executive and their ability to make an ongoing contribution to the future of the business. No comparison is provided for 2014 because an LTI scheme in the same form has only operated for FY15. In the case of the CEO, shareholder approval for her award will be sought.

*Table 12: LTI Awards to Executive KMP*

| INDIVIDUAL | FIXED REMUNERATION[1] | LTI APPORTION AS A % OF FIXED | FY15 ALLOCATION AS A % OF APPORTION | FY15 LTI ALLOCATION |
|---|---|---|---|---|
| **Nerida Caesar** | $1,100,000 | 50% | 100% | $550,000 |
| **James Orlando** | $476,470 | 30% | 100% | $142,941 |
| **Simon Bligh[2]** | $345,000 | 40% | 100% | – |
| **Tim Courtright** | $400,000 | 40% | 100% | $160,000 |
| **John Wilson** | $459,651 | 40% | 100% | $183,861 |
| **Lionel Lopez[2]** | $109,970 | 40% | 100% | $43,988 |

1 Includes superannuation.

2 Mr Lopez commenced on 17 March 2015 and took over as Chief Data Officer on 1 April 2015 and Mr Bligh ceased as a KMP on 1 April 2015. The remuneration of each of these executives reflects their time in their KMP role. Mr Bligh will only receive the cash component of his STI because he had announced his intention to resign.

### 3.2.4. Total allocated remuneration is appropriate

In summary, the total allocated remuneration for all KMP, prorated in the case of Mr Bligh and Mr Lopez for FY15, is as follows. No comparison with 2014 is provided because an LTI scheme in the same form was not operational.

***Table 13: Executive KMP total allocated remuneration for FY15***

| INDIVIDUAL | FIXED REMUNERATION[1] | STI CASH | STI DEFERRED[3] | LTI[3] | TOTAL ALLOCATED REMUNERATION |
|---|---|---|---|---|---|
| Nerida Caesar | $1,100,000 | $687,225 | $280,500 | $550,000 | $2,617,725 |
| James Orlando | $476,470 | $199,500 | $81,429 | $142,941 | $900,340 |
| Simon Bligh[2] | $345,000 | $215,539 | – | – | $560,539 |
| Tim Courtright | $400,000 | $191,100 | $78,000 | $160,000 | $829,100 |
| John Wilson | $459,651 | $287,167 | $117,211 | $183,861 | $1,047,890 |
| Lionel Lopez[2] | $109,970 | $52,553 | $21,450 | $43,988 | $227,961 |

[1] Includes superannuation.

[2] Mr Lopez commenced on 17 March 2015 and took over as Chief Data Officer on 1 April 2015 and Mr Bligh ceased as a KMP on 1 April 2015. The remuneration of each of these executives reflects their time in their KMP role. Mr Bligh will only receive the cash component of his STI because he had announced his intention to resign.

[3] The full value of STI and LTI awards allocated to each executive for the 2015 financial year. Appendix 3 shows the amortised accounting value which is recognised over the relevant performance and service periods in accordance with the required accounting standards.

## 4. For FY16, only minor adjustments will be made to Veda's remuneration arrangements

For FY16, no structural changes are proposed to the design of Veda's executive remuneration approach.

However, some minor adjustments are proposed that are designed to bring specific remuneration closer to Veda's articulated policy. Those changes relate primarily to fixed remuneration, where a number of Executives are below the stated remuneration objective of paying at market median.

More specifically, the following adjustments to fixed remuneration are being made:

***Table 14: KMP fixed remuneration for FY16***

| INDIVIDUAL | FIXED REMUNERATION |
|---|---|
| Nerida Caesar | $1,200,000 |
| Tim Courtright | $450,000 |
| Lionel Lopez | $450,000 |
| James Orlando | $488,000 |
| John Wilson | $470,000 |

Other nominal changes are being made as follows:

- LTI as a proportion of Fixed Remuneration will be increased
  - for the CEO from 50 per cent to 60 per cent
  - for Mr Orlando from 30 per cent to 40 per cent
- STI for Mr Courtright will be increased from 65 per cent to 70 per cent.

In addition, following recent government reform, the vesting period for options has been increased from 7 years to 10 years.

The weighting of measurements for STI performance for FY16 will be as follows:

| MEASUREMENTS | % WEIGHT |
|---|---|
| Revenue/EBITDA | 45% |
| Net cash flow from operating activities and net cash flow from investing activities | 20% |
| NPAT | 35% |

## 5. Veda's governance and remuneration arrangements for Non-Executive Directors are aligned with supporting shareholder interests

Veda's Board of Directors is committed to ensuring strong corporate governance in relation to remuneration. It does this by acting independently of management; exercising effective remuneration governance principles; independently benchmarking remuneration data; as well as ensuring Non-Executive Directors are remunerated in ways that maintain their independence.

### 5.1. The Remuneration and Nomination Committee and the Board act independently of management in making remuneration decisions

The Remuneration and Nomination Committee is comprised of three Non-Executive Directors. All Committee members are diligent in ensuring they have a comprehensive understanding of Veda and the way remuneration drives performance.

***Table 15: Remuneration and Nomination Committee FY15***

| 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 backgrounds or as members of the committees of other boards.

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 Remuneration and Nomination 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, which they regularly do.

The Remuneration and Nomination Committee have a regular meeting cycle and met six times during FY15. Directors' attendance at the meetings is set out in the Directors' Report.

The Board also pays 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 guidelines on declaring and dealing with conflicts of interest. These are rigidly followed by the 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 the upholding of Veda's values.

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

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

## 5.2. Effective remuneration governance principles are being exercised

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

Governance responsibilities are clearly defined. The main responsibilities of the Board and the Remuneration and Nomination Committee are described in Table 16.

***Table 16: Responsibilities of the Board and the Remuneration and Nomination Committee***

| | APPROVED BY THE BOARD (on recommendation of the Remuneration and Nomination Committee) | APPROVED BY THE REMUNERATION AND NOMINATION COMMITTEE |
|---|---|---|
| **Executive Remuneration Structure** | • The remuneration strategy, policy and structure and compliance with legal and regulatory requirements<br>• Levels of delegated responsibility to the Remuneration and Nomination Committee and management for remuneration-related decisions<br>• 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<br>• Individual remuneration for KMP and other members of the Executive Management Team<br>• Allocations made under all equity based remuneration plans | • Identification of the employee population that receives deferred at-risk remuneration<br>• Remuneration recommendations in relation to the Senior Leadership Team<br>• Recommending performance-based components of remuneration and targets as they relate to incentive plans, including equity-based payments<br>• Specific remuneration related matters as delegated by the Board |
| **Non-Executive Director Remuneration** | • The remuneration framework for Non-Executive Directors<br>• Remuneration for Non-Executive Director fees (subject to the maximum aggregate amount being approved by shareholders) | |

## 5.3. Benchmarked data has been assessed with adequate independence

Each year the Remuneration and Nomination Committee examines Veda's remuneration system as part of a regular review process. Sometimes this is done by employing an external group to assist. However, because of the significant review undertaken in FY14, in FY15, analysis of benchmark data was undertaken internally. The data was based on information obtained from Annual Reports and the Hay Group.

The data was checked in detail by the Remuneration and Nomination Committee, allowing the Board to be satisfied that the information was objective and free from influence by KMP.

## 5.4. Veda's Non-Executive Directors are remunerated in ways that maintain their independence

Veda's Non-Executive Directors are 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, 3 and 4 of this Report. This reflects their different roles.

### 5.4.1. The structure of Non-Executive Directors' remuneration is linked to their governance role and they are not paid in shares

Remuneration arrangements for Non-Executive Directors are set by reference to market rates for companies of comparable size, being the same companies used for comparison with executive roles.

Non-Executive Directors do not receive:

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

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

### 5.4.2. The fees paid to Non-Executive Directors are appropriate

Non-Executive Directors are remunerated for their work on the Board as well as on committees. Those fees for FY15 were as follows:

***Table 17: Fees to Non-Executive Directors***

| ROLE | CHAIRMAN | MEMBER |
|---|---|---|
| Board | $300,000 | $150,000 |
| Remuneration and Nomination Committee | $25,000 | $15,000 |
| Audit and Risk Committee | $25,000 | $15,000 |

A review of Non-Executive Director remuneration was undertaken towards the end of FY15. It was found that Non-Executive Director fees are broadly in line with market, although the remuneration for the Chairman is below the median for Directors of companies of broadly comparable market capitalisation and complexity. Notwithstanding this finding, no increase has been recommended for the Chairman, although it has been determined that the fee she is paid as Chairman of the Remuneration and Nomination Committee should be combined with her overall fee.

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 in FY14 as part of the significant additional work associated with the IPO and other discretionary efforts since listing. No such fees have been paid in FY15.

All fees are inclusive of statutory superannuation.

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

Veda's Non-Executive Directors 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.

### 5.4.3. 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 of 80,000 shares. The policy now reflects a fixed number of shares, rather than its being tightly related to a year's equivalent of base Directors' fees, as was previously the case. The timeframe has also been amended to two years, rather than three years from the date of their appointment, over which the shares can be accumulated. The shareholding requirement for Non-Executive Directors will be periodically reviewed.

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.

# Appendices: Key Management Personnel (KMP) Disclosures

## Appendix 1: KMP

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 2001* (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 18: Key Management Personnel for FY15***

| | | CHANGES NOTED |
|---|---|---|
| **NON-EXECUTIVE DIRECTORS** | | |
| **H Nugent** | Independent Chairman | |
| **B Beeren** | Independent | |
| **D Eilert** | Independent | |
| **P Shergold** | Independent | |
| **A Kerwick** | Non-Executive | |
| **G Hutchinson** | Non-Executive | Resigned 25 March 2015 |
| **S Sargent** | Independent | Appointed 25 March 2015 |
| **EXECUTIVE DIRECTORS** | | |
| **N Caesar** | Chief Executive Officer | |
| **EXECUTIVES** | | |
| **J Orlando** | Chief Financial Officer | |
| **S Bligh** | Chief Data Officer | Ceased as KMP 1 April 2015 |
| **T Courtright** | Executive General Manager – Sales | |
| **J Wilson** | Executive General Manager – Product & Market Development | |
| **L Lopez** | Chief Data Officer | Appointed 17 March 2015<br>Became KMP 1 April 2015 |

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.

# Appendix 2: Contractual arrangements for Executive KMP

The table below sets out the main terms and conditions of the employment contracts of the Executive KPM (excluding Non-Executive Directors) as at 30 June 2015.

*Table 19: 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<br>• Immediate for serious misconduct or other circumstances warranting summary dismissal<br>• Restraint-of-trade period of twelve months. | • Payment in lieu of notice at Company discretion based on total fixed remuneration<br>• For termination or resignation without cause and with notice, pro rata at risk remuneration payable based on achievement of KPI's for the relevant period. |
| **Chief Financial Officer** | Ongoing (no fixed term) | • Six months either party<br>• Immediate for serious misconduct or other circumstances warranting summary dismissal<br>• Restraint-of-trade period of six months. | • Payment in lieu of notice at Company discretion based on total fixed remuneration. |
| **Chief Data Officer – Simon Bligh**<br>(Mr Bligh ceased as a KMP on 1 April 2015) | Ongoing (no fixed term) | • Three months either party<br>• Immediate for serious misconduct or other circumstances warranting summary dismissal<br>• Restraint-of-trade period of six months. | • Payment in lieu of notice at Company discretion based on total fixed remuneration<br>• 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. |
| **Chief Data Officer – Lionel Lopez**<br>(Mr Lopez commenced as a KMP on 1 April 2015) | Ongoing (no fixed term) | • Six months either party<br>• Immediate for serious misconduct or other circumstances warranting summary dismissal<br>• Restraint-of-trade period of six months. | • Payment in lieu of notice at Company discretion based on total fixed remuneration<br>• 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<br>• Immediate for serious misconduct or other circumstances warranting summary dismissal<br>• Restraint-of-trade period of six months. | • Payment in lieu of notice at Company discretion based on total fixed remuneration<br>• 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<br>• Immediate for serious misconduct or other circumstances warranting summary dismissal<br>• Restraint-of-trade period of six months. | • Payment in lieu of notice at Company discretion based on total fixed remuneration<br>• 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. |

# Appendix 3: Statutory remuneration disclosures (in accordance with Australian Accounting Standards)

*Table 20: Remuneration of KMP – FY15*

| NAME | FINANCIAL YEAR | SHORT-TERM EMPLOYEE BENEFITS ($) | | | | |
|---|---|---|---|---|---|---|
| | | BASE | | | | |
| | | SALARY AND FEES [i] | SUPER-ANNUATION | OTHER (NON-MONETARY) BENEFITS | PERFORMANCE RELATED REMUNERATION [ii] | TOTAL SHORT TERM EMPLOYEE BENEFITS |
| **Executive Director** | | | | | | |
| Nerida Caesar | 2015 | 1,081,217 | 18,783 | 5,421 | 687,225 | 1,792,646 |
| | 2014 | 882,225 | 17,775 | 4,161 | 1,927,500 | 2,831,661 |
| **Other Key Management Personnel** | | | | | | |
| James Orlando | 2015 | 457,687 | 18,783 | 5,421 | 199,500 | 681,391 |
| | 2014 | 458,695 | 17,775 | 4,161 | 695,920 | 1,176,551 |
| Simon Bligh | 2015 | 330,912 | 14,088 | – | 215,539 | 560,539 |
| | 2014 | 418,115 | 17,775 | – | 882,390 | 1,318,280 |
| Tim Courtright | 2015 | 381,217 | 18,783 | 5,421 | 191,100 | 596,521 |
| | 2014 | 382,225 | 17,775 | 4,161 | 207,900 | 612,061 |
| John Wilson | 2015 | 440,868 | 18,783 | 5,421 | 287,167 | 752,240 |
| | 2014 | 440,868 | 17,775 | 4,161 | 317,625 | 780,429 |
| Lionel Lopez | 2015 | 105,274 | 4,696 | 1,169 | 52,553 | 163,692 |
| **Non-Executive Directors (current)** | | | | | | |
| Helen Nugent | 2015 | 308,300 | 18,783 | – | – | 327,083 |
| | 2014 | 318,634 | 13,878 | – | – | 332,512 |
| Bruce Beeren | 2015 | 160,685 | 14,315 | – | – | 175,000 |
| | 2014 | 162,716 | 15,051 | – | – | 177,767 |
| Diana Eilert | 2015 | 150,685 | 14,315 | – | – | 165,000 |
| | 2014 | 135,080 | 12,495 | – | – | 147,575 |
| Peter Shergold | 2015 | 150,685 | 14,315 | – | – | 165,000 |
| | 2014 | 133,918 | 12,387 | – | – | 146,305 |
| Anthony Kerwick | 2015 | 142,977 | 13,583 | – | – | 156,560 |
| | 2014 | 92,519 | 8,558 | – | – | 101,077 |
| Steven Sargent | 2015 | 38,200 | 3,629 | – | – | 41,829 |
| **Non-Executive Directors (former)** | | | | | | |
| Geoff Hutchinson | 2015 | 113,014 | 10,736 | – | – | 123,750 |
| | 2014 | 84,809 | 7,845 | – | – | 92,654 |
| **Total** | **2015** | **3,861,722** | **183,593** | **22,854** | **1,633,084** | **5,701,252** |
| | **2014** | **3,509,803** | **159,089** | **16,646** | **4,031,335** | **7,716,873** |

(i) 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.

(ii) This amount represents the actual cash STI to be paid in September (for the previous financial year). For FY14 it includes an IPO bonus and a $100,000 additional cash retention bonus for Simon Bligh based on his initial contract from 2010.

(iii) This amount includes the expense associated with the Management Performance Shares (MPS) modification at IPO and normal MPS expense up until modification (1 July 2013 to IPO date).

| SHARE-BASED PAYMENTS ($) | | | | | | | |
|---|---|---|---|---|---|---|---|
| MANAGEMENT PERFORMANCE SHARES (III) | IPO OPTIONS | STI DSRs (IV) | LTI OPTIONS (V) | TOTAL SHARE-BASED PAYMENTS | TOTAL REMUNERATION ($) | % OF EQUITY SETTLED REMUNERATION (VI) | % OF REMUNERATION PERFORMANCE RELATED |
| | | | | | | | |
| - | - | 84,410 | 103,125 | 187,535 | 1,980,181 | 9% | 44% |
| 3,925,343 | 1,520,000 | - | - | 5,445,343 | 8,277,004 | 66% | 89% |
| | | | | | | | |
| - | - | 24,504 | 26,801 | 51,305 | 732,697 | 7% | 34% |
| 535,916 | 137,156 | - | - | 673,073 | 1,849,624 | 36% | 74% |
| - | - | - | - | - | 560,539 | 0% | 38% |
| 571,337 | 241,396 | - | - | 812,733 | 2,131,013 | 38% | 80% |
| - | - | 23,472 | 30,000 | 53,472 | 649,993 | 8% | 38% |
| 488,376 | 192,848 | - | - | 681,225 | 1,293,286 | 53% | 69% |
| - | - | 35,195 | 34,398 | 69,593 | 821,832 | 8% | 43% |
| 518,433 | 231,418 | - | - | 749,851 | 1,530,280 | 49% | 70% |
| - | - | 7,695 | 9,834 | 17,529 | 181,221 | 10% | 36% |
| | | | | | | | |
| - | - | - | - | - | 327,083 | 0% | 0% |
| - | - | - | - | - | 332,512 | 0% | 0% |
| - | - | - | - | - | 175,000 | 0% | 0% |
| - | - | - | - | - | 177,767 | 0% | 0% |
| - | - | - | - | - | 165,000 | 0% | 0% |
| - | - | - | - | - | 147,575 | 0% | 0% |
| - | - | - | - | - | 165,000 | 0% | 0% |
| - | - | - | - | - | 146,305 | 0% | 0% |
| - | - | - | - | - | 156,560 | 0% | 0% |
| - | - | - | - | - | 101,077 | 0% | 0% |
| - | - | - | - | - | 41,829 | 0% | 0% |
| | | | | | | | |
| - | - | - | - | - | 123,750 | 0% | 0% |
| - | - | - | - | - | 92,654 | 0% | 0% |
| **-** | **-** | **175,275** | **204,159** | **379,434** | **6,080,686** | | |
| **6,039,405** | **2,322,818** | **-** | **-** | **8,362,223** | **16,079,096** | | |

(IV) This amount represents the current year amortisation expense related to the STI DSRs expected to be issued to employees in September 2015 (based on the employees' performance for the 2015 financial year) calculated as described in Note [19(a)(i)] to the Financial Statements. The vesting conditions are described in Table 1 and the full value of the 2015 STI DSRs to be awarded is described in Table 11.

(V) This amount represents the current year amortisation expense related to the LTI options expected to be issued to employees in September 2015 (based on the employees' performance for the 2015 financial year) calculated as described in Note [19(a)(ii)] to the Financial Statements. The vesting conditions are described in Table 4 and the full value of the 2015 LTI options to be awarded is described in Table 12.

(VI) The percentage of equity settled remuneration is lower in FY15 due to the fact that remuneration from STI DSRs and LTI options are spread over a number of years and have only commenced being earned in FY15. The remuneration related to these DSRs and LTI options should increase in future years as more are issued each year going forward.

# Appendix 4: Shares, MPS and options disclosures

There were no shares, MPS or options over ordinary shares in the Company granted as compensation to any KMP during the reporting period.

STI DSRs and LTI options are granted in the financial year following the year of the Company's performance to which the grant relates. For example, STI DSRs and LTI options relating to the Executive KMP performance in the 2015 financial year will be granted in September 2015.

## MOVEMENTS IN OPTIONS OVER EQUITY INSTRUMENTS AND MPS DURING THE YEAR

There were no MPS held directly, indirectly or beneficially, by any KMP, including their related parties, during the reporting period.

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

***Table 21: Options over equity instruments***

| | HELD AT 1 JULY 2014 | GRANTED AS COMPENSATION | EXERCISED | OTHER CHANGES | HELD AT 30 JUNE 2015 | VESTED DURING THE YEAR | VESTED AND EXERCISABLE AT 30 JUNE 2015 |
|---|---|---|---|---|---|---|---|
| **Options** | | | | | | | |
| **Nerida Caesar** | 25,000,000 | – | – | – | 25,000,000 | – | 25,000,000 |
| **James Orlando** | 2,255,862 | – | – | – | 2,255,862 | – | 2,255,862 |
| **Simon Bligh** | 3,970,322 | – | – | – | 3,970,322 | – | 3,970,322 |
| **Tim Courtright** | 3,171,850 | – | – | – | 3,171,850 | – | 3,171,850 |
| **John Wilson** | 3,806,214 | – | – | – | 3,806,214 | – | 3,806,214 |

## LOANS TO KMP AND THEIR RELATED PARTIES

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 FY14.

Prior to the IPO in December 2013, the 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 reclassified 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 per cent of Tranche A shares; and 100 per cent of Tranches B and C
- 14.4 million shares (Tranche A) were reclassified and the reclassification price was varied from $1.00 to $0.25.

To fund the reclassification amount, executives were offered a full recourse loan at market rates. 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). No further reclassification loans have been provided in FY15. 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 22: Loans to KMP and related parties*

| | BALANCE AT 1 JULY 2014 $ | BALANCE AT 30 JUNE 2015 $ | INTEREST CHARGED $ | HIGHEST BALANCE IN PERIOD $ |
|---|---|---|---|---|
| Nerida Caesar | 1,607,378 | 1,607,378 | 95,377 | 1,607,378 |
| James Orlando | 132,929 | 264,746 | 12,787 | 264,746 |
| Simon Bligh | 233,955 | – | 2,784 | 233,955 |
| Tim Courtright | 186,905 | 186,905 | 11,090 | 186,905 |
| John Wilson | 374,285 | 374,285 | 13,308 | 374,285 |

**Note**

James Orlando was provided a loan in FY15 to fund the payment of tax paid on Management Performance Shares issued to him in FY14. This is in line with the agreement made with him in FY14.

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 2015, are as follows:

*Table 23: Aggregate of loans made to KMP and related parties*

| | OPENING BALANCE $ | CLOSING BALANCE $ | INTEREST CHARGED $ | NUMBER IN GROUP AT 30 JUNE 2015 |
|---|---|---|---|---|
| Total for Key Management Personnel and their related parties | 2,535,452 | 2,433,314 | 135,347 | 4 |

## KMP TRANSACTIONS – MOVEMENT IN ORDINARY SHARES

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

*Table 24: Movement in ordinary shares*

| | HELD AT 1 JULY 2014 | RECEIVED ON EXERCISE OF OPTIONS | ACQUIRED DURING THE YEAR | SOLD DURING THE YEAR | HELD AT 30 JUNE 2015 |
|---|---|---|---|---|---|
| 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) | – |
| Steven Sargent | – | – | 66,000 | – | 66,000 |
| Nerida Caesar | 6,648,039 | – | – | – | 6,648,039 |
| James Orlando | 691,723 | – | – | – | 691,723 |
| Simon Bligh | 1,335,822 | – | – | (800,997) | 534,825 |
| Tim Courtright | 887,828 | – | – | – | 887,828 |
| John Wilson | 1,747,140 | – | – | – | 1,747,140 |

**Veda Group Limited and its Controlled Entities**
**Directors' report**
**30 June 2015**
(continued)

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

Helen Nugent
Chairman

Sydney
27 August 2015

KPMG

***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 2015 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 2015

# Financial Statements

YEAR ENDING 30 JUNE 2015

# Consolidated statement of profit or loss and other comprehensive income

| | NOTE | 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| Revenue from continuing operations | 6 | **338,767** | 302,049 |
| | | | |
| Costs of external data and products used for resale | | **(61,716)** | (56,365) |
| Employee benefits expense | | **(97,393)** | (84,246) |
| Depreciation and amortisation expense | | **(27,863)** | (23,049) |
| Software, technology and communication costs | | **(12,091)** | (11,070) |
| Occupancy costs | | **(5,483)** | (5,075) |
| Management fees | | **–** | (1,786) |
| Professional and legal fees | | **(4,149)** | (3,782) |
| Travel and accommodation | | **(2,880)** | (1,971) |
| Marketing and publications | | **(4,293)** | (4,264) |
| Other operating expenses | | **(6,310)** | (5,138) |
| IPO related expenses | 7 | **–** | (25,677) |
| Finance income | | **678** | 1,119 |
| Finance expenses | 8 | **(13,326)** | (50,395) |
| Share of net profit from associates | 14 | **3,167** | 2,536 |
| **Profit before income tax** | | **107,108** | 32,886 |
| Income tax expense | 9 | **(28,689)** | (10,228) |
| **Profit after income tax** | | **78,419** | 22,658 |
| | | | |
| **Other comprehensive income**<br>Items that may be reclassified subsequently to profit or loss: | | | |
| Effective portion of changes in fair value of cash flow hedges, net of tax | 8 | **75** | 370 |
| Exchange differences on translation of foreign operations | | **(741)** | 7,808 |
| **Other comprehensive income for the year, net of tax** | | **(666)** | 8,178 |
| **Total comprehensive income for the year** | | **77,753** | 30,836 |
| | | | |
| **Profit after income tax is attributable to:** | | | |
| Owners of Veda Group Limited | | **77,919** | 22,403 |
| Non-controlling interests | | **500** | 255 |
| | | **78,419** | 22,658 |
| **Total comprehensive income for the year is attributable to:** | | | |
| Owners of Veda Group Limited | | **77,210** | 30,512 |
| Non-controlling interests | | **543** | 324 |
| | | **77,753** | 30,836 |
| **Earnings per Parent share** | | | |
| Basic – cents | 21 | **9.3** | 3.2 |
| Diluted – cents | 21 | **9.2** | 3.2 |

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

# Consolidated balance sheet

| | NOTE | 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 10(a) | **29,799** | 30,028 |
| Trade and other receivables | 10(b) | **47,503** | 39,416 |
| Other prepayments and deposits | | **2,485** | 2,603 |
| **Total current assets** | | **79,787** | 72,047 |
| **Non-current assets** | | | |
| Receivables | 10(b) | **2,801** | 3,754 |
| Investments in equity-accounted investees | 14 | **33,920** | 30,790 |
| Property, plant and equipment | 11(a) | **4,772** | 4,110 |
| Deferred tax assets | 11(b) | **14,940** | 38,459 |
| Intangible assets | 11(c) | **938,129** | 910,237 |
| **Total non-current assets** | | **994,562** | 987,350 |
| **Total assets** | | **1,074,349** | 1,059,397 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 10(c) | **29,843** | 26,133 |
| Deferred revenue | | **7,439** | 6,640 |
| Derivative financial instruments | | **–** | 108 |
| Current tax liabilities | | **2,317** | 689 |
| Provisions | 11(e) | **3,867** | 1,477 |
| Employee benefit obligations | 11(f) | **16,512** | 16,303 |
| **Total current liabilities** | | **59,978** | 51,350 |
| **Non-current liabilities** | | | |
| Borrowings | 10(d) | **226,615** | 267,931 |
| Provisions | 11(e) | **7,038** | 5,339 |
| Employee benefit obligations | 11(f) | **1,458** | 1,105 |
| Other non-current payables | | **6,080** | 6,080 |
| **Total non-current liabilities** | | **241,191** | 280,455 |
| **Total liabilities** | | **301,169** | 331,805 |
| **Net assets** | | **773,180** | 727,592 |
| **EQUITY** | | | |
| Contributed equity | 12(a) | **792,161** | 791,364 |
| Other reserves | 12(b) | **10,985** | 10,787 |
| Accumulated losses | 12(c) | **(32,555)** | (76,605) |
| **Capital and reserves attributable to owners of Veda Group Limited** | | **770,591** | 725,546 |
| Non-controlling interests | | **2,589** | 2,046 |
| **Total equity** | | **773,180** | 727,592 |

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

# Consolidated statement of changes in equity

| | NOTE | ATTRIBUTABLE TO OWNERS OF VEDA GROUP LIMITED AND ITS CONTROLLED ENTITIES | | | | | |
|---|---|---|---|---|---|---|---|
| | | CONTRIBUTED EQUITY $'000 | OTHER RESERVES $'000 | ACCUMULATED LOSSES $'000 | TOTAL $'000 | NON-CONTROLLING INTERESTS $'000 | TOTAL EQUITY $'000 |
| **2015** | | | | | | | |
| **Balance at 1 July 2014** | | 791,364 | 10,787 | (76,605) | 725,546 | 2,046 | 727,592 |
| **Profit after income tax** | | – | – | 77,919 | 77,919 | 500 | 78,419 |
| **Other comprehensive income:** | | | | | | | |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | – | 75 | – | 75 | – | 75 |
| Exchange differences on translation of foreign operations | | – | (784) | – | (784) | 43 | (741) |
| **Total other comprehensive income** | | – | (709) | – | (709) | 43 | (666) |
| **Transactions with owners in their capacity as owners:** | | | | | | | |
| Dividends | 12(a) | – | – | (33,869) | (33,869) | – | (33,869) |
| Share based payments | 12(b) | – | 907 | – | 907 | – | 907 |
| Share options exercised | 12(a) | 797 | – | – | 797 | – | 797 |
| | | 797 | 907 | (33,869) | (32,165) | – | (32,165) |
| **Balance at 30 June 2015** | | 792,161 | 10,985 | (32,555) | 770,591 | 2,589 | 773,180 |

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

# Consolidated statement of changes in equity

| | NOTE | ATTRIBUTABLE TO OWNERS OF VEDA GROUP LIMITED AND ITS CONTROLLED ENTITIES | | | | | |
|---|---|---|---|---|---|---|---|
| | | CONTRIBUTED EQUITY $'000 | OTHER 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 other 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 | 12(a) | 374,492 | – | – | 374,492 | – | 374,492 |
| Share based payments | 12(b) | – | 3,230 | – | 3,230 | – | 3,230 |
| Capital reduction | 12(a) | (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.

# Consolidated statement of cash flows

| | NOTE | 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | **368,942** | 336,806 |
| Payments to suppliers and employees (inclusive of GST) | | **(227,758)** | (204,302) |
| | | **141,184** | 132,504 |
| Income taxes paid | | **(4,543)** | (3,030) |
| Interest received | | **708** | 1,001 |
| **Net cash inflow from operating activities** | | **137,349** | 130,475 |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for acquisition of subsidiaries, net of cash acquired | 25 | **(4,470)** | (1,203) |
| Payments for property, plant and equipment | | **(2,342)** | (850) |
| Payments for systems software and data | | **(50,237)** | (45,267) |
| Management loans | | **952** | (3,434) |
| Dividends received | | **2,777** | 312 |
| Contingent consideration paid | | **(653)** | (6,839) |
| **Net cash outflow from investing activities** | | **(53,973)** | (57,281) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issues of shares and other equity securities | | **797** | 358,357 |
| Proceeds from borrowings | | **30,000** | 317,499 |
| Repayment of borrowings | | **(67,104)** | (707,722) |
| Dividends paid to company's shareholders | | **(33,869)** | – |
| IPO related costs | | **–** | (13,238) |
| Borrowing costs | | **–** | (1,419) |
| Withholding tax payments | | **–** | (1,982) |
| Interest and other costs paid on financial debt | | **(13,136)** | (21,728) |
| Other | | **–** | (900) |
| **Net cash outflow from financing activities** | | **(83,312)** | (71,133) |
| | | | |
| **Net increase in cash and cash equivalents** | | **64** | 2,061 |
| 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 | | **(293)** | 413 |
| **Cash and cash equivalents at end of year** | 10(a) | **29,799** | 30,028 |

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 27 August 2015.

# 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).

## (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.

#### *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 Cash Generating Unit (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.

## 2. Basis of preparation (continued)

***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 three 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

### (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 other comprehensive income (OCI) of equity-accounted investees, until the date on which significant influence or joint control ceases.

### (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.

#### *(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 comprise 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.

# 3. Significant accounting policies (continued)

## (C) FINANCIAL INSTRUMENTS (CONTINUED)

### *(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.

### *(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 per cent.

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.

### *(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.

### *(iv) Software*

Computer software comprises computer application system software and licences. Costs incurred in developing products or systems and costs incurred in acquiring software and licences 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)

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) 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.

***(vi) 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.

***(vii) 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.

***(viii) 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 approximately 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.

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.

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 corporate bonds at the reporting date that have maturity dates approximating to the terms of the Group's obligations.

# 3. Significant accounting policies (continued)

## (H) EMPLOYEE BENEFITS (CONTINUED)

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.

In the current financial year, the fair value at grant date is determined using a Black-Scholes option-pricing model and a Monte Carlo simulation 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'*

A provision for make-good costs for leased property is recognised when a make-good obligation exists in the lease contracts. The provision is the best estimate of the present value of the expenditure required to settle the make-good obligation at the reporting date. Future make-good costs are reviewed annually and any changes are reflected in the present value of the make-good provision at the end of the reporting period.

### *(iii) Contingent consideration*

Contingent consideration for Veda Group consists of future earn-out payments in conjunction with business acquisitions. Future contingent consideration payments are reviewed annually and any changes are reflected in the present value of the earn-out provision at the end of the reporting period.

## (J) REVENUE

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.

#### *(iii) Income from software licence fees*

Revenue from software licences 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 comprises interest expense on borrowings, and the unwinding of future values 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.

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.

## 3. Significant accounting policies (continued)

***(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.

### (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 assessment of 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
- 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.

## 4. New accounting standards and interpretations

***(i) New accounting standards adopted***

During the financial year ended 30 June 2015 the Group adopted the following standards:

- AASB 2013-2 Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2014-1 Part A: Annual improvements 2010-2012 and 2011-2013 cycles
- AASB 2014-1 Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119).

As a result of adopting the new accounting standards and amendments the Group has made various changes to accounting policies which have had no material impact on the Group.

***(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 2015 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.

AASB 15 Revenue from Contracts with Customers is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Group has no intention of early adopting this standard. The Group has not yet completed its assessment of the potential impact on its consolidated financial statements resulting from the application of AASB 15.

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

| | AUSTRALIA $'000 | INTERNATIONAL $0'000 | TOTAL $'000 |
|---|---|---|---|
| **2015** | | | |
| **Total segment revenue** | **300,514** | **38,253** | **338,767** |
| **Operating EBITDA** | **125,919** | **18,533** | **144,452** |
| | | | |
| Depreciation and amortisation | **–** | **–** | **(27,863)** |
| Net finance costs | **–** | **–** | **(12,648)** |
| Income tax (expense)/benefit | **–** | **–** | **(28,689)** |
| Share of profit from associates | **–** | **–** | **3,167** |
| **Profit after income tax** | | | **78,419** |
| **2014** | | | |
| **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)/benefit | – | – | (10,228) |
| Share of profit from associates | – | – | 2,536 |
| **Profit after income tax** | | | 22,658 |

Note
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortisation

## INFORMATION ABOUT SIMILAR PRODUCTS AND SERVICES

In addition to the reportable segments of Australia and International, the Group provides revenues from external customers for groups of similar products and services as detailed in Note [6].

## 6. Revenue

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Sales Revenue** | | |
| Credit and other enquiry revenue | **253,128** | 235,203 |
| Marketing solutions (services and software) | **28,733** | 19,348 |
| Subscription and product revenue | **56,906** | 47,498 |
| | **338,767** | 302,049 |
| **Segment revenue** | | |
| Consumer Risk and Identity | **110,031** | 100,010 |
| Commercial Risk and Information Services | **134,414** | 125,718 |
| B2C and Marketing | **56,069** | 40,727 |
| **Australia** | **300,514** | 266,455 |
| **International** | **38,253** | 35,594 |
| **Total revenue** | **338,767** | 302,049 |

## 7. IPO related costs

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Employee benefit expenses | **-** | 15,224 |
| Professional and legal fees | **-** | 9,870 |
| Finance costs, net | **-** | 583 |
| **Total IPO related expenses** | **-** | 25,677 |

## 8. Finance expenses

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Bank interest and finance charges paid/payable | **13,075** | 33,750 |
| Net foreign exchange (gains)/losses | **(224)** | 252 |
| Write-off of capitalised borrowing costs | **-** | 12,847 |
| Amortisation of capitalised borrowing costs | **475** | 3,546 |
| **Finance costs recognised in profit or loss, net** | **13,326** | 50,395 |
| | | |
| **Recognised directly in other comprehensive income** | | |
| Effective portion of changes in fair value of cash flow hedges | **108** | 528 |
| Tax on finance expenses recognised in other comprehensive income | **(33)** | (158) |
| **Finance income recognised directly in other comprehensive income** | **75** | 370 |

## 9. Tax expense

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Tax recognised in profit or loss** | | |
| Current tax expense | **5,461** | 2,794 |
| Deferred tax expense | **23,897** | 8,100 |
| (Over)/under provided in prior years | **(669)** | (666) |
| **Total income tax expense** | **28,689** | 10,228 |
| **Numerical reconciliation between tax expense and pre-tax accounting profit** | | |
| Profit before tax | **107,108** | 32,886 |
| Income tax at 30% | **32,132** | 9,866 |
| **Tax effect of amounts which are not deductible (taxable) in calculating taxable income:** | | |
| R&D offset | **(1,758)** | (1,994) |
| Share-based payments | **–** | 3,303 |
| Business combination cost expensed | **45** | 186 |
| Share of net profit of associates | **(957)** | (762) |
| (Over)/under provided in prior years | **(669)** | (666) |
| Other items (net) | **(104)** | 295 |
| **Tax expense recognised in the profit or loss** | **28,689** | 10,228 |
| **Tax recognised in other comprehensive income** | | |
| Changes in fair value of cash flow hedges | **(33)** | (158) |

# 10. Financial assets and financial liabilities

The Group holds the following financial instruments:

| | CASH FLOW HEDGE - HEDGING INSTRUMENTS $'000 | CASH, LOANS AND RECEIVABLES $'000 | OTHER FINANCIAL LIABILITIES $'000 | TOTAL $'000 | FAIR VALUE $'000 |
|---|---|---|---|---|---|
| **30 June 2015** | | | | | |
| Cash and cash equivalents | **-** | **29,799** | **-** | **29,799** | **29,799** |
| Trade and other receivables | **-** | **50,304** | **-** | **50,304** | **50,304** |
| Trade and other payables | **-** | **-** | **(29,843)** | **(29,843)** | **(29,843)** |
| Loans and borrowings | **-** | **-** | **(226,615)** | **(226,615)** | **(220,198)** |
| Deferred acquisition consideration | **-** | **-** | **(7,705)** | **(7,705)** | **(7,705)** |
| Derivative financial instruments | **-** | **-** | **-** | **-** | **-** |
| | **-** | **80,103** | **(264,163)** | **(184,060)** | **(177,643)** |
| **30 June 2014** | | | | | |
| Cash and cash equivalents | - | 30,028 | - | 30,028 | 30,028 |
| Trade and other receivables | - | 43,170 | - | 43,170 | 43,170 |
| Trade and other 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) |

The Group's exposure to various risks associated with the financial instruments is discussed in Note [13]. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

## (A) CASH AND CASH EQUIVALENTS

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Current assets** | | |
| Bank balances | **8,734** | 15,412 |
| Deposits at call | **21,065** | 14,616 |
| **Cash and cash equivalents in the consolidated statement of cash flows** | **29,799** | 30,028 |

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets are disclosed in Note [13].

*Reconciliation of profit to cash flows from operating activities*

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Profit after income tax | **78,419** | 22,658 |
| Depreciation and amortisation | **27,863** | 23,049 |
| IPO related expenses | **-** | 25,677 |
| Contingent consideration | **-** | 622 |
| Equity-settled share-based payment expense | **907** | - |
| Interest expense | **13,326** | 50,400 |
| Share of profits of associates accounted for using the equity method | **(3,167)** | (2,536) |
| Unrealised foreign exchange (gain)/loss | **141** | (483) |

# 10. Financial assets and financial liabilities (continued)

## (A) CASH AND CASH EQUIVALENTS (CONTINUED)

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Change in operating assets and liabilities:** | | |
| Change in trade and other receivables | **(6,745)** | (2,567) |
| Change in deferred tax assets | **22,589** | 7,504 |
| Change in other operating assets | **118** | 1,396 |
| Change in trade and other payables | **1,736** | 682 |
| Change in other operating liabilities | **799** | 3,414 |
| Changes in current tax liabilities | **1,414** | (246) |
| Change in other provisions | **(51)** | 905 |
| **Net cash from operating activities** | **137,349** | 130,475 |

## (B) TRADE AND OTHER RECEIVABLES

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | CURRENT $'000 | NON-CURRENT $'000 | TOTAL $'000 | CURRENT $'000 | NON-CURRENT $'000 | TOTAL $'000 |
| Trade receivables | **44,528** | **–** | **44,528** | 37,851 | – | 37,851 |
| Allowance for impairment of receivables (see Note [13(a)]) | **(269)** | **–** | **(269)** | (304) | – | (304) |
| | **44,259** | **–** | **44,259** | **37,547** | **–** | **37,547** |
| Management share plan loans | **–** | **2,801** | **2,801** | – | 3,754 | 3,754 |
| Other receivables | **3,244** | **–** | **3,244** | 1,869 | – | 1,869 |
| | **47,503** | **2,801** | **50,304** | 39,416 | 3,754 | 43,170 |

Further information relating to loans to related parties and key management personnel is set out in Note [18].

## (C) TRADE AND OTHER PAYABLES

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Current liabilities** | | |
| Trade payables | **29,283** | 25,384 |
| Accrued expenses | **560** | 749 |
| | **29,843** | 26,133 |

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note [13].

## (D) LOANS AND BORROWINGS

On 10 December 2013, the Group established a three-year unsecured revolving facilities agreement consisting of an AUD $240 million facility (of which up to NZD $40 million can be drawn) and a NZD $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.

### (D) LOANS AND BORROWINGS (CONTINUED)

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 a $10 million bank guarantee facility to support its standard business operational requirements for bank guarantees. This facility is drawn to $7.6 million as at 30 June 2015 (30 June 2014: $8.0 million).

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Unsecured** **Non-current** | | |
| Senior Australian debt | **121,000** | 146,000 |
| Senior New Zealand debt | **106,317** | 123,115 |
| Capitalised borrowing costs | **(702)** | (1,184) |
| **Total unsecured non-current borrowings** | **226,615** | 267,931 |
| **Total interest-bearing liabilities** | **226,615** | 267,931 |

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

| | | 30 JUNE 2015 | | 30 JUNE 2014 | |
|---|---|---|---|---|---|
| | MATURITY | FACILITY $'000 | UTILISED $'000 | FACILITY $'000 | UTILISED $'000 |
| Revolving credit facility A | December 2016 | **240,000** | **144,229** | 240,000 | 182,375 |
| Revolving credit facility B[1] | December 2016 | **83,088** | **83,088** | 86,740 | 86,740 |
| Less: cash and cash equivalents | | | **(29,799)** | | (30,028) |
| Less: capitalised borrowings costs | | | **(702)** | | (1,184) |
| **Net bank debt** | | **323,088** | **196,816** | 326,740 | 237,903 |

[1] NZD denominated debt of NZD $93 million converted to AUD at an exchange rate of 0.8934 (2014: 0.9327).

# 11. Non-financial assets and liabilities

## (A) PROPERTY, PLANT AND EQUIPMENT

| | FURNITURE, FITTINGS AND EQUIPMENT $'000 | LEASEHOLD IMPROVEMENTS $'000 | TOTAL $'000 |
|---|---|---|---|
| **At 30 June 2015** | | | |
| Cost | **14,170** | **8,162** | **22,332** |
| Accumulated depreciation | **(11,388)** | **(6,172)** | **(17,560)** |
| **Net book amount** | **2,782** | **1,990** | **4,772** |
| | | | |
| Opening net book amount | **1,497** | **2,613** | **4,110** |
| Additions | **2,262** | **40** | **2,302** |
| Business combinations | **47** | **–** | **47** |
| Depreciation charge | **(1,005)** | **(655)** | **(1,660)** |
| Exchange differences – Cost | **(64)** | **(35)** | **(99)** |
| Exchange differences – Accumulated depreciation | **45** | **27** | **72** |
| **Balance as at 30 June 2015** | **2,782** | **1,990** | **4,772** |
| | | | |
| **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 |
| | | | |
| 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 |

## (B) DEFERRED TAX BALANCES

### *(i) Deferred tax assets*

| | NOTE | 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| **The balance comprises temporary differences attributable to:** | | | |
| Value of carry-forward tax losses recognised | | **22,303** | 37,594 |
| Employee benefits | | **5,599** | 5,106 |
| Cash flow hedges | | **–** | 33 |
| Deferred revenue | | **1,769** | 751 |
| Make-good provision | | **312** | 338 |
| Capital costs deductible over 5 years | | **4,658** | 6,236 |
| Database subject to copyright | | **–** | (1,486) |
| Lease incentives provision | | **619** | 714 |
| Other items | | **113** | 262 |
| **Total deferred tax assets** | | **35,373** | 49,548 |
| Set-off of deferred tax liabilities pursuant to set-off provisions | 11(b)(ii) | **(20,433)** | (11,089) |
| **Net deferred tax assets** | | **14,940** | 38,459 |

# 11. Non-financial assets and liabilities (continued)

## (B) DEFERRED TAX BALANCES (CONTINUED)

| | TAX LOSSES $'000 | CAPITAL COSTS DEDUCTIBLE OVER 5 YEARS $'000 | EMPLOYEE BENEFITS $'000 | DATABASES SUBJECT TO COPYRIGHT[1] $'000 |
|---|---|---|---|---|
| **2015** | | | | |
| At 1 July 2014 | **37,594** | **6,236** | **5,106** | **–** |
| (Charged)/credited - to profit or loss | **(16,528)** | **(1,592)** | **507** | **–** |
| - directly to equity | **–** | **–** | **–** | **–** |
| Acquisition of subsidiary | **–** | **–** | **21** | **–** |
| Under-provided in prior years | **1,237** | **14** | **–** | **–** |
| Exchange rate | **–** | **–** | **(35)** | **–** |
| **Balance as at 30 June 2015** | **22,303** | **4,658** | **5,599** | **–** |
| **2014** | | | | |
| At 1 July 2013 | 37,303 | (597) | 4,929 | 2,574 |
| (Charged)/credited - to profit or loss | (1,229) | (1,003) | 158 | (2,729) |
| - directly to equity | – | 7,836 | – | – |
| Acquisition of subsidiary | – | – | 4 | – |
| Under-provided in prior years | 1,531 | – | 31 | (1,331) |
| Exchange rate | (11) | – | (16) | – |
| **Balance as at 30 June 2014** | 37,594 | 6,236 | 5,106 | (1,486) |

[1] Closing balance from 30 June 2014 moved to deferred tax liability table.

| DEFERRED REVENUE $'000 | LEASE INCENTIVES PROVISION $'000 | CASH FLOW HEDGES $'000 | OTHER PROVISIONS $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **751** | **714** | **33** | **600** | **51,034** |
| **177** | **217** | **–** | **(496)** | **(17,715)** |
| **–** | **–** | **(33)** | **–** | **(33)** |
| **–** | **–** | **–** | **–** | **21** |
| **886** | **–** | **–** | **(3)** | **2,134** |
| **(45)** | **–** | **–** | **12** | **(68)** |
| **1,769** | **931** | **–** | **113** | **35,373** |
| – | 806 | 225 | 605 | 45,845 |
| 387 | (121) | – | 294 | (4,243) |
| – | – | (255) | – | 7,581 |
| – | – | – | – | 4 |
| 447 | 23 | 63 | (294) | 470 |
| (83) | 6 | – | (5) | (109) |
| 751 | 714 | 33 | 600 | 49,548 |

# 11. Non-financial assets and liabilities (continued)

## (B) DEFERRED TAX BALANCES (CONTINUED)

### *(ii) Deferred tax liabilities*

| | NOTE | 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| **The balance comprises temporary differences attributable to:** | | | |
| Customer relationships | | **1,131** | 770 |
| Depreciation and amortisation | | **14,348** | 9,224 |
| Brand name | | **1,081** | 1,095 |
| Databases subject to copyright | | **3,873** | – |
| **Total deferred tax liabilities** | | **20,433** | 11,089 |
| Set-off of deferred tax liabilities pursuant to set-off provisions | 11(b)(i) | **(20,433)** | (11,089) |
| **Net deferred tax liabilities** | | **–** | – |

| | DEPRECIATION AND AMORTISATION $'000 | OTHER INTANGIBLE ASSETS $'000 | CUSTOMER RELATIONSHIPS $'000 | BRAND NAME $'000 | DATABASES SUBJECT TO COPYRIGHT[1] $'000 | TOTAL $'000 |
|---|---|---|---|---|---|---|
| **2015**<br>At 1 July 2014 | **9,224** | **–** | **770** | **1,095** | **1,486** | **12,575** |
| Charged/(credited)<br>- profit or loss | **4,094** | **–** | **(219)** | **5** | **2,252** | **6,132** |
| Acquired in business combinations | **140** | **–** | **580** | **–** | **122** | **842** |
| Over/(Under) prior year | **913** | **–** | **–** | **(19)** | **11** | **905** |
| Exchange rate | **(23)** | **–** | **–** | **–** | **2** | **(21)** |
| **At 30 June 2015** | **14,348** | **–** | **1,131** | **1,081** | **3,873** | **20,433** |
| **2014**<br>At 1 July 2013 | 5,282 | 78 | 783 | 1,080 | – | 7,223 |
| Charged/(credited)<br>- profit or loss | 3,983 | – | (262) | 28 | – | 3,749 |
| Acquired in business combinations | – | – | 243 | – | – | 243 |
| Over/(Under) prior year | (41) | (78) | 5 | (13) | – | (127) |
| Exchange rate | – | – | 1 | – | – | 1 |
| **At 30 June 2014** | 9,224 | – | 770 | 1,095 | – | 11,089 |

[1] 1 July 2014 opening balance moved from deferred tax assets table

## (C) INTANGIBLE ASSETS

| | GOOD-WILL $'000 | BRAND NAMES $'000 | COMPUTER SOFTWARE $'000 | SOFTWARE DEV. IN PROGRESS $'000 | DATA-BASES $'000 | DATA SETS $'000 | CUSTOMER CONTRACTS & RELATION SHIPS $'000 | TOTAL $'000 |
|---|---|---|---|---|---|---|---|---|
| **At 30 June 2015** | | | | | | | | |
| Cost | **816,287** | **5,137** | **201,653** | **26,557** | **17,757** | **33,891** | **87,515** | **1,188,797** |
| Accumulated amortisation | **–** | **–** | **(139,604)** | **–** | **(17,047)** | **(10,285)** | **(83,732)** | **(250,668)** |
| **Net book amount** | **816,287** | **5,137** | **62,049** | **26,557** | **710** | **23,606** | **3,783** | **938,129** |
| | | | | | | | | |
| Opening net book amount | **817,990** | **4,644** | **53,746** | **17,422** | **269** | **13,585** | **2,581** | **910,237** |
| Acquisition of business | **6,328** | **493** | **951** | **–** | **679** | **–** | **1,944** | **10,395** |
| Additions | **–** | **–** | **2,684** | **32,799** | **–** | **16,251** | **–** | **51,734** |
| Transfers to computer software | **–** | **–** | **23,636** | **(23,636)** | **–** | **–** | **–** | **–** |
| Amortisation charge | **–** | **–** | **(18,955)** | **-** | **(245)** | **(6,230)** | **(772)** | **(26,202)** |
| Exchange rate movement - Cost | **(8,031)** | **–** | **(539)** | **(28)** | **(116)** | **–** | **(844)** | **(9,558)** |
| Exchange rate movement - Accumulated amortisation | **–** | **–** | **526** | **–** | **123** | **–** | **874** | **1,523** |
| **Balance as at 30 June 2015** | **816,287** | **5,137** | **62,049** | **26,557** | **710** | **23,606** | **3,783** | **938,129** |
| | | | | | | | | |
| **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 |
| | | | | | | | | |
| 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 | – | – | 1,627 | 32,347 | – | 12,553 | – | 46,527 |
| Transfers to computer software | – | – | 39,953 | (39,953) | – | – | – | – |
| Amortisation charge | – | – | (17,313) | – | (118) | (3,558) | (872) | (21,861) |
| Exchange rate movement - Cost | 18,988 | – | 1,203 | 156 | 364 | – | 1,994 | 22,705 |
| Exchange rate movement - 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 |

# 11. Non-financial assets and liabilities (continued)

## (C) INTANGIBLE ASSETS (CONTINUED)

### *Impairment testing for cash-generating units*

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

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Australia | **731,544** | 708,230 |
| International | **206,585** | 202,007 |
| | **938,129** | 910,237 |

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 | |
|---|---|---|---|---|
| | 2015 % | 2014 % | 2015 % | 2014 % |
| Australia | **11.7** | 12.7 | **11.2** | 10.3 |
| International | **12.2** | 11.9 | **11.9** | 10.6 |

### *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% (2014: 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 FY16 budget and management three-year plans. The cash flow forecast for the remaining two years has 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 New Zealand growth rates are slightly higher due to the Group's expectations of future growth.

## 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.

## (D) CUSTOMER CONTRACTS AND RELATIONSHIPS

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

## (E) PROVISIONS

*Movements in provisions*

| | LEASE INCENTIVES $'000 | DEFERRED ACQUISTION CONSIDERATION $'000 | OTHER PROVISIONS $'000 | TOTAL PROVISIONS $'000 |
|---|---|---|---|---|
| **2015** | | | | |
| Balance at start of the year | **2,378** | **3,076** | **1,362** | **6,816** |
| Provisions made | **–** | **325** | **47** | **372** |
| Provisions used | **(343)** | **(653)** | **(235)** | **(1,231)** |
| Acquired through business combination | **–** | **4,957** | **–** | **4,957** |
| Effect of movements in exchange rates | **(3)** | **–** | **(6)** | **(9)** |
| **Carrying amount at end of year** | **2,032** | **7,705** | **1,168** | **10,905** |
| | | | | |
| Current | **514** | **3,261** | **92** | **3,867** |
| Non-current | **1,518** | **4,444** | **1,076** | **7,038** |
| | **2,032** | **7,705** | **1,168** | **10,905** |
| | | | | |
| **2014** | | | | |
| 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 year** | 2,378 | 3,076 | 1,362 | 6,816 |
| | | | | |
| Current | 533 | 621 | 323 | 1,477 |
| Non-current | 1,845 | 2,455 | 1,039 | 5,339 |
| | 2,378 | 3,076 | 1,362 | 6,816 |

## (F) EMPLOYEE BENEFIT OBLIGATIONS

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Current** | | |
| Liability for annual leave | **3,738** | 2,941 |
| Liability for long service leave | **1,845** | 1,684 |
| Liability for bonus and other employment liabilities | **10,929** | 11,678 |
| | **16,512** | 16,303 |
| **Non-current** | | |
| Liability for long service leave | **1,458** | 1,105 |

# 12. Equity

## (A) CAPITAL AND RESERVES

### *Issued and paid up capital*

| | 2015 SHARES '000 | 2014 SHARES '000 | 2015 $'000 | 2014 $'000 |
|---|---|---|---|---|
| Ordinary shares - fully paid | **842,455** | 842,055 | **792,161** | 791,364 |

### *Movements in ordinary share capital*

| DATE | DETAILS | NUMBER OF SHARES '000 | ISSUE PRICE | $'000 |
|---|---|---|---|---|
| **2015** | | | | |
| 1 July 2014 | Opening balance | **842,055** | | **791,364** |
| 31 March 2015 | Options series 1 exercised | **216** | **$1.90** | **410** |
| 31 March 2015 | Options series 2 exercised | **184** | **$2.10** | **387** |
| | **Closing balance** | **842,455** | | **792,161** |
| **2014** | | | | |
| 1 July 2013 | Opening balance | 513,029 | – | 512,911 |
| 15 November 2013 | Capital reduction | – | – | (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 | – | – | 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) | – | – | (18,318) |
| | **Closing balance** | 842,055 | | 791,364 |

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*

The following dividends were declared or paid by the Company:

| | CENTS PER SHARE | TOTAL AMOUNT $'000 | DATE OF PAYMENT |
|---|---|---|---|
| Final ordinary 2015 | 6.0 | 50,547 | 8 October 2015 |
| Final ordinary 2014 | 4.0 | 33,682 | 9 October 2014 |

## (B) OTHER RESERVES

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Cash flow hedges | – | (75) |
| Share-based payments | **8,458** | 7,551 |
| Foreign currency translation | **2,527** | 3,311 |
| | **10,985** | 10,787 |

*Movements*

| | NOTE | 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| **Cash flow hedges** | | | |
| Opening balance | | **(75)** | (445) |
| Effective portion of changes in fair value - gross | 8 | **108** | 528 |
| Deferred tax | 9, 11(b)(i) | **(33)** | (158) |
| **Balance 30 June** | | – | (75) |
| **Share-based payments** | | | |
| Opening balance | | **7,551** | 4,321 |
| Employee share plan expense | | **907** | 3,230 |
| **Balance 30 June** | | **8,458** | 7,551 |
| **Foreign currency translation** | | | |
| Opening balance | | **3,311** | (4,428) |
| Currency translation differences arising during the year | | **(784)** | 7,739 |
| **Balance 30 June** | | **2,527** | 3,311 |

## (C) RETAINED EARNINGS

Movements in retained earnings were as follows:

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Opening balance | **(76,605)** | (195,047) |
| Profit after tax attributable to the owners of Veda Group Limited | **77,919** | 22,403 |
| Dividends | **(33,869)** | – |
| Capital reduction | – | 96,039 |
| **Balance 30 June** | **(32,555)** | (76,605) |

### (D) 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.

#### *(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.

**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.

## 13. Financial risk management

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 focusses 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, ageing 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.

### (A) 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 $29.8 million at 30 June 2015 (30 June 2014: $30.0 million). The cash and cash equivalents are held with creditworthy 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:

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **29,799** | 30,028 |
| Trade and other receivables | **50,304** | 43,170 |
| **Total** | **80,103** | 73,198 |
| | | |
| **Impairment losses** | | |
| **The ageing of trade receivables at the end of the reporting date that were not impaired was as follows:** | | |
| Neither past due nor impaired | **34,870** | 31,299 |
| Past due 0-30 days | **5,630** | 3,903 |
| Past due 31-90 days | **2,573** | 1,939 |
| Past due 91-120 days | **324** | 333 |
| Past due 121 days to 1 year | **427** | 377 |
| | **43,824** | 37,851 |
| **The movement in the allowance for impairment in respect of trade receivables during the year was as follows:** | | |
| Opening balance | **(304)** | (85) |
| Impairment gain/(loss) recognised | **(203)** | (224) |
| Amounts written off | **238** | 5 |
| **Balance 30 June** | **(269)** | (304) |

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.

# 13. Financial risk management (continued)

## (B) 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 the following undrawn facilities at the end of the reporting period:

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Revolving Borrowing Facility | **95,771** | 57,625 |
| Bank Guarantee Facility | **2,360** | 2,007 |
| | **98,131** | 59,632 |

*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 $'000 | CONTRACTUAL CASH FLOWS $'000 | 12 MONTHS OR LESS $'000 | BETWEEN 1 AND 5 YEARS $'000 |
|---|---|---|---|---|
| **At 30 June 2015 Non-derivatives** | | | | |
| Senior Australian debt | **121,000** | **(128,288)** | **(5,222)** | **(123,065)** |
| Senior New Zealand debt | **106,317** | **(114,311)** | **(5,345)** | **(108,966)** |
| Trade payables | **29,843** | **(29,843)** | **(29,843)** | **–** |
| Deferred acquisition consideration | **7,705** | **(8,169)** | **(2,965)** | **(5,204)** |
| **Total non-derivatives** | **264,865** | **(280,611)** | **(43,375)** | **(237,235)** |
| **At 30 June 2014 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) |
| **Derivative financial liabilities** | | | | |
| Interest rate swaps used for hedging | 108 | (108) | (108) | – |

# 13. Financial risk management (continued)

## FAIR VALUE HIERARCHY

### *(i) 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).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2015 and 30 June 2014:

| | LEVEL 1 $'000 | LEVEL 2 $'000 | LEVEL 3 $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Recurring fair value measurements At 30 June 2015** | | | | |
| **Financial assets** | | | | |
| **Total financial assets** | **–** | **–** | **–** | **–** |
| **Financial liabilities** | | | | |
| Contingent consideration | **–** | **–** | **7,705** | **7,705** |
| **Total financial liabilities** | **–** | **–** | **7,705** | **7,705** |
| **Recurring fair value measurements At 30 June 2014** | | | | |
| **Financial assets** | | | | |
| **Total financial assets** | – | – | – | – |
| **Financial Liabilities** | | | | |
| Derivatives used for hedging | – | 108 | – | 108 |
| Contingent consideration | – | – | 3,076 | 3,076 |
| **Total financial liabilities** | – | 108 | 3,076 | 3,184 |

***Reconciliation of Level 3 fair value measurements of financial instruments***

The following table presents the changes in level 3 instruments for the years ended 30 June 2015 and 30 June 2014:

| | CONTINGENT CONSIDERATION $'000 | TOTAL $'000 |
|---|---|---|
| Opening balance 1 July 2013 | 7,255 | 7,255 |
| Total gains and losses recognised in other expenses: | | |
| 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** |
| Total gains and losses recognised in other expenses: | | |
| Change in fair value of contingent consideration | **325** | **325** |
| Arising from business combination | **4,957** | **4,957** |
| Cash paid | **(653)** | **(653)** |
| **Closing balance 30 June 2015** | **7,705** | **7,705** |

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.

***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:

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Total equity | **773,180** | 727,592 |
| Amounts accumulated in equity relating to cash flow hedges | **–** | 75 |
| **Adjusted equity** | **773,180** | 727,667 |
| Liabilities | **301,169** | 331,805 |
| Cash and cash equivalents | **(29,799)** | (30,028) |
| **Net debt** | **271,370** | 301,777 |
| **Net debt to adjusted equity ratio at 30 June** | **35.1%** | 41.5% |

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

# 13. Financial risk management (continued)

## (C) 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.

***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 net investments in foreign operations, future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. 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 (i.e. there is a natural hedge)
- 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 2015 | | 30 JUNE 2014 | |
|---|---|---|---|---|
| | USD $'000 | SGD $'000 | USD $'000 | SGD $'000 |
| Trade receivables | **461** | **–** | – | – |
| Trade payables | **(146)** | **–** | – | – |
| Cash and cash equivalents | **563** | **84** | 341 | 85 |
| **Net statement of financial position exposure** | **878** | **84** | 341 | 85 |
| Forward exchange contracts - sell foreign currency (held for trading) | **800** | – | – | – |

The following significant exchange rates applied during the year:

| | AVERAGE RATE | | REPORTING DATE SPOT RATE | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| AUD:USD | **0.829** | 0.914 | **0.766** | 0.942 |
| AUD:SGD | **1.087** | 1.152 | **1.034** | 1.177 |

**Note**
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.

The Group's interest rate policy is to fix estimated interest rate risk exposure at a minimum of 75% for a 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:

### *Instruments used by the group*

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Variable rate instruments** | | |
| Financial assets | **29,799** | 30,028 |
| Financial liabilities | **226,615** | 269,115 |

### *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 2014.

| | PROFIT OR LOSS | | EQUITY | |
|---|---|---|---|---|
| | 100BP INCREASE $'000 | 100BP DECREASE $'000 | 100BP INCREASE $'000 | 100BP DECREASE $'000 |
| **2015** | | | | |
| Variable rate instruments | **(2,273)** | **2,273** | | |
| Interest rate swap | | | 1,196 | (1,196) |
| **Cash flow sensitivity (net)** | **(2,273)** | **2,273** | 1,196 | (1,196) |
| **2014** | | | | |
| Variable rate instruments | **(2,691)** | **2,691** | | |
| Interest rate swap | **–** | **–** | 2,018 | (2,108) |
| **Cash flow sensitivity (net)** | **(2,691)** | **2,691** | 2,018 | (2,108) |

# 13. Financial risk management (continued)

## (C) 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 shown in Note [10].

### *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:

| | 2015 % | 2014 % |
|---|---|---|
| Derivatives, loans and borrowings | **2.14–3.13** | 2.81–4.30 |

## 14. Investments in equity-accounted investees

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Non-current assets** | | |
| Equity-accounted investments | **33,920** | 30,790 |

The Group's share of profit, after tax, in its equity-accounted investees for the year was $3,167,000 (2014: $2,536,000).

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* 2015 | OWNERSHIP | REVENUE | PROFIT/(LOSS) |
|---|---|---|---|
| Infocredit Holdings Pte Ltd (Singapore) | **49%** | **27,297** | **5,017** |
| Credit Bureau Cambodia | **49%** | **4,484** | **2,168** |
| Veda@SIMAH Limited | **50%** | **1,578** | **53** |
| | | **33,359** | **7,238** |

| *In thousands of AUD* 2015 | OWNERSHIP | TOTAL ASSETS | TOTAL LIABILITIES |
|---|---|---|---|
| Infocredit Holdings Pte Ltd (Singapore) | **49%** | **46,217** | **14,447** |
| Credit Bureau Cambodia | **49%** | **7,566** | **960** |
| Veda@SIMAH Limited | **50%** | **726** | **459** |
| | | **54,509** | **15,866** |

| *In thousands of AUD* 2014 | OWNERSHIP | REVENUE | PROFIT/(LOSS) |
|---|---|---|---|
| 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* 2014 | OWNERSHIP | TOTAL ASSETS | TOTAL LIABILITIES |
|---|---|---|---|
| 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 |

***Share of contingent liabilities of associates***

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

# 15. Contingent assets and contingent liabilities

## (A) CONTINGENT LIABILITIES

### *Guarantees*

Guarantees issued by VA Australia Finance Pty Limited:

- Property leases to $4,757,920 (June 2014: $4,757,920)
- Contractual obligations, performance and warranties in respect of certain controlled entities to $2,881,627 (June 2014: $3,234,854).

The Company has entered into a deed of cross guarantee with various subsidiaries. Details of the parties to the deed are listed in Note [23].

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 2015 is $0.6 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 2015 is $1.9 million.

### *Other matters*

From time to time Veda also receives complaints from various parties such as consumer advocates in respect of compliance with the *Privacy Act 1988* and Privacy Code. Veda takes its compliance obligations very seriously and believes it is compliant with all applicable laws and regulations. However, as is inherent in legal, regulatory and administrative proceedings, there is a risk the outcome may be unfavourable to the Group.

## (B) CONTINGENT ASSETS

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

# 16. Commitments

## (A) CAPITAL COMMITMENTS

There are no significant capital commitments as at 30 June 2015 (2014: no commitments).

## (B) NON-CANCELLABLE OPERATING LEASES

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

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Within one year | **2,337** | 3,888 |
| Later than one year but not later than five years | **3,536** | 2,399 |
| Later than five years | **–** | – |
| **Minimum lease payments** | **5,873** | 6,287 |

### (C) 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.

Commitments for minimum lease payments in relation to cancellable operating leases are payable as follows:

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Within one year | **3,735** | 2,131 |
| Later than one year but not later than five years | **9,209** | 13,251 |
| Later than five years | **–** | – |
| **Minimum lease payments** | **12,944** | 15,382 |

## 17. Events occurring after the reporting period

Since the end of the financial year, the directors have determined to pay a final dividend of 6.0 cents per share, unfranked, payable 8 October 2015. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial statements.

The Group also acquired two businesses in July 2015. The details are provided in Note [25].

## 18. Related party transactions

### (A) PARENT ENTITY AND ULTIMATE CONTROLLING PARTY

As at 30 June 2015, the parent entity and ultimate controlling party of the Group is Veda Group Limited.

As at 30 June 2014, the parent entity of the Group was Veda Group Limited and the ultimate controlling party was Pacific Equity Partners Pty Limited (collectively "PEP") who held 63.5% of the ordinary shares of the company. PEP ceased being the ultimate controlling party of the Group in September 2014 and ceased to be a shareholder in February 2015.

### (B) SUBSIDIARIES

Interests in subsidiaries are set out in Note [22].

### (C) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

#### *(i) Key management personnel compensation*

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

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Short-term employee benefits | **5,701** | 7,628 |
| Post-employment benefits | **99** | 89 |
| Share-based payments - equity settled | **379** | 8,362 |
| | **6,179** | 16,079 |

## (C) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (CONTINUED)

### *(ii) Loans to key management personnel*

In respect of a loan agreement entered into prior to the Group's IPO, an unsecured loan to a member of key management personnel was issued during the year ended 30 June 2015 for $131,817 to fund the payment of tax paid on Management Performance Shares issued in July 2013.

At 30 June 2015, the balance of loans outstanding to key management personnel was $2,433,314 (2014: $2,535,000). The loans are included in 'trade and other receivables' (see Note [10(b)]).

### *(iii) Directors' related party transactions*

During the year ended 30 June 2014 Anthony Kerwick and Geoff Hutchinson had an indirect interest in PEP Advisory III Pty Limited (PEP Advisory), which received management fees from the Group.

During the year ended 30 June 2014, the Group paid fees of $14,820,000 to PEP Advisory relating to management fees, arrangement fees and recharges and as a result of the termination of its existing services agreement and for arranging services in respect to the IPO.

Anthony Kerwick ceased to be a Director of PEP Advisory effective May 2014. PEP Advisory ceased being a related party of the Group in September 2014. As at 30 June 2015 the Group had nil (30 June 2014: nil) owing to PEP Advisory.

Geoff Hutchinson retired from the Veda Board in March 2015.

### *(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

During the year ended 30 June 2014 PEP was the ultimate controlling party of the Group. Movement in loans to PEP were as follows:

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Beginning of the year | - | (123,407) |
| Loan repayments made | - | 123,407 |
| Interest charged | - | (7,554) |
| Interest paid | - | 7,554 |
| **End of the year** | - | - |

PEP ceased being the ultimate controlling party of Veda in September 2014.

# 19. Share-based payments

## (A) EXECUTIVE INCENTIVE PLAN

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), being the CEO and her direct reports, and designated members of the Extended Leadership Team (ELT), being other key senior managers reporting to the SLT. 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*

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 DSRs issued, forfeited, exercised or expired during the year ended 30 June 2015 (30 June 2014: nil).

There are no DSRs outstanding or exercisable as at 30 June 2015 (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.

Whilst the allocation of DSRs is not determined until finalisation of the financial year results and the board's approval, employees have begun rendering services in relation to FY15 DSRs from the date the plans were established. As the grant date of these awards has not been achieved at 30 June 2015 and will only occur after finalisation of the financial year result, the Company has estimated the fair value of these awards at 30 June 2015 and recognised an expense for the year ended 30 June 2015 accordingly.

### *(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 days ending immediately prior to the date of grant.

## 19. Share-based payments (continued)

### (A) EXECUTIVE INCENTIVE PLAN (CONTINUED)

*(ii) Vesting conditions and TSR hurdle of LTI*

Options will vest in equal tranches at the end of three and four years from the date of grant, if the participant is still employed at that time, subject to specific exceptions.

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 years after the grant is made. Performance hurdles are set out below:

(a) 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 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 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 year ended 30 June 2015 (30 June 2014: nil).

There are no LTI options outstanding or exercisable as at 30 June 2015 (30 June 2014: nil).

Whilst the allocation of 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 LTIs from the date the plans were established. As the grant date of these awards has not been achieved at 30 June 2015 and will only occur after finalisation of the financial year result, the Company has estimated the fair value of these awards at 30 June 2015 and recognised an expense for the year ended 30 June 2015 accordingly.

Total expense recognised for the year ended 30 June 2015 based on expected achievement of Veda's FY 2015 targets and estimates of fair value in respect to DSR and LTI options is $0.9 million (30 June 2014: 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 renegotiated. 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 reclassification 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 30 June 2015, the balance of loans outstanding to various members of the SLT and ELT was $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 shares 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 30 June 2015 at an exercise price of $1.90 is 20,934,000 (30 June 2014: 21,150,000) and at an exercise price of $2.10 is 17,832,667 (30 June 2014: 18,016,667).

The options were valued as follows:

| | NUMBER OF OPTIONS '000 | VALUE PER OPTION | TOTAL VALUE $'000 |
|---|---|---|---|
| Series 1 options | 20,934 | $0.07 | 1,465 |
| Series 2 options | 17,833 | $0.05 | 892 |
| | | | **2,357** |

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.

## 20. Auditors' remuneration

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Audit and review services** | | |
| *KPMG Australia:* | | |
| Audit and review of financial reports | **469,000** | 434,000 |
| *KPMG Singapore:* | | |
| Audit and review of financial reports | **10,000** | 13,390 |
| **Other services** | | |
| *KPMG Australia:* | | |
| IPO related transaction services | **–** | 1,486,907 |
| Other audit related services | **25,000** | 31,000 |
| Tax compliance services | **138,000** | 108,000 |
| Other tax advisory services | **82,000** | 31,196 |
| Other advisory services | **114,000** | 40,000 |
| Other transaction services | **–** | 30,315 |
| *Other services:* | | |
| KPMG New Zealand Taxation services | **39,000** | 9,918 |
| | **877,000** | 2,184,726 |

## 21. 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***

| | 2015 | 2014 |
|---|---|---|
| Parent basic earnings per share (cents) | **9.3** | 3.2 |
| Parent diluted earnings per share (cents) | **9.2** | 3.2 |
| **Profit for the period attributable to parent shareholders ($'000)** | **77,919** | 22,403 |
| *In thousands of shares* | | |
| Issued ordinary shares at 1 July | **842,055** | 513,029 |
| Effect of allotment and issuances | **100** | 182,591 |
| **Basic weighted average number of ordinary shares** | **842,155** | 695,620 |
| Effect of share options on issue | **5,031** | 1,068 |
| **Diluted weighted average number of ordinary shares** | **847,186** | 696,688 |

At 30 June 2015, 38 million options were included in the diluted weighted average number of ordinary shares calculation. In 2014, 18 million options were excluded in the diluted weighted average number of ordinary shares as their effect would have been anti-dilutive.

## 22. Group entities

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

| | 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 |

## 23. 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:

- Veda Group Limited
- VA Australia Finance Pty Limited
- Veda Advantage Ltd
- 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
- Veda Advantage General Custodian Pty Limited
- Superannuation Search Pty Limited
- Veda Advantage Decision Solutions Pty Ltd
- Veda Advantage Lending Solutions (Australia) Pty Limited
- Veda Advantage Software Solutions Pty Limited
- Veda Advantage Value Solutions Pty Ltd
- Secure Sentinel Pty Ltd
- Spire Australia Holdings Pty Limited
- Kingsway Financial Assessments Pty Limited
- The Prospect Shop Pty Limited
- Veda Fraud Solutions Pty Limited

## 23. Deed of cross guarantee (continued)

A consolidated statement of profit or loss and other 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 2015 is set out as follows:

***Statement of profit or loss and other comprehensive income***

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| Revenue | **297,664** | 253,559 |
| Cost of external data and products used for resale | **(58,064)** | (51,029) |
| Employee benefit expense | **(86,943)** | (76,203) |
| Depreciation and amortisation expense | **(26,600)** | (20,360) |
| Finance costs | **(7,182)** | (41,115) |
| Finance income | **553** | 2,042 |
| Professional and legal fees | **(3,567)** | (3,002) |
| Other expenses | **(23,586)** | (44,824) |
| Income tax expense | **(25,357)** | (6,761) |
| **Profit after tax** | **66,918** | 12,307 |
| | | |
| **Other comprehensive income** | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of foreign operations | **–** | (1,516) |
| Changes in the fair value of cash flow hedges | **89** | 595 |
| **Other comprehensive income for the period, net of tax** | **89** | (921) |
| **Total comprehensive income for the year** | **67,007** | 11,386 |

*Statement of financial position*

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | **22,171** | 20,626 |
| Trade and other receivables | **41,186** | 31,875 |
| Other current assets | **2,406** | 1,964 |
| **Total current assets** | **65,763** | 54,465 |
| **Non-current assets** | | |
| Investments in group entities | **110,018** | 105,023 |
| Deferred tax assets | **14,974** | 39,300 |
| Property, plant and equipment | **4,501** | 3,773 |
| Intangible assets | **747,549** | 706,411 |
| Other non-current assets | **2,801** | 4,266 |
| **Total non-current assets** | **879,843** | 858,773 |
| **Total assets** | **945,606** | 913,238 |
| **Current liabilities** | | |
| Trade and other payables | **23,765** | 19,699 |
| Provisions | **18,612** | 20,751 |
| Deferred income | **5,580** | 2,509 |
| Derivative financial instruments | **–** | 127 |
| Current tax liabilities | **1,588** | – |
| **Total current liabilities** | **49,545** | 43,086 |
| **Non-current liabilities** | | |
| Loans and borrowings | **120,519** | 145,205 |
| Provisions | **8,094** | 2,655 |
| Other payables | **6,080** | 14,005 |
| **Total non-current liabilities** | **134,693** | 161,865 |
| **Total liabilities** | **184,238** | 204,951 |
| **Net assets** | **761,368** | 708,287 |
| **Equity** | | |
| Share capital | **792,161** | 791,364 |
| Reserves | **8,458** | 7,462 |
| Accumulated losses | **(39,251)** | (90,539) |
| **Total equity** | **761,368** | 708,287 |

## 24. Parent entity financial information

As at, and throughout, the financial year ending 30 June 2015 the parent entity of the Group was Veda Group Limited formerly known as VA Australia Holdings Pty Limited.

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Financial position of parent entity at year end** | | |
| Current assets | **30** | 118 |
| Non-current assets | **800,909** | 799,177 |
| **Total assets** | **800,939** | 799,295 |
| | | |
| Current liabilities | **320** | 380 |
| **Total liabilities** | **320** | 380 |
| | | |
| **Result of parent entity** | | |
| **Total comprehensive income for the year** | **–** | – |
| | | |
| **Shareholders' equity** | | |
| Share capital | **792,161** | 791,364 |
| Reserves | **8,458** | 7,551 |
| **Total equity** | **800,619** | 798,915 |

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

The Parent entity did not have any contractual commitments as at 30 June 2015 and 30 June 2014.

## 25. Business combination

### (A) SUMMARY OF ACQUISITION - KMS DATA LIMITED

Effective 31 July 2014, the Group acquired 100% of KMS Data Limited, 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 11 months to 30 June 2015, KMS contributed revenue of $1,288,705 and net profit of $367,366 to the Group results. If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue for the year would have been $1,405,860 and consolidated profit for the year would have been $400,763. 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** |
| | |
| **The assets and liabilities recognised as a result of the acquisition are as follows:** | |
| 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 10 months to 30 June 2015, Kingsway contributed revenue of $1,134,124 and net profit of $200,799 to the Group results. If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue for the year would have been $1,360,948 and consolidated profit for the year would have been $240,958. 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:** | |
| 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 LIMITED

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 7 months to 30 June 2015, TPS contributed revenue of $5,121,461 and net profit of $559,904 to the Group results. If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue for the year would have been $8,779,648 and consolidated profit for the year would have been $959,836. 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:** | |
| 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** |

## 25. Business combination (continued)

### (D) SUMMARY OF ACQUISITION - ZipID Holdings Pty Limited

Effective 1 July 2015, the Group acquired 100% of ZipID Holdings Pty Limited ("ZipID") a business providing face to face and mobile enabled identity verification services.

The consideration for the acquisition consists of a payment of $500,000 on completion with further consideration contingent on the performance of the business as measured by gross profit of the business times an agreed profit multiple over the first three years from acquisition.

Due to the recent acquisition date and the early stage of operations of the ZipID business with its large and uncertain potential future gross profits, the purchase price accounting is still to be finalised.

### (E) SUMMARY OF ACQUISITION - GetCreditScore Pty Ltd

Effective 1 July 2015, the Group acquired 75% of GetCreditScore Pty Ltd ("GetCreditScore") a business providing a web portal to allow consumers to access their credit bureau score for free and to collect leads from those consumers to use for marketing purposes. The consideration for the acquisition consists of a payment of $75 on completion with further consideration contingent on the performance of the business as measured by the number of consumer leads generated in the first year after acquisition.

Due to the recent acquisition date and the start-up stage of operations of the GetCreditScore business with an untested market, the purchase price accounting is still to be finalised.

**Veda Group Limited and its Controlled Entities**
**Directors' declaration**
**30 June 2015**

In the Directors' opinion:

(a) the financial statements and notes set out on pages 66 to 124 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 2015 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 23 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 23.

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 Nugent
Chairman

Sydney
27 August 2015

KPMG

**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 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 25 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 2015 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 2015. 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 auditing standards.

*Auditor's opinion*

In our opinion, the remuneration report of Veda Group Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

John Wigglesworth
*Partner*

Sydney

27 August 2015

# Shareholder Information

## AS AT 17 AUGUST 2015

Veda Group Limited has 6,068 shareholder holdings and has on issue 842,455,407 fully paid ordinary shares.

### Range of holders

| HOLDINGS RANGES | NUMBER OF HOLDERS | NUMBER OF SHARES | % OF ISSUED CAPITAL |
|---|---|---|---|
| 1–1,000 | 1,138 | 633,242 | 0.07 |
| 1,001–5,000 | 2,701 | 7,899,578 | 0.94 |
| 5,001–10,000 | 1,088 | 8,399,842 | 1.00 |
| 10,001–100,000 | 1,040 | 25,925,262 | 3.08 |
| 100,001 and over | 101 | 799,597,483 | 94.91 |
| TOTAL | **6,068** | **842,455,407** | **100.00** |

### Top 20 holders

| RANK | NAME | NUMBER OF SHARES | % OF ISSUED CAPITAL |
|---|---|---|---|
| 1. | J P Morgan Nominees Australia Limited | 231,674,256 | 27.50 |
| 2. | HSBC Custody Nominees (Australia) Limited | 145,162,458 | 17.23 |
| 3. | National Nominees Limited | 131,994,274 | 15.67 |
| 4. | Citicorp Nominees Pty Limited | 99,802,211 | 11.85 |
| 5. | BNP Paribas Noms Pty Ltd | 47,982,703 | 5.70 |
| 6. | RBC Investor Services Australia Nominees Pty Limited | 18,344,716 | 2.18 |
| 7. | RBC Investor Services Australia Nominees Pty Limited | 17,283,474 | 2.05 |
| 8. | Citicorp Nominees Pty Limited | 13,032,554 | 1.55 |
| 9. | UBS Nominees Pty Ltd | 7,609,021 | 0.90 |
| 10. | BNP Paribas Nominees Pty Ltd | 6,679,505 | 0.79 |
| 11. | HSBC Custody Nominees (Australia) Limited | 6,668,241 | 0.79 |
| 12. | Craig Caesar & Nerida Caesar | 6,429,513 | 0.76 |
| 13. | Avanteos Investments Limited | 6,049,553 | 0.72 |
| 14. | AMP Life Limited | 4,790,041 | 0.57 |
| 15. | Australian Foundation Investment Company Limited | 4,100,000 | 0.49 |
| 16. | UBS Wealth Management Australia Nominees Pty Ltd | 3,793,586 | 0.45 |
| 17. | Bond Street Custodians Limited | 2,578,174 | 0.31 |
| 18. | RBC Investor Services Australia Nominees Pty Limited | 2,215,452 | 0.26 |
| 19. | UBS Nominees Pty Ltd | 2,168,005 | 0.26 |
| 20. | RBC Investor Services Australia Nominees Pty Limited | 2,128,475 | 0.25 |
| | Total | **760,486,212** | **90.27** |
| | Balance of Register | **81,969,195** | **9.73** |
| | Grand Total | **842,455,407** | **100.00** |

## Holders of an unmarketable parcel

No shareholders hold less than a marketable parcel.

## Options

There are 38,766,664 unquoted options over ordinary shares in the Company held by six holders. 25,000,000 (64.49%) of these securities are held by Nerida Caesar and her related parties.

## Voting rights

Subject to the constitution of the Company, at a general meeting of the Company, each shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid ordinary share held.

The unquoted options granted to employees do not have voting rights.

## ASX Listing

Veda Group Limited listed on ASX on 6 December 2013. The Company's fully paid ordinary shares are quoted under ASX Issuer Code "VED".

## Substantial holders

Substantial holders, as defined in the *Corporations Act 2001* (Cth), as at 17 August 2015:

| NAME OF SUBSTANTIAL HOLDER | NUMBER OF SHARES | VOTING POWER |
|---|---|---|
| Hyperion Asset Management Limited | 67,840,149 | 8.06% |
| The Goldman Sachs Group, Inc | 64,287,595 | 7.63% |
| Perpetual Limited | 64,122,896 | 7.61% |
| Commonwealth Bank of Australia | 60,714,565 | 7.20% |
| National Australia Bank Limited | 55,633,212 | 6.61% |
| AustralianSuper Pty Ltd | 52,744,213 | 6.25% |

## Shareholder Enquiries

For information about your shareholding, to notify a change of address, to make changes to your dividend payment instructions or for any other shareholder enquiries, please contact Veda's Share Registry, Link Market Services on +61 1800 628 703 or at www.linkmarketservices.com.au.

When contacting the Share Registry, quote your security holder reference number, which can be found on the holding or dividend statements.

### COMPANY SECRETARY

**Tim Woodforde**

### REGISTERED OFFICE

Level 15, 100 Arthur Street
North Sydney NSW 2060

**P** 13 8332 (13 VEDA)

### SHARE REGISTRY

**Link Market Services**

Level 12, 680 George Street
Sydney NSW 2000

**P** +61 1800 628 703
**F** +61 2 9287 0303
**E** registrars@linkmarketservices.com.au
**www.linkmarketservices.com.au**

## DIVIDENDS

Veda will pay a final dividend for the 2015 financial year of 6 cents per share unfranked on 8 October 2015.

Tax will be deducted from dividends at the top marginal rate (plus the Medicare levy) for those resident shareholders who have not provided the share registry with their Tax File Number (TFN). Forms for shareholders to supply their TFN or exemption category details are available from Link Market Services. Shareholders are not obliged to provide this information.

## Buy-backs

There are no current on-market buy-backs in operation.

## Information about Veda

For information about Veda, please visit **www.veda.com.au.**

## Annual General Meeting

Veda Group Limited will hold its Annual General Meeting at 10.30am on Wednesday, 28 October 2015 at the Museum of Sydney, corner Phillip and Bridge Streets, Sydney. Details of the business to be discussed at the meeting will be provided to shareholders separately.

# Glossary

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| AFSA | Australian Financial Security Authority – AFSA provides improved and equitable financial outcomes for consumers, business and the community through application of bankruptcy and personal property securities laws, regulation of personal insolvency practitioners, and trustee services<br><br>Formerly ITSA – Trustee in bankruptcy and Official Receiver<br><br>Registrar of PPSR |
| AML/CTF LEGISLATION | Anti-Money Laundering and Counter-Terrorism Financing Act (2006) (Cth) |
| ASIC | Australian Securities and Investments Commission |
| AUSTRAC | The Australian Transaction Reports and Analysis Centre (AUSTRAC) is Australia's:<br>• Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) regulator, and<br>• Specialist financial intelligence unit (FIU) |
| B2B | Business to business |
| B2C | Business to consumer |
| COMPANY | Veda Group Limited ABN 26 124 306 958 |
| COMPREHENSIVE CREDIT REPORTING (CCR) | The reporting of more comprehensive credit reporting as a result of a new Part IIIA of the Privacy Act, which came into effect on 12 March 2014 |
| CORPORATIONS ACT | Corporations Act 2001 (Cth) |
| DCA | The Diversity Council of Australia |
| DSR | Deferred Share Rights |
| EBIT | Earnings before Interest and Tax. Interest includes net finance costs, including any finance-related fees or other finance costs. Excludes IPO costs and share of profits from associates |
| EBITDA | Earnings before Interest, Tax, Depreciation and Amortisation. Interest includes net finance costs, including any finance-related fees or other finance costs. Excludes IPO costs and share of profits from associates |
| ELT | Executive Leadership Team |
| FFG | Veda's Fraud Focus Group |
| IPO EXPENSES | Non-recurring expenses incurred in respect of the Initial Public Offering, including share based payments |
| KNOWLEDGE BASED AUTHENTICATION (KBA) | An enhancement to Veda's IDMatrix service to prevent personal fraud by using 'out of wallet' questions to verify a person's identity |
| LTI | Long-Term Incentive |
| NABERS | National Australian Built Environment Rating Scheme |
| NPAT | Net profit after tax |
| NZ PRIVACY ACT | Privacy Act 1993 (NZ) |
| NZ PRIVACY CODE | Credit Reporting Privacy Code 2004 (NZ) issued pursuant to section 46 of the NZ Privacy Act |
| OAIC | Office of the Australian Information Commissioner |

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|---|---|
| **PEP** | Pacific Equity Partners |
| **PPSR** | Personal Property Securities Register |
| **PRIVACY ACT** | Privacy Act 1988 (Cth) |
| **PRO FORMA EBITDA** | Pro forma EBITDA is based on the Statutory ('Operating') EBITDA; however, pro forma adjustments have been made for the period 1 July 2013 to 10 December 2013 to remove the PEP management fees ($1.8m) and include listed company expenses (-$1.1m) |
| **PRO FORMA NPAT** | Pro forma NPAT is based on the Statutory NPAT; however, pro forma adjustments have been made for certain transactions, one-off expenses that will not occur in a listed environment and to reflect the financing structure post-listing |
| **SHARE REGISTRY** | Link Market Services Limited (ABN 54 083 214 537) |
| **SLT** | Senior Leadership Team |
| **STATUTORY ('OPERATING') EBITDA** | Earnings Before Interest, Tax, Depreciation and Amortisation and excluding IPO expenses. Interest includes net finance costs, including any finance related fees or other finance costs. Excludes share of profits from associates |
| **STATUTORY NPAT** | The profit after tax as disclosed in the statement of profit or loss in Veda's financial statements |
| **STI** | Short-Term Incentive |
| **TPS** | The Prospect Shop, part of Veda's B2C and Marketing Services business line |
| **TSR** | Total Shareholder Returns |
| **WGEA** | The Workplace Gender Equality Agency |
| **YC&I** | Your Credit & Identity, a product offering within Veda's B2C and Marketing Services business line |

# Corporate Directory

## REGISTERED OFFICE

**Veda Group Limited**
ABN 26 124 306 958

Level 15, 100 Arthur Street
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**P** 13 8332 (13 VEDA)
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## COMPANY SECRETARY

**Tim Woodforde**

## INVESTOR RELATIONS

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## SHARE REGISTRAR

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## AUDITOR

**KPMG**

veda