

8 October 2015

Dear Fellow Shareholder,

I write to you as Chairman of Infomedia Ltd in order to give you a better understanding of the issues currently facing the Company.

The Company has now seen a letter referring to “the most important election in the history of Infomedia” dated 1 October 2015 by Messrs Richard Graham and Jonathan Pollard, who are candidates for election as directors of the Company. Many of the statements made in this letter are disputed by the Company and do not seem to be based in fact. They seem in part to result from speculation and are materially inaccurate.

I am concerned that the publication of these unsubstantiated and unfounded allegations is damaging the Company's good reputation and it is unfortunate that Messrs Graham and Pollard feel it is necessary to put the Company's best interests at risk, in furtherance of their candidacy. Therefore, I believe that it is appropriate that I correct some of those statements so that you as a shareholder have a more balanced view (quoting where relevant from the letter of 1 October 2015):

- **Allegations of management unrest:** Importantly, the management team remains in place, motivated and rising to the challenge of optimising a new phase of growth. We are pursuing a number of new business opportunities, our pipeline is encouraging and our creative talent is focused on unlocking the Company's potential.
- **Mr Herszberg** was never excluded from an invitation to any Board or Committee meeting. Furthermore, his intention to stand down was made public when he sold his shares in August 2013. After a period of distinguished service, the date of his departure was mutually agreed.
- **The Executive and Board Strategy Session** (“retreat”) in March 2015 was a new initiative for the Company and an important first step in building a closer working partnership between the management and the non-executive members of the Board.
- **The international executive search** firm appointed to find a new CEO is not being remunerated at a level of \$250,000. That figure is overstated and has no basis in reality.
- **The new CEO appointment** will not “add about \$1,000,000 a year in additional costs associated with just that position.” The search process is well underway and remuneration will remain broadly in line with the remuneration package of the former CEO.
- **The Company's travel policy** established under Mr Graham's tenure as Executive Chairman remains unchanged. It always allowed for some discretion, and, as far as I am aware, on only one occasion was an international Business Class trip undertaken during the past two years. The Board does not anticipate additional travel costs for executives and directors outside of the course of normal business and in line with past travel budgets. There will be no “\$1.5m to \$2.0m p.a. increase in international travel cost”.

- **Board fees:** following comprehensive market analysis by the Company Secretary and the Chairman of the Remuneration and Nominations Committee, tabled to the Board in the current FY16 financial year, it was noted fees have not been increased since 2007. The intended increases will apply from the second half of FY16 and will bring fees to within the market median for a public company of our size.

In order to ensure impartiality in the conduct of the election of directors at the forthcoming AGM, the Board has asked Mr Clyde McConaghy to conduct that part of the AGM which concerns the election. A paper prepared by Mr McConaghy on various issues pertaining to the conduct of the election is attached to this letter.

Please note that the AGM venue, date and time is correctly stated in the Notice of Meeting, namely:

Thursday, 22 October 2015 at 10.00 AM
Warrane Theatre at the Museum of Sydney, Bridge St, Sydney.

A different time and venue was announced in August, however, this was revised in order to allow more convenient access for shareholders.

It is our intention to provide an update on the first quarter FY16 financial performance of the Company at the AGM to ensure that every shareholder is well informed. As has been the Company's practice during past AGMs, our key executives will also be present to meet investors and deliver brief presentations.

The same management group will travel to Melbourne on Friday, 23 October 2015 to deliver their presentations to investors who may not have had an opportunity to attend the AGM in Sydney. This presentation will take place at 11.00 AM at:

Cliftons Melbourne
Level 1, 440 Collins Street
Melbourne 3000

If you wish to attend the management presentation in Melbourne please RSVP by sending an email to mchaffe@infomedica.com.au or by calling (02) 9454 1711.

Finally, I want to assure you in the strongest possible terms that the current Board has a plan to realise the potential of your Company. The current directors and management are aligned and moving forward. There is no consideration being given to changing the Company's business model of long term contracts and recurring revenue. Our dividend policy of returning between 75-85% of NPAT remains in place.

I consider the best way to thrive in a fast paced world is not to look backwards but to embrace change and to face the future with conviction and optimism. On behalf of the Board I trust that you will come with us on that journey. I look forward to reporting to you in more detail at the AGM.

Yours sincerely,



Fran Herson
Chairman of Infomedica

ATTACHMENT – PROCEDURES ON CONDUCT OF THE ELECTION

This note is prepared by Mr Clyde McConaghy, as Chairman of the Remuneration and Nominations Committee of Infomedia Ltd.

Mr McConaghy takes this opportunity to advise shareholders of various matters affecting the process leading up to the election of directors and the conduct of that election.

The composition of the Board is a matter for shareholders and Mr McConaghy intends to conduct the meeting in a way which allows consideration and discussion by shareholders of these issues and the strengths of each candidate.

BACKGROUND

There are five candidates for four positions on the Board, with three incumbent directors standing for re-election. The Board in the Notice of Meeting recommends that three directors are elected. The reason for recommending only three candidates is that the Constitution of the Company limits the Board to five directors, and this limit includes the CEO/Managing Director. Currently, the Board has engaged a search firm to identify a new CEO, who is intended to join the Board. Accordingly, if the CEO is to join the Board in the near future, it is recommended that shareholders only elect three directors at this meeting.

MATTER 1 – AN INDEPENDENT BOARD

In reviewing the Notice of Meeting, Mr Graham and Mr Pollard have expressed concerns that the Company refers to a "requirement for an independent Board". That reference to a "requirement" may, in their opinion, be misleading to shareholders because it may imply a legal requirement. That was not intended; rather the Company was referring to the provision of the ASX Principles of Corporate Governance whose guideline states:

"A majority of the board of a listed entity should be independent directors." (Recommendation 2.4).

Mr McConaghy acknowledges that the Infomedia Company Constitution does not have such a requirement. Accordingly, to avoid any misunderstanding, Mr McConaghy asks that shareholders, in considering the Notice of Meeting, understand that the expression "requirement for an independent Board" should be read to mean having a majority of independent directors within the meaning of the ASX Principles of Corporate Governance, to the extent that the Company has committed to best practice in its Governance.

MATTER 2 – BOARD'S EVALUATION OF INDEPENDENCE

Mr McConaghy, as Chairman of the Committee, did not have reason to have any adverse view of any candidate. It was noted that Messrs Graham and Pollard were not "independent" for the purposes of ASX Governance Principles by virtue of their position as former executives and, in the case of Mr Graham, as a former major shareholder of the Company. The Board sees a benefit to shareholders in Infomedia moving to "best practice" in its governance by having a majority of independent directors.

However Mr McConaghy notes that, prima facie, Ms Herson may not be independent by virtue of her tenure with the Company. Notwithstanding, the Committee considered Ms Herson to remain independent on the basis that she has not held an executive position in the Company.

MATTER 3 – BOARD SIZE LIMIT

It has been raised why the Board would not consider increasing the number of Board seats at this AGM to allow for all available talent. Notwithstanding that some nominations were received within but very late in the regulatory timeline requirement for nominations and resolutions, Mr McConaghy points out that Infomedica's Constitution was amended at the 2013 AGM (when Richard Graham was Chairman) with shareholder approval to reduce the Board from seven to five. Whilst by no means ruling out any possible future expansion of the Board, it is not even two years since the will of the then-Board and shareholders was ratified in reducing the size of the Board.

MATTER 4 – CANDIDATES' STATEMENTS AT THE AGM

The Remuneration and Nominations Committee did ask each of the candidates to provide a statement of their skills and contributions to Infomedica. This was considered in assessing the candidates. Mr McConaghy requested it on a confidential basis for that particular purpose and Mr McConaghy did not believe it necessary to circulate those statements to shareholders.

However Mr McConaghy does believe it is appropriate to have candidates read a 250-word (+/-5%) written statement or speak unscripted for three minutes at the AGM. Mr McConaghy intends to invite each candidate to do so should they choose. In this way all candidates have an equal opportunity to present to shareholders, but with some moderation over the length and context of discussion. Mr McConaghy does not propose to allow questions to candidates from the floor of the meeting.

Please note a correction to Ms Anne O'Driscoll's commencement date shown on the Notice of Meeting: she commenced in December 2014 not 2015.

MATTER 5 – ELECTION PROCESS AT THE AGM

Mr McConaghy proposes that all five candidates will be put to a poll at the same time and the result determined by the number of affirmative votes constituting a majority. If all five candidates receive a majority of affirmative votes, then the top four candidates by positive vote will be elected, unless shareholders choose only to elect three, as the Board recommends.

Mr McConaghy recommends you consider this update with reference to the Notice of Meeting and will keep you abreast of any other relevant matters as we approach the meeting.

ADDITIONAL INFORMATION:

The ASX Commentary on Corporate Governance Principles notes that:

"Having a majority of independent directors makes it harder for any individual or small group of individuals to dominate the board's decision-making and maximises the likelihood that the decisions of the board will reflect the best interests of the entity and its security holders generally and not be biased towards the interests of management or any other person or group with whom a non-independent director may be associated."