Veda Group Limited
ABN 26 124 306 958

Veda Group Limited
Prospectus

Initial Public Offering of Ordinary Shares

Financial Adviser:

HIGHBURY PARTNERSHIP

Joint Lead Managers:

citi UBS

IMPORTANT NOTICES

OFFER

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares in Veda Group Limited (ABN 26 124 306 958) (**Veda** or **Company**) (**Shares**). This Prospectus is issued by Veda.

LODGEMENT AND LISTING

This Prospectus is dated 25 November 2013 and was lodged with ASIC on that date. It is a replacement prospectus which replaces the prospectus dated 18 November 2013 and lodged with ASIC on that date (**Original Prospectus**). The replacement Prospectus differs from the Original Prospectus. The differences between this Prospectus and the Original Prospectus include an update to Table 9 in Section 3.3.2 to include a reconciliation of the statutory (net loss after tax)/net profit after tax to the statutory EBIT for FY2011, FY2012 and FY2013 and the inclusion of a new Table 9A which contains a summary of Veda's statutory historical consolidated statements of profit or loss for FY2011, FY2012 and FY2013. In addition, as a rounding amendment, the share of NPAT from associates of $1.6 million for FY2011 has been changed to $1.7 million on pages 47 and 49. The lodgement of a replacement prospectus has also required certain references to the "Prospectus Date" to be amended to refer to the "Original Prospectus Date".

None of ASIC, ASX or their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. Veda has applied to ASX for Listing and quotation of the Shares on ASX.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of the Original Prospectus.

NOTE TO APPLICANTS

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in Veda. In considering the prospects of Veda, you should consider the risk factors that could affect the financial performance of Veda. You should carefully consider these factors in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest. Some of the risk factors that should be considered by prospective investors are set out in Section 4. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of Veda, the repayment of capital by Veda or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Veda or its Directors.

EXPOSURE PERIOD

The Corporations Act 2001 (Cth) (**Corporations Act**) prohibits Veda from processing applications to subscribe for Shares under this Prospectus (**Applications**) in the seven day period after the date of lodgement of the Original Prospectus (**Exposure Period**). This period may be extended by ASIC by up to a further seven days. The Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

OBTAINING A COPY OF THIS PROSPECTUS

This Prospectus is available to Australian investors in electronic form at www.veda.com.au. The Offer constituted by this Prospectus in electronic form at www.veda.com.au is available only to persons within Australia. It is not available to persons in other jurisdictions (including the United States). Persons having received a copy of this Prospectus in its electronic form may, before the Closing Date, obtain a paper copy of this Prospectus (free of charge) by telephoning the Veda Offer Information Line on 1800 628 703. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 1800 628 703. Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus, or in its paper copy form which may be downloaded in its entirety from www.veda.com.au. Refer to Section 6 for further information.

STATEMENTS OF PAST PERFORMANCE

This Prospectus includes information regarding the past performance of Veda. Investors should be aware that past performance is not indicative of future performance.

FINANCIAL PERFORMANCE

Section 3 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of the financial information is set out in Section 3.2.

All references to FY2011, FY2012, FY2013 and FY2014 appearing in this Prospectus are to the financial years ended or ending 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014, respectively, unless otherwise indicated. The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

FORWARD LOOKING STATEMENTS

This Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Directors and on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of the Original Prospectus, are expected to take place (including the key assumptions set out in Section 3.8). The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation for the Pro Forma Historical Financial Information. The Forecast Financial Information presented in this Prospectus is unaudited.

This Prospectus contains forward looking statements which are identified by words such as "believes", "considers", "could", "estimates", "expects", "intends", "may", and other similar words that involve risks and uncertainties. The Forecast Financial Information is an example of forward looking statements.

Any forward looking statements are subject to various risk factors that could cause Veda's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, risk factors as set out in Section 4, general assumptions as set out in Section 3.8.1, specific assumptions as set out in Section 3.8.2, the sensitivity analysis as set out in Section 3.9, and other information in this Prospectus.

Veda cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. Veda has no intention of updating or revising forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information, contained in this Prospectus, except where required by law.

This Prospectus, including the overview of Veda in Section 2, uses market data, industry forecasts and projections. Veda has based some of this information on market research prepared by third parties. There is no assurance that any of the forecasts contained in the reports, surveys and any research of third parties which are referred to in this Prospectus, will be achieved. Veda has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 4.

PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by Veda. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of the Original Prospectus.

COMPANY WEBSITE

Any references to documents included on Veda's website at www.veda.com.au are for convenience only, and none of the documents or other information available on Veda's website is incorporated herein by reference.

DEFINED TERMS AND TIME

Defined terms and abbreviations used in this Prospectus have the meanings given in the glossary in Appendix B. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time (GMT +11).

DISCLAIMER

Except as required by law, and only to the extent so required, neither Veda nor any other person warrants or guarantees the future performance of Veda, or any return on any investment made pursuant to this Prospectus.

As set out in Section 6.10, it is expected that the Shares will be quoted on ASX initially on a conditional and deferred settlement basis. Veda, Veda's service provider Link Market Services Limited (ABN 54 083 214 537) (**Share Registry**), the Financial Adviser, the JLMs and the Existing Shareholders disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

SELLING RESTRICTIONS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

See Section 6.8 for more detail on selling restrictions that apply to the offer and sale of Shares in jurisdictions outside Australia.

PRIVACY

By filling out the Application Form to apply for Shares, you are providing personal information to Veda through the Share Registry, which is contracted by Veda to manage Applications. Veda, and the Share Registry on its behalf, may collect, hold, use and disclose that personal information for the purpose of processing your Application, service your needs as a Shareholder, provide facilities and services that you need or request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, Veda and the Share Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by Veda, which it considers may be of interest to you.

Your personal information may also be provided to Veda's agents and service providers on the basis that they deal with such information in accordance with Veda's privacy policy. The agents and service providers of Veda may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires Veda to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. The information contained in Veda's register of members must remain there even if that person ceases to be a Shareholder. Information contained in Veda's register of members is also used to facilitate dividend payments and corporate communications (including Veda's financial results, annual reports and other information that Veda may wish to communicate to its Shareholders) and compliance by Veda with legal and regulatory requirements. An Applicant has a right to gain access to his or her personal information that Veda and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by a telephone call to Veda's registered office or the Share Registry's office, details of which are disclosed in the corporate directory on the final page of this Prospectus. Applicants can obtain a copy of Veda's privacy policy by visiting the Veda website (www.veda.com.au). By submitting an Application, you agree that Veda and the Share Registry may communicate with you in electronic form or to contact you by telephone in relation to the Offer.

REPORT ON DIRECTORS' FORECASTS AND FINANCIAL SERVICES GUIDE

The provider of the independent review is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The financial services guide is provided in Section 7.

QUESTIONS

If you have any questions about how to apply for Shares, please call your Broker. Instructions on how to apply for Shares are set out in Section 6 and on the back of the Application Form.

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Key Offer Statistics and Important Dates

Key Offer Statistics[1]	
Offer Price	$1.25
Total proceeds under the Offer	$341.1 million
Total number of Shares available under the Offer	272.8 million
Number of Shares to be held by Existing Shareholders and Warrant holders after the Offer[2]	569.2 million
Total number of Shares on issue at Completion of the Offer	842.1 million
Market capitalisation at the Offer Price[3]	$1,052.6 million
Pro forma net debt (as at 30 June 2013)[4,5]	$287.2 million
Enterprise Value at the Offer Price[6]	$1,339.8 million
Enterprise Value/pro forma FY2014 forecast EBITDA	10.7x
Enterprise Value/pro forma FY2014 forecast EBIT	13.1x
Offer Price/pro forma consolidated FY2014 forecast NPAT per Share	16.5x
Implied forecast dividend yield for final FY2014 dividend at the Offer Price[7]	1.6%

1 The Forecast Financial Information set out in Section 3 has been prepared on the basis of the general assumptions and Directors' best estimate assumptions set out in Sections 3.8.1 and 3.8.2 and should be read in conjunction with the discussion of the Pro Forma Historical Financial Information and the Forecast Financial Information in Section 3 including the sensitivities set out in Section 3.9, and the risk factors set out in Section 4.

2 568.3 million of these Shares will be subject to voluntary escrow arrangements. See Section 6.7 for further details of these voluntary escrow arrangements.

3 Shares may not trade at the Offer Price after Listing.

4 The pro forma New Zealand dollar denominated debt as at 30 June 2013 of NZ$131.6 million has been presented assuming AUD/NZD exchange rate of 1.1389.

5 The pro forma net debt is presented net of capitalised borrowing costs of $1.6 million.

6 Enterprise Value is calculated as the sum of market capitalisation of Veda at the Offer Price and pro forma net debt as at 30 June 2013.

7 Calculated as the implied final dividend per Share (assuming the current intended dividend of 2.0 cents per Share for FY2014), divided by the Offer Price. For more information on Veda's dividend policy, see Section 3.10.

Important Dates

Broker Firm Offer and Personnel and Priority Offer open	26 November 2013
Broker Firm Offer and Personnel and Priority Offer close and Applications due	3 December 2013
Expected commencement of trading on a conditional and deferred settlement basis on ASX	5 December 2013
Settlement	9 December 2013
Trading commences on an unconditional and deferred settlement basis on ASX	10 December 2013
Expected despatch of holding statements	10 December 2013
Trading on normal settlement basis commences on ASX	11 December 2013

Dates may change

The dates above are indicative only and may be subject to change without notice.

Veda, in consultation with the Financial Adviser and the JLMs, reserves the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late Applications, either generally or in particular cases, without notification. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

Investors are therefore encouraged to submit their Application Forms as early as possible after the Offer opens. All times stated throughout this Prospectus are Sydney time.

How to invest

Applications for Shares can only be made by completing and lodging an Application Form.

Instructions on how to apply for Shares are set out in Section 6 and on the back of the Application Form.

Questions

Please call the Veda Offer Information Line on 1800 628 703 (toll free within Australia) or +61 1800 628 703 (outside Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether Veda is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

Chairman's Letter

18 November 2013

Dear Investor,

On behalf of the Board of Directors, I am pleased to offer you the opportunity to become a Shareholder in Veda Group Limited (**Veda**).

Veda is a data analytics company. The origins of its business date back to 1967. It is the leading provider of credit information in Australia and New Zealand with information on 20 million individuals and more than five million businesses.

Veda has over 12,500 business customers that use Veda's products and services to make decisions on credit risk, verify identity and check employee information, reduce identity theft and fraud, and undertake digital marketing strategies. Over 470,000 individuals use Veda to, among other services, access their personal credit information and protect their assets and identity.

Veda enjoys strong market positions in its key business lines. The Company is led by an experienced senior management team that has been responsible for delivering robust growth by focusing on customer needs, diversifying industry sectors and products, collecting more data, and enhancing delivery channels.

Veda has a track record of revenue and earnings growth, EBITDA margin expansion and strong operating cash flow generation. The Company has achieved a compound annual growth rate in consolidated revenue and EBITDA from FY2011 to FY2013 of 13.4% and 17.3%, respectively.

The purpose of the Offer is to raise capital to reduce the Company's existing debt, provide Veda with access to capital markets, which Veda expects will give it added financial flexibility to pursue further growth opportunities, and to provide a liquid market for its Shares and an opportunity for others to invest in Veda.

The Existing Shareholders in Veda include PEP Shareholders and Management Shareholders. The PEP Shareholders and existing key executives will retain all their Shares in Veda at Listing and enter into a voluntary escrow agreement until at least the release of the FY2014 results. The PEP Shareholders remain strong supporters of Veda.

This Prospectus contains detailed information about the Offer and the historical and forecast financial position of Veda, as well as the material risks associated with an investment in the Company. I encourage you to read this document carefully and in its entirety before making your investment decision.

On behalf of my fellow Directors, I look forward to welcoming you as a Shareholder of the Company.

Yours sincerely,

Helen Nugent AO
Chairman, Veda

Section 1
Investment Overview

1. Investment Overview

Topic	Summary	For more information
1.1 Introduction		
What is Veda's business?	Veda is a data analytics company and the leading provider of credit information and analysis in Australia and New Zealand. From its stable core credit bureau business established in 1967, Veda has expanded to deliver a suite of credit and other analytical products targeted to specific industry segments. Veda's customers use data intelligence provided by Veda to make decisions on credit risk, verify identity and check employee background, reduce identity theft and fraud, and undertake digital marketing strategies.	Section 2
Who are Veda's customers?	Veda has an extensive business and consumer customer base. Veda has over 12,500 business customers across a range of industries including financial services (such as the major, regional and international banks as well as insurers, credit unions and finance providers), telecommunications, utilities, government departments and legal, accounting, and other professional services. Veda also has over 470,000 consumer customers. For FY2013, no single customer constituted greater than 10% of Veda's revenues.	Section 2
Why is the Offer being conducted?	The Offer is being conducted to: • raise capital to reduce the Company's existing debt; • provide Veda with access to capital markets, which it expects will give it added financial flexibility to pursue further growth opportunities; • provide a liquid market for its Shares and an opportunity for others to invest in Veda; and • pay the expenses of the Offer.	Section 6.1.2

Topic	Summary	For more information
1.2 Key features of Veda's business model		
How does Veda generate its revenue?	Veda generates revenue by aggregating proprietary and public information, applying its intellectual property and analytical capability, and distributing products to help its customers to better manage their risks. The majority of Veda's revenue (over 85% in FY2013) is 'click revenue', generated by charging a fee each time a customer accesses Veda's products through a range of electronic distribution channels. Veda also generates 'non-click revenue' from batch data sales, decisioning software, marketing services, subscriptions, licensing and consulting services.	Section 2
Which geographical markets does Veda operate in?	Almost 90% of Veda's revenue (in FY2013) was generated in Australia. The majority of Veda's international revenue is derived from New Zealand. Veda has a number of equity investments and joint venture interests in Singapore, Malaysia, Cambodia and the United Arab Emirates.	Section 2
What are Veda's business lines?	Veda operates four business lines: • **Consumer Risk & Identity** – data intelligence about individuals to enable business customers to make consumer credit risk decisions, validate identity, avoid fraud and manage risk; • **Commercial Risk & Information Services** – data intelligence and third party data about businesses and the people behind them to enable business customers to assess commercial credit risk, verify entities and manage supplier risk; • **B2C & Marketing Services** – predominantly an online offering allowing consumers access to their personal credit information and associated analytical tools, identification theft and fraud prevention products, and other services; and • **International** – predominantly New Zealand offering of consumer and commercial credit bureau and commercial and property solutions, as well as equity investments and joint ventures across Asia and the Middle East.	Section 2
How does Veda expect to fund its operations?	Veda's principal sources of funds will be cash flows from operations and borrowings under its New Banking Facilities. After Listing, Veda will have total debt facilities in place of approximately $320 million plus a $10 million bank guarantee facility. Veda is also forecast to continue to generate strong cash flow from operations with FY2014 pro forma net cash flow before financing and taxation forecast to be $60.8 million.	Sections 3.4 and 3.5

Topic	Summary	For more information
1.3 Key strengths		
Strong market positions	Based on management estimates and industry sources, Veda is the leading consumer credit bureau in Australia, with approximately 85% market share according to IBISWorld.[8] Veda is also the leading commercial credit bureau in Australia and the largest broker of ASIC and PPSR data. In New Zealand, Veda is the leading consumer and commercial credit bureau. Veda has equity interests in companies in Singapore and Cambodia which are also the market leaders for consumer credit risk services.	Section 2
Sustainable competitive advantage	• **Data sources** – Veda has one of the largest and highest quality consumer and commercial databases in Australia and New Zealand. • **Predictive score and matching capabilities** – Veda achieves a match rate (being the ability to identify an individual or business) of over 95%, with nearly 100% matching accuracy (being how often information on that individual or business is provided accurately). In customer trials, Veda consistently outperforms its competitors. • **Long term customer relationships and embedded distribution channels** – Veda has strong links to major financial institutions and a long history with major customers since the business commenced in 1967. Veda's products are designed for ease of customer use, and are embedded and integrated into the systems and processes of its key customers through multiple interfaces. • **Secure and reliable IT systems** – Veda has established robust mechanisms designed to prevent data security breaches, has trained and specialised IT personnel, and stores its data in highly secure data centres with back-up systems and constant monitoring. • **Regulatory compliance** – credit reporting is subject to a number of federal and state-based regulations in Australia. Market participants require established systems to meet compliance requirements in a cost and time effective manner. Veda has made a large investment in robust internal systems and processes to efficiently meet these requirements. • **Capital expenditure** – replicating Veda's business would require substantial upfront and ongoing capital expenditure.	Section 2

8 IBISWorld Industry Report N7293b, Credit Agencies in Australia, January 2013, p17.

Topic	Summary	For more information
1.3 Key strengths		
Comprehensive, accurate and predictive data	• **Volume** – Veda has credit information on 20 million individuals and 5.7 million commercial entities. Veda is also the leading commercial credit bureau in Australia and largest broker of ASIC and PPSR data. • **Veracity** – during its 46 years of operations, Veda has developed sophisticated and proprietary analytic techniques, and has intellectual property in its complex algorithms such as using over 90 variables to generate a credit score. Analytical capabilities allow Veda to add value to public data sources by combining public and proprietary data. • **Variety** – operating the leading consumer and commercial credit bureau allows Veda to combine information for greater predictive insight. Veda's customers are spread across a diverse range of industries. Veda also has access to a number of exclusive and proprietary data sources. • **Velocity** – Veda's strong market share ensures it has recent data on both individuals and businesses. Veda currently receives approximately 70 million updates on individuals per annum in Australia.	Section 2
Scalable online model	A primary benefit of Veda's click revenue model is that Veda is able to achieve scalable click revenue growth at a faster rate than the increase in associated operating expenses. Veda also has a track record of using its integrated distribution platform to successfully cross-sell new products to its existing customers.	Section 2
Robust growth strategy	Veda has achieved revenue growth through: • **focusing on customer needs** – investment in relationship management allows Veda to better understand and serve its customers; • **diversifying industry sectors and products** – investment in product and industry specialists has enabled Veda to broaden its customer base and develop new products for existing customers, which has increased the spread of revenue and improved the resilience of the business; • **collecting more data** – the collection of more data enables Veda to better augment, match and develop value-added products; and • **enhancing delivery channels** – integration of new products into the delivery channels allows Veda to provide an easy way for customers to buy them.	Section 2
High quality management team and Board	Veda's management team combines significant breadth and depth of industry experience, positioning Veda well for future growth. The team has created a highly customer-focussed organisation and delivered strong financial performance. The management team is led by Nerida Caesar, CEO and Managing Director, who has been with Veda since February 2011. The independent Board is chaired by Helen Nugent AO.	Section 5

Topic	Summary	For more information
1.3 Key strengths		
Strong financial track record	Veda has a track record of revenue and earnings growth, EBITDA margin expansion and strong operating cash flow generation. Pro forma EBITDA has grown from $77.7 million in FY2011 to $107.0 million in FY2013, a 17.3% compound annual growth rate (**CAGR**), with pro forma EBIT (before Acquisition Amortisation) growing from $62.6 million to $82.1 million over the same period, a 14.5% CAGR. In FY2013, Veda's pro forma revenue, EBITDA and EBIT (before Acquisition Amortisation) increased by 10.5%, 36.7% and 39.4%, respectively. Veda's pro forma revenue, EBITDA and EBIT (before Acquisition Amortisation) are forecast to increase in FY2014 by 8.0%, 16.9% and 24.7%, respectively. Veda enjoyed pro forma EBITDA margin expansion from 37.2% in FY2011 to 39.8% in FY2013, with FY2014 pro forma EBITDA margin expansion forecast to increase to 43.1%. Veda also experienced pro forma EBIT (before Acquisition Amortisation) margin expansion from 30.0% in FY2011 to 30.6% in FY2013 and it is forecast to be 35.3% in FY2014.	Section 3
Highly resilient business	Veda has a history of strong and consistent growth. The Company has demonstrated its resilience across economic cycles (including the global financial crisis) having achieved revenue growth in every year since FY1993 at a CAGR of 14.6%.	Section 2.8
Strong growth outlook	Veda intends to continue its growth strategy through: • increasing the number of segments served and product penetration within those segments; • continuing to expand its product sets to diversify revenue, take advantage of Veda's customer base and distribution channels; • positioning the Company to take advantage of Comprehensive Reporting; • focusing on high growth consumer and digital markets; and • making targeted acquisitions and investments to support these strategies.	Section 2

Topic	Summary	For more information
1.4 Key risks		
Veda handles highly sensitive information, and there are risks to the security and integrity of that information	Veda collects, stores and processes highly sensitive, highly regulated and confidential information. The provision of secure and reliable information storage and processing services is integral to its business. While Veda has established security and technical precautions that are designed to prevent data security breaches, there is no guarantee that the implementation of such precautions will be sufficient to prevent data security breaches and information being compromised or misused. A failure of Veda's systems to effectively protect Veda's information could lead to liability to third parties and to penalties imposed by government agencies under applicable privacy laws, which could severely damage Veda's reputation, and would reduce the attractiveness of Veda's products and services to its customers or the willingness of data suppliers to supply information. This could lead to the loss of the ability to offer products, and the loss of existing and potential customers. Such damage could adversely affect key income statement and balance sheet items, and Veda's ability to achieve its forecast results.	Section 4
Veda's business relies on core technologies and other systems that are potentially exposed to system failures	Veda's ability to provide reliable services largely depends on the efficient and uninterrupted operation of its core technologies. Veda's core technologies and other systems and operations could be exposed to damage or interruption. Additionally, some of Veda's core systems are operated and managed by highly trained individuals, and there is a risk that should key staff leave the business, valuable corporate knowledge concerning Veda's proprietary technologies could be lost. Any systemic failure or interruption in the operation of Veda's core technologies could damage Veda's reputation and ability to generate new business, directly impair Veda's operations and customer service levels, and necessitate increased expenditure on technology protections for the future, which would adversely affect key income statement and balance sheet items, and Veda's ability to achieve its forecast results.	Section 4

Topic	Summary	For more information
1.4 Key risks		
It is possible that existing data sources may cease, or the terms on which they are acquired may change, and Veda may be unable to acquire new data sources	To deliver its products and services, Veda depends on continued access to third party data sources, including customers, partners, government agencies and public records. If Veda's access to these data sources is removed or made available on less favourable terms, there is a risk that Veda's ability to provide services could be impacted and Veda's financial results adversely affected. Additionally, Veda's ability to innovate and build new products in order to grow new business is, to some extent, dependent on access to new data sources. At times, this can include data sourced from strategic partnerships. If access to new data sources is not available, it may adversely impact Veda's ability to innovate and create new products or grow its business. The accounting treatment that permits Veda to capitalise certain of its costs of data acquisition is dependent on the contractual arrangements Veda currently has in place. There is a risk that future changes to these contractual arrangements or accounting standards may result in different accounting treatment.	Section 4
Trade secrets may be lost or Veda may be subject to claims for infringement	Veda has developed trade secrets in the form of specialised processes and software (including certain algorithms) for its business. Veda takes a number of precautions to protect its trade secrets. While the steps taken by Veda and the laws relating to trade secrets assist to protect proprietary rights, there can be no guarantee that unauthorised use or copying of that specialised technology or algorithms will be prevented or those employees that have access adhere to their confidentiality obligations. Any significant failure or inability to adequately protect and control Veda's proprietary assets may harm Veda's business, reduce its ability to compete, result in an immediate lack of capability in relation to core systems, as well as a loss of competitive advantage, adversely affecting key income statement and balance sheet items, and Veda's ability to achieve its forecast results. Additionally, a successful infringement claim against Veda could lead to monetary damages or limit Veda in using some of the technologies that it employs in providing its services.	Section 4

Topic	Summary	For more information
1.4 Key risks		
Veda operates in a complex regulatory environment and is exposed to changes in government policy and regulation	Veda operates in a complex and prescriptive regulatory environment. In particular, credit reporting is subject to a number of federal and state-based regulations in Australia, as well as in other jurisdictions in which Veda operates. The introduction of new regulations may result in increased expenses for Veda as it establishes new compliance procedures, retrains its employees and reviews or redevelops its products. With new regulatory environments, there is a risk that the regulations have unintended consequences, or are open to interpretation that increases the risk of non-compliance. There is also a risk that regulatory interpretations may change over time, which could adversely affect Veda's ability to provide some products. Any substantial failure by Veda to comply with applicable regulations could result in cessation of, or restrictions on, parts or all of its operations; penalties or other liabilities to third parties; damage to Veda's reputation; loss of revenue; or reduced willingness of data suppliers and customers to provide information. Such damage may in turn adversely affect key income statement items, and Veda's ability to achieve its forecast results.	Section 4
Veda's market position and its customer relationships may be affected by existing or new entrants	Veda's strong market position in Australia and New Zealand may be threatened by increased competition from existing competitors or new entrants. There is also a risk that Veda's products and services will be less competitive as a result of Veda not being able to innovate or introduce new or competing products at the speed or price of its competitors. Any increased competition or innovation by competitors could result in a loss of Veda's market share, revenue and profit margins, which would adversely affect key income statement items and Veda's ability to achieve its forecast results.	Section 4
Veda's ability to attract and retain skilled personnel to support its business may be constrained	Veda relies on specially trained technical personnel to operate its data matching and processing platforms and its core technology systems, and to maintain Veda's trade secrets. There is a risk that Veda may not be able to attract and retain key staff or be able to find effective replacements in a timely manner. The loss of any key staff, or any delay in their replacement, could have a material adverse effect on Veda's ability to service consumers across its product lines, and may hamper its ability to achieve its strategic growth objectives and adversely affect Veda's ability to achieve its forecast results.	Section 4

Topic	Summary	For more information
1.4 Key risks		
Veda's customers may change their buying behaviour or switch providers	Veda's customers may reduce their use of Veda's services because they have lower demand, for example due to adverse economic conditions or simply to reduce costs. Customers may also vary the manner in which they obtain their services under their contracts in a manner that reduces the profitability of individual contracts or may exercise a termination right on short notice or a change of control under certain customer contracts to cease using Veda's services in order to switch to a competitor. Any material reduction in the number of customers or the revenue generated from particular contracts would adversely affect key income statement items, and Veda's ability to achieve its forecast results.	Section 4
Significant retained holding by the PEP Shareholders	Because of the size of the retained interest in Veda by the PEP Shareholders, they have the capacity to control the election of Directors, and the potential outcome of all matters submitted to a vote of Shareholders. The interests of the PEP Shareholders may differ from the interests of Veda, and the interests of investors who purchase Shares in the Offer.	Section 4
Other risks	A number of other risks are included in Section 4.	Section 4

Topic	Summary		For more information
1.5 Key Offer Statistics			
What are the Key Offer Statistics?	Offer Price	$1.25	Section 6 and Key Offer Statistics on page 2
	Total proceeds under the Offer	$341.1 million	
	Total number of Shares available under the Offer	272.8 million	
	Number of Shares to be held by Existing Shareholders and Warrant holders after the Offer[9]	569.2 million	
	Total number of Shares on issue at Completion of the Offer	842.1 million	
	Market capitalisation at the Offer Price[10]	$1,052.6 million	
	Pro forma net debt (as at 30 June 2013)[11,12]	$287.2 million	
	Enterprise Value	$1,339.8 million	
What are the key investment metrics?	Enterprise Value/pro forma FY2014 forecast EBITDA	10.7x	Section 3 and Key Offer Statistics on page 2
	Enterprise Value/pro forma FY2014 forecast EBIT	13.1x	
	Offer Price/pro forma consolidated FY2014 forecast NPAT per Share	16.5x	
	Implied forecast dividend yield for final FY2014 dividend at the Offer Price[13]	1.6%	
	Pro forma net debt (as at 30 June 2013)/pro forma FY2014 forecast EBITDA	2.3x	
	Pro forma FY2014 forecast EBITDA/ net interest expense	8.1x	

9 568.2 million of these Shares will be subject to voluntary escrow arrangements. See Section 6.7 for further details of these voluntary escrow arrangements.

10 Shares may not trade at the Offer Price after Listing.

11 The pro forma New Zealand dollar denominated debt as at 30 June 2013 of NZ$131.6 million has been presented assuming AUD/NZD exchange rate of 1.1389.

12 The pro forma net debt is presented net of capitalised borrowing costs of $1.6 million.

13 Calculated as the implied final dividend per Share (assuming the current intended dividend of 2.0 cents per share for FY2014), divided by the Offer Price. For more information on Veda's dividend policy, see Section 3.10.

Topic	Summary	For more information
1.6 Veda Directors and senior leadership team		
Who are the Directors and key executives of Veda?	**Directors** • Helen Nugent AO (independent Chairman) • Nerida Caesar (Chief Executive Officer and Managing Director) • Bruce Beeren (independent Non-Executive Director) • Diana Eilert (independent Non-Executive Director) • Peter Shergold AC (independent Non-Executive Director) • Anthony Kerwick (Non-Executive Director) • Geoff Hutchinson (Non-Executive Director) **Senior leadership team** • Nerida Caesar (Chief Executive Officer and Managing Director) • James Orlando (Chief Financial Officer) • Simon Bligh (Chief Data Officer) • Tim Courtright (Executive General Manager – Sales) • David Grafton (Executive General Manager – Credit Risk & Advisory Services) • Tony Kesby (Chief Information Officer) • John Roberts (Managing Director – New Zealand & International) • John Wilson (Executive General Manager – Product & Market Development)	Section 5

Topic	Summary	For more information
1.7 Significant interests of key people and related party transactions		
Who are the Existing Shareholders and Warrant holders and what will their interest in Veda be at Completion of the Offer?		Sections 6.1.5 and 6.7

Existing Shareholders	Share-holding prior to the Offer (%)	Share-holding following Completion of the Offer (Shares) (m)	Share-holding following Completion of the Offer (%)
PEP Shareholders	99.6%	534.5[14]	63.5%
Management Shareholders and other shareholders	0.4%	17.5	2.1%
Total	**100.0%**	**552.0**	**65.6%**

The PEP Shareholders, Management Shareholders and other existing shareholders are the current owners of Veda. Neither PEP Shareholders nor Management Shareholders are selling any Shares in the Offer.

In addition, the PEP Shareholders hold 23.8 million Warrants and 71.9 million Mezzanine Preference Notes. At Completion of the Offer, the Mezzanine Preference Notes will be repaid. The PEP Shareholders will exercise their Warrants and be issued Shares.

Entities related to Intermediate Capital Group plc (**ICG**) hold 17.7 million Warrants and 78.1 million Mezzanine Preference Notes. At Completion of the Offer, the Mezzanine Preference Notes will be repaid. ICG will exercise its Warrants and the resulting Shares will be subject to an Escrow Deed. ICG's shareholding on Completion of the Offer will be approximately 2.1%. ICG's shareholding is not included in the table above.

All of the Shares held at Listing by the PEP Shareholders and ICG, including Shares issued on exercise of Warrants, will be subject to voluntary escrow arrangements. All Shares held by the PEP Shareholders will be held in escrow until the date that Veda's full year results for FY2014 are provided to ASX for release to the market. All Escrowed Shares held by ICG will be held in escrow until the date that Veda's first half results for FY2014 are provided to ASX for release to the market.

Management Shareholders have also entered into a voluntary escrow arrangement in relation to all of their Escrowed Shares. All of those Escrowed Shares must be held until at least Veda's full year results for FY2014 are provided to ASX for release to the market. Members of the senior leadership team (listed in Section 5.2) must also hold 50% of the Shares held by them as a result of the reclassification of their MPS until Veda's full year results for FY2015 are provided to ASX for release to the market.

Subject to certain exceptions, the Escrowed Shareholders may not dispose of their Escrowed Shares during the Escrow Period.

Certain executives will be issued with Options. The Company does not anticipate that any of the Options will be exercised immediately following Completion of the Offer.

14 Includes the exercise of 23.8 million Warrants.

Topic	Summary	For more information
1.7 Significant interests of key people and related party transactions		
What significant benefits and interests are payable to Directors and other persons connected with Veda or the Offer and what significant interests do they hold?		Section 5.3

Directors and senior management	Shares held post IPO[15,16]	Options held post IPO[16]
Helen Nugent AO	200,000	Nil
Bruce Beeren	100,000	Nil
Diana Eilert	120,000	Nil
Peter Shergold AC	80,000	Nil
Anthony Kerwick	400,000	Nil
Geoff Hutchinson	70,000	Nil
Nerida Caesar	6,640,039	25,000,000
James Orlando	531,716	2,255,862
Simon Bligh	1,151,822	3,970,322
Tim Courtright	791,828	3,171,850
John Wilson	1,547,140	3,806,214

Directors and key executives are entitled to remuneration and fees on commercial terms.

Anthony Kerwick and Geoff Hutchinson will also have an indirect interest in Shares through investment vehicles holding an interest in the investors comprising the PEP Shareholders.

Veda has agreed to provide some executives with loans on a full recourse basis, to fund the payment of a reclassification price in relation to management performance shares issued by Veda (**MPS**) under the terms of the Executive Loan Agreements. These executives include the key management personnel (**KMP**):

- Nerida Caesar – $1,607,378 to pay the reclassification price for 6,429,513 Shares;
- James Orlando – $132,929 to pay the reclassification price for 531,716 Shares;
- Simon Bligh – $233,955 to pay the reclassification price for 935,822 Shares;
- Tim Courtright – $186,905 to pay the reclassification price for 747,618 Shares; and
- John Wilson – $224,485 to pay the reclassification price for 897,140 Shares.

The Company will obtain approval for certain related party benefits prior to Listing.

Further information is set out in Section 5.3.

15 Includes the Shares acquired by KMP under the Executive Loan Agreements and Shares allocated under the Priority Offer but excluding any shares KMP may acquire under the Personnel Offer.

16 Includes interests held directly, through family trusts or self-managed superannuation funds.

Topic	Summary	For more information
1.7 Significant interests of key people and related party transactions		
Controlling interest in Veda and interests, benefits and related party transactions of the PEP Shareholders	The PEP Shareholders will retain a 63.5% interest in Veda on Completion of the Offer. The PEP Shareholders will control Veda on Completion of the Offer. In November 2013, the independent Directors approved the Company entering into a Relationship Deed with PEP Shareholders. Under the Relationship Deed, should the PEP Shareholders reduce their current Shareholding, they still retain the right to appoint two Directors to the Board for so long as they hold at least 30%, or one Director to the Board for so long as they hold at least 15%, of the issued share capital of Veda.	Sections 5.5 and 8.4.3

Topic	Summary	For more information
1.8 Proposed use of funds and key terms and conditions of the Offer		
Who is the issuer of the Prospectus?	Veda Group Limited (ABN 26 124 306 958), a company registered in Victoria, Australia.	Section 6.1
What is the Offer?	Veda is offering to issue 272.8 million new Shares to raise $341.1 million through an initial public offering.	Section 6.1
What is the proposed use of funds raised pursuant to the Offer?	Proceeds received by Veda for the issue of Shares will be used to reduce the Company's existing debt and pay the expenses of the Offer.	Section 6.1.2
Will the Shares be listed?	Veda has applied to ASX for admission to the official list of ASX and quotation of Shares on ASX (which is expected to be under the code VED). It is anticipated that quotation will initially be on a conditional and deferred settlement basis. Completion of the Offer is conditional on ASX approving that application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 6.10
How is the Offer structured?	The Offer comprises: • the Broker Firm Offer; • the Institutional Offer, which consists of an invitation to acquire Shares made to Institutional Investors; and • the Personnel and Priority Offer, which is only open to Eligible Employees and investors nominated by Veda.	Sections 6.3, 6.4 and 6.5
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Joint Lead Managers.	Section 8.4.1
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, the Institutional Offer and the Personnel and Priority Offer was determined by the JLMs in agreement with Veda and the Financial Adviser, having regard to the allocation policy outlined in Sections 6.3.5, 6.4.2 and 6.5. With respect to the Broker Firm Offer, it will be a matter for the Brokers and Co-Managers how they allocate firm stock among their eligible retail clients.	Sections 6.3.5, 6.4.2 and 6.5
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 6.2
What are the tax implications of investing in Shares?	Shareholders may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances, particularly for non-resident shareholders. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 8.8
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or about 10 December 2013.	Section 6 and Important Dates on page 3

Topic	Summary	For more information
1.8 Proposed use of funds and key terms and conditions of the Offer		
What is Veda's dividend policy?	Depending on available profits and the financial position of Veda, it is the current intention of the Board to pay dividends. The Directors anticipate that the first dividend to Shareholders will be determined in respect of the period from 1 July 2013 to 30 June 2014, and will become payable in October 2014. On the basis of the statutory NPAT for FY2014 being impacted by one-off events arising from the Offer and as described in this Prospectus, the Board's current intention is to declare a dividend of 2.0 cents per Share in respect of the period from 1 July 2013 to 30 June 2014 which is expected to be unfranked. The Directors intend to target a dividend payout ratio between 40% and 60% of Veda's statutory NPAT from FY2015. The level of payout ratio is expected to vary between periods depending on factors the Directors may consider and is outlined in Section 3.10. Veda will pay dividends in Australian dollars. Veda expects that any dividends will be unfranked until at least FY2016 due to the utilisation of historical tax losses of $124.1 million as at 30 June 2013 which arose primarily in relation to Veda's historical capital structure. This will depend on the amount of tax payable by Veda. No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend. Please read the Forecast Financial Information in conjunction with the assumptions underlying its preparation as set out in Section 3.8, the risk factors set out in Section 4, and the terms of the New Banking Facilities set out in Section 3.4.3.	Section 3.10
How can I apply?	If you are an eligible investor, you may apply for Shares by completing a valid Application Form. To the extent permitted by law, an application under the Offer is irrevocable.	Sections 6.3.2 and 6.5
Where can I find more information about this Prospectus or the Offer?	Please call the Veda Offer Information Line on 1800 628 703 (toll free within Australia) or +61 1800 628 703 (outside Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether Veda is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.	Key Offer Statistics and Important Dates on pages 2 and 3
Can the Offer be withdrawn?	Veda reserves the right not to proceed with the Offer at any time before the issue of Shares to Successful Applicants. If the Offer does not proceed, Application Monies will be refunded by the Share Registry, your Broker or Veda. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 6

Section 2

Business and Industry Overview

2. Business and Industry Overview

2.1 Introduction

This Section provides an overview of Veda, the history of the Company and an explanation of how a credit bureau operates. It then provides a description of Veda's business model, a summary of Veda's business lines, and a description of Veda's sources of sustainable competitive advantage. The Section concludes with an outline of Veda's growth strategy, a review of Veda's information technology systems and intellectual property protection, and an overview of the regulatory environment relevant to Veda's business.

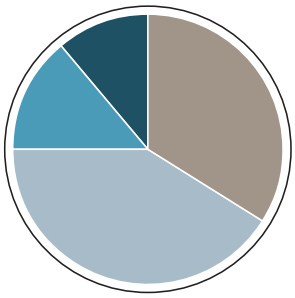
2.2 Overview of Veda

Veda is a data analytics business. It provides information and analytic services to businesses and consumers to assist them in making decisions and managing risks. Veda's core product offering includes the provision of credit reports in relation to individuals and businesses. From its stable core credit bureau business, Veda has expanded to deliver a suite of credit and other analytical products targeted to specific industry segment needs.

Veda's extensive customer base comprises over 12,500 businesses and 470,000 consumers. Its customers depend on Veda's information to make commercial decisions about credit and other risks associated with businesses, assets and individuals. Veda is well positioned to provide these services given the significant scale and quality of its data and analytical capabilities that have been developed over its 46 year history. Veda's data includes credit information on 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 operates two segments, which are Australia and International. The Australian segment comprises three business lines, being Consumer Risk & Identity, Commercial Risk & Information Services, and B2C & Marketing Services.

Veda's business lines by FY2013 revenue



Consumer Risk & Identity	34%
Commercial Risk & Information Services	41%
B2C & Marketing Services	14%
International	11%

Table 1 Summary of Veda's business

Business Lines	Consumer Risk & Identity	Commercial Risk & Information Services	B2C & Marketing Services	International
Veda product names	• VedaScore • VeriCheck AML • IDMatrix • FraudCheck • Verify • Veda eTrace/Veda Search	• Trading History • Debtor IQ • Corporate Scorecard • Company reports, PPSR, AFSA, land titles, property and valuation reports	• VedaScore • Secure Sentinel • Carhistory.com.au • Tenancycheck.com.au • National Tenancy Database (**NTD**) • Inivio	• VedaScore Plus • Commercial Check • Veda Trace • Identity Plus
Product descriptions	• **Consumer Credit Risk (B2B)** is a credit bureau business that provides consumer credit reports and analytics to assess, monitor and manage credit risk • **Fraud and Identity Solutions** helps validate identities and detect fraud • **Decisioning and Scoring** assists customers in making credit decisions based on an applicant's risk profile • **Collection Services** assists customers to segment and optimise debtors to improve receivables management • **Verify** provides an employee verification service for employers	• **Commercial Credit Risk** provides credit reports, payment behaviour and ongoing credit monitoring, which help businesses make informed decisions about lending, offering trade credit to customers and assessing supplier risk • **Commercial & Property Solutions** provides a portal for a business to access third party data (business records, ASIC, AFSA, court and property registers) and value-added products derived from the data	• **VedaScore** provides consumers access to their personal credit information and credit score as well as the ability to receive updates to their credit profile when changes are made. The products also include cyber monitoring, assisting in protection against identity theft • **Secure Sentinel** offers solutions for identification theft and fraud prevention • **Carhistory.com.au** provides information on used cars to consumers and car dealers • **National Tenancy Database (NTD)** is a tenancy verification and identification service • **Inivio** uses data to assist businesses in analysing and formulating direct marketing strategies, with a focus on digital marketing campaigns	• Predominantly, in **New Zealand** offering similar products to Consumer Risk & Identity and Commercial Risk & Information Services • Licensing arrangements in **Malaysia, Singapore, Cambodia** and **Saudi Arabia** • Equity interests in Malaysia, Singapore and Cambodia-based consumer and commercial risk bureaus
Customer segments	• Banks, other financial institutions, telecommunications providers, utilities, government departments, gaming, mining and construction, and other corporates	• Banks, other financial institutions, businesses extending trade credit, government departments, and legal, accounting and other professional services providers	• **B2C** – Australian consumers, real estate sector, automotive sector and landlords • **Marketing** – services banks, other financial institutions, wealth management, utilities and telecommunications providers	• Banks, other financial institutions and corporates
Key revenue drivers	• Consumer lending volumes and re-financings • Product migration • New products and cross-selling • Comprehensive Reporting in Australia	• Commercial lending volumes and re-financings • Product migration • New products and cross-selling	• Increased public awareness of credit scores, identity theft and fraud • Increased use of e-commerce • Demand for digital marketing	• Lending volumes • Product migration • Comprehensive Reporting in New Zealand • New products and cross-selling

2.3 History of Veda

The origins of Veda's business date back to 1967 when the first Consumer Credit Bureau in Australia was established under the name Credit Reference Association of New South Wales. The business became a publicly traded company (Data Advantage Limited) in 1998 and merged with Baycorp Holdings Limited to form Baycorp Advantage Limited in 2001. The business was renamed Veda Advantage Limited in 2006. In 2007, it was acquired by a consortium comprising some of the PEP Shareholders and the Merrill Lynch Global Private Equity Fund (**MLGPE**). The PEP Shareholders subsequently purchased MLGPE's stake in 2011 to become the major shareholder, with management holding a minority interest.

Veda has invested significantly to grow the business by:

- expanding into new industry segments and markets;
- continuously innovating and enhancing its product offering;
- making strategic 'bolt-on' acquisitions; and
- developing new products in response to regulatory change.

Veda has a track record of successfully expanding its product and service offering through development, innovation and acquisition. Examples include IDMatrix in 2010 (a real-time online identity verification product), Carhistory.com.au in 2010 (an online automotive bureau providing vehicle history information for Australian used car buyers) and VedaCheck (an online data portal that allows customers to access multiple products including the services of the Personal Property Securities Register (**PPSR**) website, allowing businesses to register, manage and track security interests) in 2012.

Veda continually investigates and considers potential acquisitions and investments that complement its existing businesses. Since 2007, Veda has completed six acquisitions.

Figure 1 Veda's company and product innovation history

Year	Description
1967	• Operations commence as the Credit Reference Association of New South Wales
1992	• The business starts selling ASIC searches
1997	• Direct link to ASIC established
1998	• Credit Reference Association of New South Wales demutualises and becomes a wholly-owned subsidiary of Data Advantage Limited
2001	• Data Advantage Limited merges with Baycorp Holdings Limited to form Baycorp Advantage Limited with dual listings on ASX and NZX
2006	• Baycorp Advantage Limited becomes Veda Advantage Limited following the sale of its collections business
2007	• Veda Advantage Limited is acquired by some of the PEP Shareholders and MLGPE and subsequently delisted
2007	• Veda acquires Australian Business Research and NTD
2009	• Veda acquires Secure Sentinel, to enhance its capability in loss and identity theft assistance • Veda develops Australia's first online automotive information bureau in 2009, rebranded Carhistory.com.au in 2010
2010	• Veda acquires Card Alert and EKKO Guardian businesses in New Zealand
2010	• Veda develops IDMatrix, expanding its real-time, online identity verification offering
2011	• Veda acquires Mirus, now known as Veda eTrace, to expand its collection services business • Veda acquires Verify, providing in-depth candidate and employee background verification services
2011	• The PEP Shareholders purchase MLGPE's stake to become the major shareholder (with management holding a minority interest)
2012	• Veda enhances its online portal, VedaCheck, to interface directly into the PPSR website, allowing businesses to register, manage and track security interests • Veda develops the award winning Debtor IQ, a product designed to help businesses manage risk associated with extending credit and lending
2013	• Veda acquires Corporate Scorecard, to strengthen its position in the commercial credit and supplier risk market • Veda brands its consumer products Your Credit & Identity and launches VedaScore, the first credit score available to individuals in Australia to offer insight into their creditworthiness • Veda introduces cyber monitoring to Australia • Veda rebrands its marketing services organisation Inivio to coincide with new digital capability

2.4 How a credit bureau operates

A credit bureau collects consumer and business credit risk information from a range of public and private sources and, having analysed the information, provides the output (usually as credit reports) to credit providers and lenders that are seeking to determine the creditworthiness of an individual or business. Improved credit risk assessment, based on credit bureau outputs, assists credit providers to reduce bad debt expense.

One of the features of the credit reporting business is that the main users of the service also actively provide information to update the service (the majority of which is done electronically), in turn enhancing the value of the database to all users. Participating lenders supply credit information about their borrowers, and then the credit bureau compiles and analyses the information to create credit reports on those borrowers, which are then offered to all participating lenders.

The provision of credit reports, particularly consumer reports, is often a highly automated process. Within a matter of seconds of a credit provider making an enquiry about an individual or business, the credit bureau provides a credit report with information to assess creditworthiness. This report may include a credit score, which is designed to give the credit provider an indication of the individual's or business' ability to repay the credit. Credit scores use a wide range of variables that increase their predictive accuracy.

A credit bureau obtains its information from a variety of public and private sources, including from multiple lenders, thereby providing any specific credit provider with an improved credit risk assessment. This information includes:

- financial information supplied to the credit bureau on a regular basis including, in particular, instances of default (**default/credit data**);
- credit enquiry information, generated when consumers and businesses make enquiries or applications for credit, and a credit check is performed by the credit bureau (**enquiries data**);
- public records such as debt records and bankruptcy records held by a court; and
- other information publicly available from government departments or agencies.

The Privacy Act prescribes the types of personal information that can be supplied by credit providers and collected by a credit bureau. Prior to 12 March 2014, the permitted categories of credit information are limited to the following:

- identification data (e.g. name, date of birth and driver's licence number);
- enquiries data (e.g. where a credit provider has sought a report from the credit bureau in connection with assessing an individual's application for credit); and
- default data (e.g. accounts 60 days past due and public records of bankruptcies).

Changes to the Privacy Act in 2012 allowed for the potential to establish a Comprehensive Reporting regime in Australia. The new Comprehensive Reporting regime is scheduled to come into effect on 12 March 2014.

Under Comprehensive Reporting, a credit provider and a credit bureau are able to collect and use a broader range of individual information. Table 2 illustrates the difference in data that a credit bureau has access to.

Table 2 Impact of Comprehensive Reporting in Australia

	Current data	Comprehensive Reporting data
Applications for credit	✓	✓
Defaults	✓	✓
Type of credit account opened	✗	✓
Date on which account was opened	✗	✓
Date on which account was closed	✗	✓
Current limit on each open credit account	✗	✓
24 month account repayment history for NCCP licensees	✗	✓

One of the key objectives of the Comprehensive Reporting regime is to improve the ability of credit providers to assess the credit risk of consumers to either grow loan volumes or reduce risk of bad debt expense.

Comprehensive Reporting will permit a credit bureau to collect important new data sets:

- **consumer credit liability information** – this covers four new data types being:
  - the type of credit account opened by the individual;
  - the name of the provider and whether they are a licensee;
  - the date on which the consumer credit account was entered into and terminated; and
  - the current limit of the credit account;

- **repayment history information** – perceived to be the most significant new data set, repayment history information (over a 24 month period) includes:
  - whether an individual has met an obligation to make a monthly payment (standardised to a monthly cycle, irrespective of the actual repayment cycle) that is due and payable in relation to the consumer credit;
  - the day on which the monthly payment is due and payable; and
  - (if paid after the due date) the day on which the individual makes the payment.

Following the commencement of the reforms (scheduled to come into effect in March 2014), Veda expects that major domestic banks, a number of regional banks and large international financial institutions will transition to the Comprehensive Reporting regime. Customers who intend to participate in Comprehensive Reporting are expected to start providing data in calendar year 2014 and purchasing data from calendar year 2015 or earlier. It is not expected that all customers will transition to Comprehensive Reporting, for example, due to the expected lack of an adequate cost/benefit trade-off for smaller lenders or restrictions on providing certain information only to NCCP licensees (banks and other financial lenders). In certain industries (e.g. telecommunications), there is an ability to implement partial Comprehensive Reporting (e.g. all data fields with the exception of repayment history).

Prior to the changes to the Privacy Act, Veda conducted a Comprehensive Reporting pilot program which derived new insights, including that an individual's default rate is correlated to both the number of credit products they hold and the number of credit provider relationships they have. Both of these insights reaffirm the value of credit bureau products to credit providers.

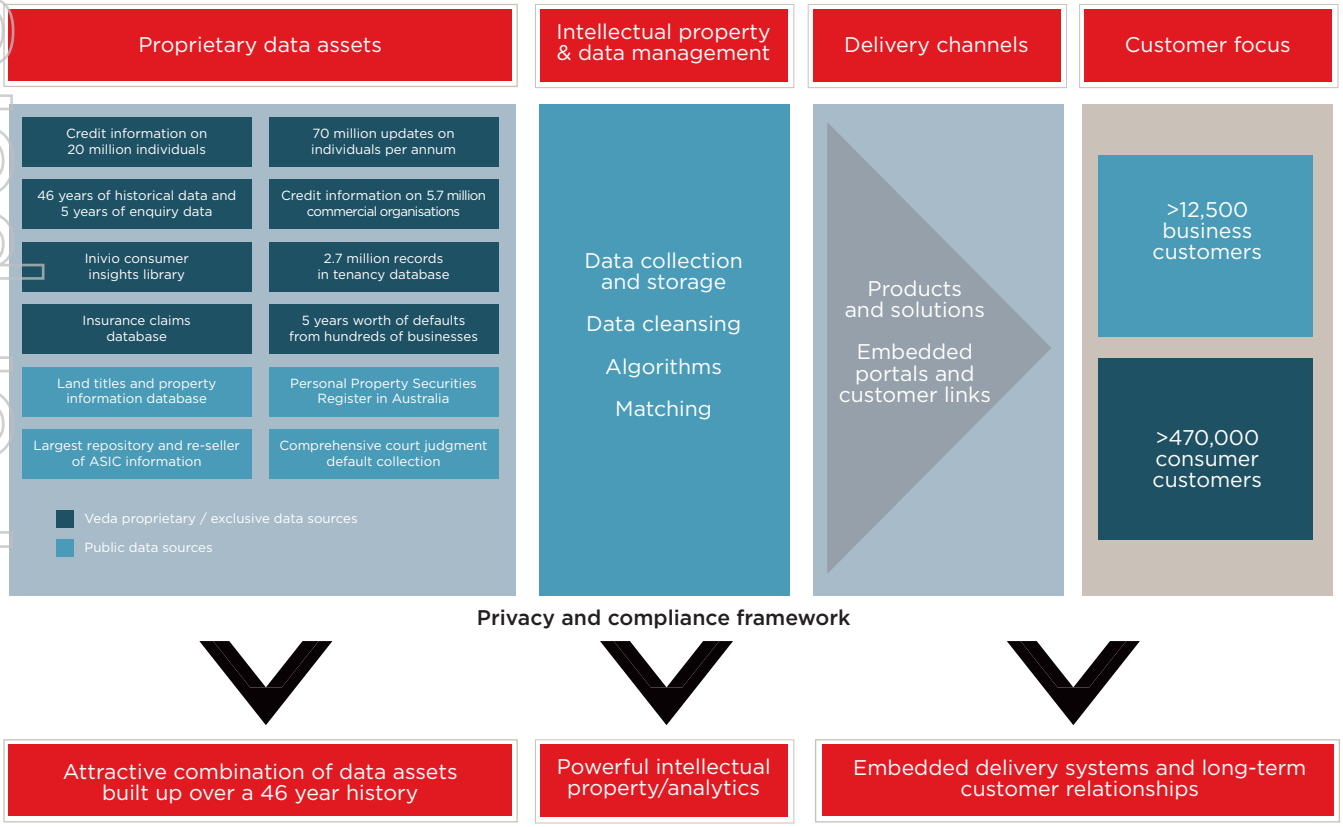
2.5 Veda's business model

Veda collects, stores and analyses data so that it can provide information to customers to enable them to improve decision making and reduce risk.

Veda's business model is summarised in Figure 2 and 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



2.5.1 Customer focus

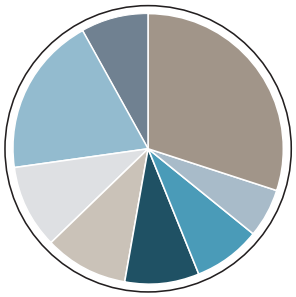
Veda has over 12,500 business customers across a range of industries including financial services (such as the major domestic, regional and international banks, insurers, credit unions and finance providers), telecommunications, utilities, government departments, and legal, accounting, and other professional services. In addition, Veda has over 470,000 consumer customers.

Veda has long standing relationships with many of its major customers, some of which have been customers since the business commenced operations in 1967. For FY2013, no single customer constituted more than 10% of Veda's revenue.

An overview of Veda's customers across its business is provided in Figure 3.

Figure 3

Veda's customers by FY2013 revenue



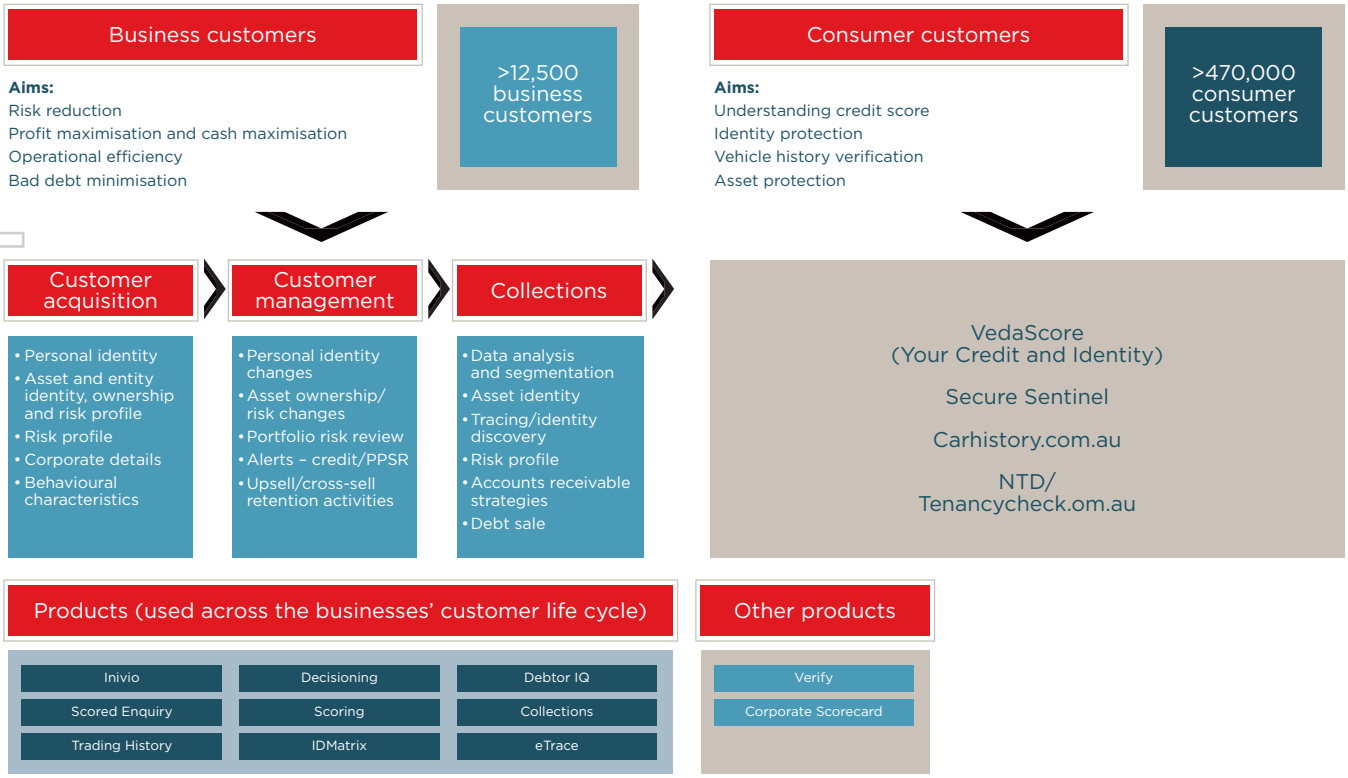
Domestic major banks	30%
Domestic regional banks	6%
Other domestic financial institutions	8%
International financial institutions	9%
Other financial services	10%
Diversified large companies[1]	10%
Other businesses	19%
Consumer customers	8%

Note:

1. Comprises data analytics, telecommunications, legal, accounting and other professional services, utilities and other B2B.

Figure 4 illustrates Veda's strong customer-focussed approach to both businesses and individuals. Veda aims to help businesses through the lifecycle of their customers, from customer acquisition to customer management and collections.

Figure 4 Veda's approach to its customers



2.5.2 Proprietary data assets

Figure 2 outlines the volume, diversity and proprietary nature of much of the data that Veda has at its disposal in order to develop useful insights for its customers. Veda's proprietary data has been built up over the course of its 46 years of operation. Over that period, Veda has established credit information on 20 million individuals and 5.7 million commercial entities in Australia and New Zealand. Data within the Consumer Credit Bureau includes over 450,000 court records, 3.6 million records of default, 60 million historic credit enquiries and currently approximately 70 million updates on individuals per annum.

In addition, Veda has exclusive arrangements with certain data providers. For example, Veda has an exclusive licence to access Insurance Reference Services claims data, which is used for pricing fraud detection and claims management processes. Veda can use this data for its own products such as Carhistory.com.au and IDMatrix.

Data can often be purchased once and re-used to generate revenue multiple times through use in a variety of products and for different customers.

2.5.3 Intellectual property and data management

A core competence of Veda, as a credit bureau, is accurately distinguishing between similar individuals or businesses. This requires having data on a large number of individuals and businesses and then being able to match the enquiry to the correct record.

Australia and New Zealand have no national identification number and, as such, identifying and matching individuals is a complex task. Over many years, Veda has developed capability and know-how in this area and developed proprietary matching algorithms.

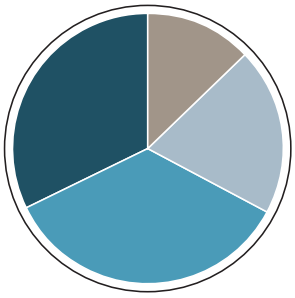
'Match rates' refer to the ability to successfully identify an individual or business once an enquiry has been made and 'matching accuracy' refers to how often, once an individual or business has been identified, Veda provides information on them accurately. Management estimates that Veda achieves a match rate of over 95% with nearly 100% matching accuracy. Having identified the right individual or business, Veda then applies an algorithm using over 90 variables to generate a credit score. Providing high match rates and matching accuracy in consumer records is important for Veda's customers. Veda has worked closely with its customers to identify its strengths relative to its main existing competitors. One such test conducted by many financial institutions is to provide Veda and its peers the same set of dated historical data and, with the benefit of hindsight, test the predictive accuracy of the scoring results. In these tests, Veda has consistently produced superior results than those of its competitors.

2.5.4 Delivery channels

Veda distributes most of its products to its customers electronically on a 'per click' basis (through mainframe to mainframe linkage, server to server linkage, and online web portals). Over 85% of Veda's FY2013 revenue was 'click revenue'. The Company's non-click products comprise batch data sales, decisioning software, marketing services, subscriptions, licensing and consulting services.

Figure 5

Australian revenue by delivery channel (FY2013)



Mainframe to mainframe	13%
Server to server	20%
Business online portal	35%
Other[1]	32%

Notes:

1. Includes consumer websites, decisioning products, other online interfaces and other non-click revenue

Mainframe to mainframe

Used mostly by large financial institutions, direct mainframe to mainframe connectivity involves large invested capital by Veda's customers to achieve extremely large bandwidth capacity and direct integration into their workflow systems. Mainframe use is declining as financial institutions update their information technology systems.

Server to server

Server to server connectivity involves a dedicated link between Veda and the customer or use of an XML link. This is typically integrated into workflow channels. For example, VedaCheck is seen by users as integrated into their operating workflow processes.

Business online portal

The business online portal (VedaCheck) is available via web browser to any customers and does not require any system infrastructure or integration. The VedaCheck online portal contains all major Veda products in a single and accessible interface.

Other

Other click revenue sources include public consumer websites, other online interfaces and decisioning products. This software automates the process of purchasing relevant products from Veda and integrates directly into a customer's workflow processes.

Veda's consumer websites include Veda.com.au, Carhistory.com.au and Securesentinel.com.au. Across these assets, Veda attracts an average of over 200,000 unique visitors each month, with the key focus areas for the business being increasing conversion rate and cross-selling multiple products.

2.6 Veda's business lines

2.6.1 Consumer Risk & Identity

Consumer Risk & Identity provides Veda's business customers with data intelligence about individuals including the assessment of an individual's credit risk, fraud risk, identity and background.

Consumer Credit Risk (B2B)

Consumer Credit Risk (B2B) (or **Consumer Credit Bureau**) products help Veda's credit provider customers make better credit risk decisions by providing credit data and credit scores (together known as 'enquiries'). In addition, if a credit provider's customer does not pay their bill, a credit provider can, subject to certain rules, access bureau information to receive updated information (alerts) or additional information (account management services) to enable them to better manage the risk of non-payment.

Core credit demand is one of the key drivers of consumer lending volumes. Volumes are largely driven by the number of new housing loans, personal loans and credit card applications made by individuals to financial institutions. Competition amongst Veda's financial customers contributes to churn and therefore credit bureau volume. For example, balance transfer campaigns by credit card companies typically cause an increase in credit enquiries.

Consumer Credit Risk has defensive characteristics, as difficult economic and business trading conditions result in a focus on balance sheet risk and can increase credit enquiries volumes, even if new application volumes fall, because lenders become more selective about customer acquisition. This resilience is demonstrated by Veda's performance during the period from FY2009 to FY2013 in which its consumer credit bureau division experienced revenue growth in every year, notwithstanding turbulent credit market conditions resulting from the global financial crisis.

Veda enjoys the leading market position in the consumer credit risk (B2B) market, which is concentrated and currently comprises two main competitors, Dun & Bradstreet (**D&B**), a NYSE listed company and more recently Experian, which is in the process of establishing a credit bureau service in Australia. Veda's current market share by value is estimated to be approximately 85% by IBISWorld[17]. Experian is a London-based company and announced a joint venture in 2011 with six Australian financial institutions that each hold a minority 4% stake.

Veda's competitive advantage as a consumer credit bureau stems from the volume, variety and velocity (i.e. regular updates) of its data and the veracity of its matching and insights. In Australia, Veda has 16.4 million individuals on its databases, which is equivalent to more than 99% of individuals over the age of 18. In addition, Veda's data has depth, in that the average age of a credit file is in excess of 11 years. Credit data (enquiries and defaults) can be retained on an individual's file for five years and Veda has more than 60 million historical credit enquiries on its files, and public data (e.g. directorships) can be retained indefinitely.

For the reasons outlined in Section 2.4, Veda expects the introduction of Comprehensive Reporting in Australia to have a positive impact on the overall growth of the consumer risk market. Veda expects lenders to more regularly check credit histories, which would lead to an increase in B2B volumes.

Veda has made, and is continuing to make, a significant investment to ensure its systems are ready for the introduction of Comprehensive Reporting. Veda has already completed a pilot study with 10 major customers, with positive results.

Fraud and Identity Solutions

Fraud and Identity Solutions helps businesses validate identity online and avoid fraud.

Veda manages Australia's largest fraud prevention user forum, Fraud Focus Group, and fraud database, FraudCheck. Its members (including the four major banks) contribute details of fraudulent activity. In the last 12 months, more than $1.5 billion of suspected fraud has been identified out of $1.2 trillion in consumer credit applications. There are over 10,000 confirmed frauds recorded in the database (all less than 12 months old). The drivers for fraud products are lending activity and financial institutions' increased focus on reducing fraud. Veda has a leading market position in fraud management and competes with Experian and a number of smaller providers.

Veda's fraud prevention and detection services help identify fraud at the point of application and customer acquisition by providing advanced warning alerts on applications that need to be reviewed closely before a lending or business decision is made. Veda's technology searches the fraud database and uses pattern analysis to identify suspicious information.

17 IBISWorld Industry Report N7293b, Credit Agencies in Australia, January 2013, p17.

Veda also provides an electronic solution, IDMatrix, to identify and authenticate the identity of online customers using a number of data sources. This enables Veda's business customers to establish new customer accounts within minutes and avoids the need for physical and manual verification. Electronic identity verification is cheaper, faster and more reliable than physical face-to-face checks. Veda's services also help businesses satisfy anti-money laundering (**AML**) obligations.

Revenues are generated on an annual licence fee and per click basis with a broad customer base (but with a focus on the major domestic banks and online gaming companies).

The online identity market is expanding rapidly, driven by the cost savings customers derive from moving online, increased concern about cyber theft and regulation. Veda competes with a number of smaller competitors including Edentiti and D&B. Management estimates that Veda is the market leading supplier in online identity verification.

The biggest competitor for online verification remains customers performing the checks manually. Australia Post is the major supplier of outsourced manual identity checks.

Decisioning and Scoring

Decisioning and Scoring products provide workflow software and scorecards that help customers improve the effectiveness of their decision making. Veda's decisioning products connect Veda's products with the customer's credit origination process to improve the efficiency and quality of credit decision making. Customers save time and resources in reviewing, verifying and processing credit applications. The software helps to collate the customer's information and external data sources (including Veda's full suite of services), apply a set of customer-specific rules and provide a credit decision in an efficient manner. Veda's customers can customise the software to the specific criteria of lending policies and underwriting standards. This product helps businesses identify and profile risk that may not be obvious on a data-only credit report.

These products are connected to Consumer Credit Risk and competition in this market is largely the same as the consumer credit risk market.

The introduction of Comprehensive Reporting in Australia is also expected to increase the demand for scoring products.

Collection Services

Veda assists customers with receivables management and collections solutions. Veda's team of experts work with customers to implement solutions to optimise working capital management and minimise bad debt expense. The services Veda provides include the provision of data washing, which improves the accuracy and extent of a customer's data, techniques to collect debt more efficiently and effectively, predictive scoring techniques to assess the risk of non-payment, location services and assistance in selling debt.

In February 2011, Veda acquired Mirus, now known as Veda eTrace, a skiptracing business. Veda is currently in the process of developing batch capabilities which will automate and enable the provision of information in a more efficient manner.

The demand for collection services typically increases with negative economic conditions as businesses have a heightened focus on receivables management given the increased risk of defaults and delayed payments amongst their customers.

Veda sells these services to a range of customer types including financial services companies, mercantile agents, debt collectors, telecommunications, utilities and state governments.

Veda's competitive advantage stems from the comprehensiveness of its data and its ability to package products into an industry-specific solution.

Management estimates that Veda has the leading market position in this industry and D&B is the primary competitor.

Verify

Verify is an employee verification and pre-screening business acquired in 2011. Verify helps organisations reduce the risk in recruitment by providing a comprehensive verification of a candidate's background.

Over 90 different checks are available to help businesses with candidate background screening and 'on-boarding'. Verification solutions offered by Veda extend from basic identity, criminal records, qualifications, credit, reference and licence checks through to online psychometric assessment and pre-employment medicals. Verify manages the entire process from obtaining candidate consent to locating source documents, validating their authenticity and uploading results onto Veda's online portal. There are no upfront or annual fees with businesses only paying for the checks that are undertaken.

Upon acquisition, Verify primarily served the mining and construction segment. Since then, Verify has continued to grow by leveraging Veda's core customer segments (financial institutions and telecommunications providers). Verify now targets a broad customer base across all industries. Veda's main competitors in this market are First Advantage and Risq Group.

Other

Veda also earns revenues from subscriptions and fees. Subscribers to the consumer bureau may be charged a fixed fee. In addition, depending on the level of connectivity and access portal used, other fees may be payable.

2.6.2 Commercial Risk & Information Services

Commercial Risk & Information Services provides data intelligence about businesses for use in processes such as the assessment of a business' credit risk, entity verification or management of supplier risk.

Commercial Credit Risk

Veda's Commercial Credit Risk (or **Commercial Credit Bureau**) business helps customers make better risk assessments of businesses, both as customers and suppliers. Veda operates a large and comprehensive commercial credit bureau in Australia, and has information on over 4.9 million commercial entities, and holds the largest data source of information on sole traders and unincorporated entities.

The combined capabilities of the Commercial Consumer Bureau enable Veda to look through the business to the people behind it. A customer can look at the business, the directors of the business as individuals and other businesses with which they are involved. By looking at this broader network of behaviour, the insights derived and the predictive accuracy of risk is enhanced. This is one of Veda's key competitive advantages in Commercial Credit Risk.

As in Consumer Credit Risk (B2B), Veda generates its revenue primarily on a per click basis with some batch services. The division's key products include basic credit enquiries and more comprehensive 'trading history' reports (together comprising **Commercial Enquiries**), which provide a full risk assessment of a corporation including information such as a company's ACN, officeholders, registered securities, defaults, trading name and status. In addition to Commercial Enquiries, Veda also derives revenue from alerts and ongoing monitoring services.

The Commercial Credit Risk customer base is broadly similar to the customer base of Consumer Credit Risk, with a focus on commercial lenders. The launch of Debtor IQ (software that shows how quickly a business is paid compared to the market), has enabled Veda to broaden the customer base to medium sized general commercial firms. Figure 6 provides a product snapshot for Debtor IQ.

Figure 6 Product snapshot of Debtor IQ

Veda acquired Corporate Scorecard (**CSC**) in 2013 to complement its Commercial Credit Risk business. CSC provides high quality assessment of financial viability, supplier capacity, performance and financial risk for procurement, and credit decision making. CSC specialises in providing credit rating services in respect of suppliers. Customers include government departments and construction firms.

There are no reliable, objective market share statistics but management estimates that Veda has the leading market position in the commercial credit risk market in Australia. This a highly concentrated market in which D&B is Veda's main competitor.

Veda's competitive advantage is that it has up to date business information, and is the largest ASIC and Australian Financial Security Authority (**AFSA**) bankruptcy information reseller. This facilitates greater accuracy and superior matching abilities.

Commercial & Property Solutions

Commercial & Property Solutions provides business customers with information from third party data sources. These include company reports, business name searches, land title searches, bankruptcy searches, PPSR searches and property valuation reports. Veda acquires the data and charges the statutory fee together with a margin. Data from a number of different sources are typically collated in integrated reports for customers. Revenue is primarily generated on a per click basis via Veda's distribution channels with some revenue generated on a per batch basis.

Customers will search for land titles and associated property information when undertaking credit assessments, ownership investigation and mortgage and loan processing. Following the start of the national PPSR on 30 January 2012, Veda introduced a PPSR product offering. The PPSR is typically used by lenders to confirm the ownership, or otherwise, of an asset prior to providing finance. Veda also sells bankruptcy data sourced from AFSA and has recently signed a three year deal with RP Data to resell their Automated Valuation Model (**AVM**).

Veda has adopted a segment-specific sales approach and has expanded its customer base over the last two years to include legal and accounting firms, valuers, property developers, as well as lenders.

Over the past three years, Veda has invested significantly in product innovation and the acquisition of data. Its delivery channels integrate all of its product offerings in order to expand the set of products available to its customers and allow them to easily purchase multiple products from one place. Customers benefit from the accessibility and integrated nature of Veda's portals, which improves their operational efficiency.

As shown in Table 3, Veda is the leading provider of commercial and property solutions in the majority of its product offerings, which include a market leading position in PPSR, ASIC, AFSA and business names, and a strong and growing position in land title searches. Veda's major competitors in this market are SAI Global, CITEC and D&B.

Table 3 Commercial & Property Solutions – competitive landscape

Product offering	Veda's market position	Major market participants
PPSR	• Leading market position with 27%[1] market share	• CITEC, Dun & Bradstreet, GlobalX, SAI Global
ASIC	• Leading market position with 37%[1] market share	• CITEC, Dun & Bradstreet, GlobalX, SAI Global
Business names	• Leading market position with 64%[1] market share	• Dun & Bradstreet
Land titles	• One of the top 3 providers with 11%[1] market share	• SAI Global, GlobalX, CITEC
Property reports	• Growing competitor as reseller of AVM reports from RP Data	• RP Data, APM, Onthehouse.com.au, Property Data Solutions
Bankruptcy/AFSA	• Leading market position with 52%[1] market share	• CITEC, Dun & Bradstreet, SAI Global

Notes:

1. Calculations by Veda. Veda volumes divided by published volumes of use from the relevant provider.

Commercial & Property Solutions has similar economic drivers to Consumer Credit Risk B2B with the primary cyclical factors being core credit demand and level of business activity given a significant portion of the information is used in credit assessment.

2.6.3 B2C & Marketing Services

Veda's business to consumer (**B2C**) product offering includes:

- VedaScore and the Your Credit & Identity family of products;
- Secure Sentinel;
- Carhistory.com.au; and
- NTD and Tenancycheck.com.au.

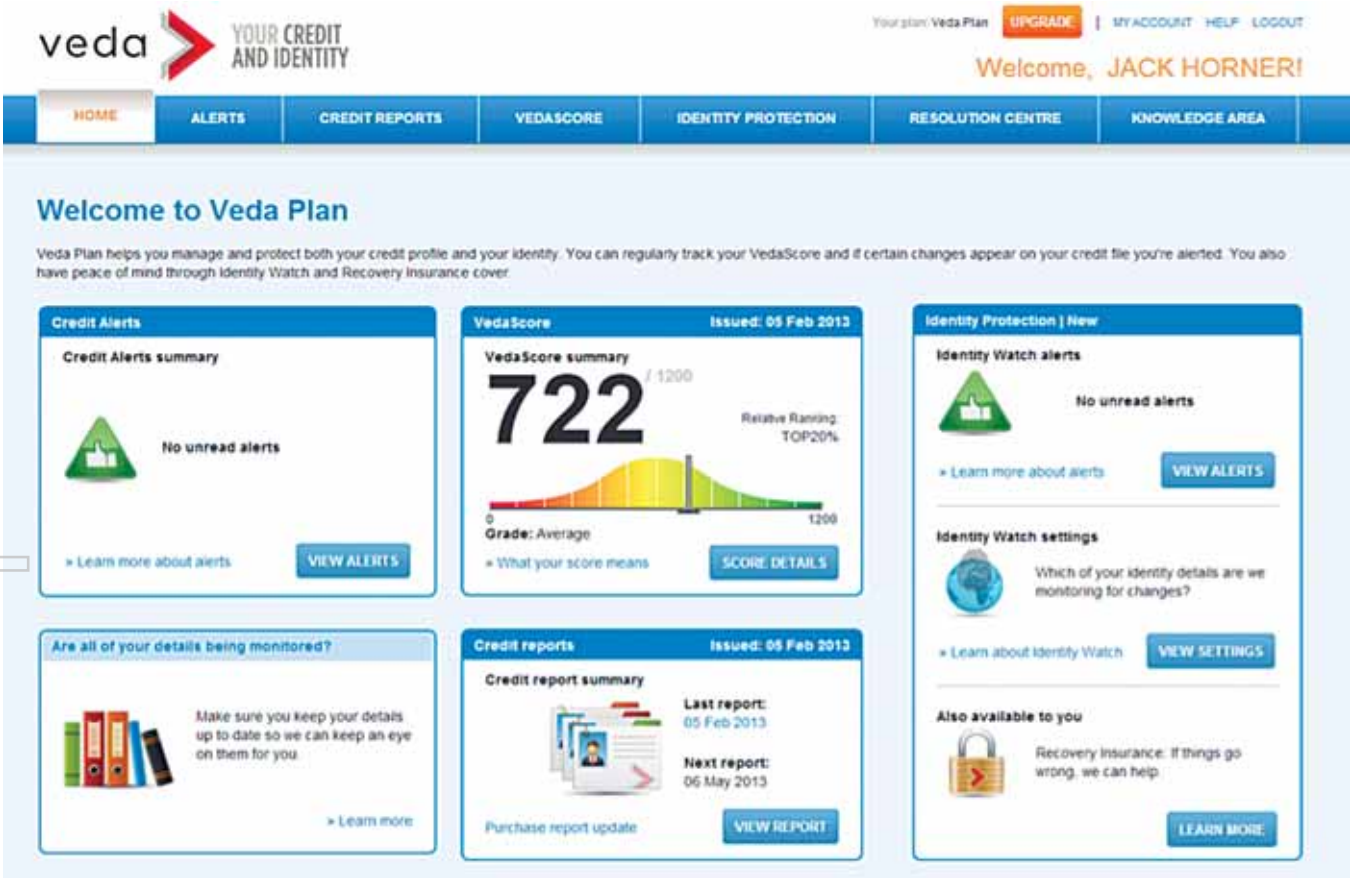
VedaScore

Veda has recently launched VedaScore, its new B2C flagship product. Any individual in Australia can now purchase a report with his or her credit score.

There are four products that incorporate VedaScore: Starter, Access, ID and Plan. The VedaScore is the same credit score that is provided to lenders about an individual. It is a score out of 1,200, calculated using more than 90 variables about an individual's identity and financial history. When Comprehensive Reporting is introduced, this score will include the new fields such as repayment history and because repayment history is tracked, the score will be updated more frequently. Over time, VedaScore will replace the existing consumer credit information product My Credit File.

In addition to VedaScore, Your Credit & Identity includes alerts (enabling a consumer to see if anyone has accessed their credit file) and online identity protection. A cyber-monitoring function checks known online markets for identities and alerts the consumer if their identity appears.

Figure 7 Product snapshot of Your Credit & Identity



Secure Sentinel

Secure Sentinel is a service that helps consumers protect their important identity documents such as their passport and credit cards. Consumers can also protect against fraud and theft of other valuable items. Veda's customers are charged an annual fee for this service, and there are no direct competitors. The business has been in operation for over 20 years and owned by Veda since 2009. Over 40% of the customers who buy Secure Sentinel have had the product for a decade or more.

This service has historically been distributed through credit card issuers as a value-added service. With the emergence of online identification protection, this product is being replaced by Veda's new online identity product, and sold as part of the Your Credit & Identity group of consumer products. Identity protection capability will be added to Secure Sentinel to extend its life and, over time, customers will be migrated to the new product range.

Carhistory.com.au

Veda established Australia's first online automotive information bureau in 2009 and re-branded it to Carhistory.com.au in 2010. Carhistory.com.au provides comprehensive reports on the history of used vehicles in Australia. This report-based product aims to reduce fraud and improve transparency in the sale and purchase of second hand vehicles. Information provided includes encumbrance, insurance history, odometer reading, write-off/stolen status and price comparisons. Veda generates revenues on a per report basis with the main customers being individuals, car dealers and financial institutions.

Veda is one of two players in this market following Carsales.com.au recently establishing a rival product, 'CarFacts'. Management estimates that Veda has at least 50% market share.

NTD

NTD is a tenancy verification and identification service for real estate agents, property managers and private landlords (via Tenancycheck.com.au). It provides access to over 1.9 million individuals' tenancy files.

Inivio

The Veda marketing services business adopted the brand 'Inivio' in 2013.

Inivio uses proprietary data and a skilled team of data scientists to help its customers make more informed and profitable customer management decisions.

Inivio is able to refine, analyse and categorise consumer data to assist businesses and marketers to profile, segment and target consumers. These solutions are designed to provide businesses with improved returns on their marketing investments.

Historically, the business has been focussed on credit card marketing via direct mail, a business that has been in slow decline. Direct mail as a share of marketing spend has also been declining and is being replaced by on-line marketing, a market Inivio is targeting. Veda's key strengths of matching and augmenting data and providing predictive insights are applied in Inivio's solutions.

2.6.4 International

Veda has operations in New Zealand, Asia and the Middle East.

New Zealand

Veda operates in New Zealand in a similar manner to that of its Australian business. It has a broadly similar product offering across Consumer Risk & Identity and Commercial Risk & Information Services. Veda has offices in Auckland and Wellington, and employs 59 people.

Veda is the clear market leader in both consumer credit risk and commercial credit risk. Accordingly, Veda has an extensive collection of data on individuals and businesses in New Zealand.

The customer segments that Veda services in New Zealand are similar to those in Australia. The largest customer group is in the financial sector.

The market structure in New Zealand is slightly different from that in Australia. The New Zealand Government supplies a significant amount of public information direct to businesses, so information brokerage is a much smaller proportion of Veda's business in New Zealand. Comprehensive reporting commenced earlier in New Zealand, and Veda is forecast to generate revenue from the provision of comprehensive reports in FY2014.

Equity investments

Veda's most significant international investment is its 49% interest in Infocredit Holdings Pte Limited (**IHPL**). IHPL is an investment vehicle which owns a majority stake (with the Association of Banks in Singapore) of Credit Bureau (Singapore) Pte Limited and a majority stake (with D&B) of Dun & Bradstreet (Singapore) Pte Limited (a commercial credit bureau). IHPL also has interests in a commercial and consumer credit bureau in Malaysia.

Veda also has an equity investment in Cambodia through Veda Advantage (Cambodia Holdings) Pte Limited, which provides maintenance and support services to, and owns an interest in, the consumer and commercial credit bureau in Cambodia.

In the Middle East, Veda has formed a joint venture to provide credit bureau software and services throughout the region. The joint venture is based in Dubai and currently provides its services for a consumer and commercial credit bureau in Saudi Arabia.

2.7 Sustainable competitive advantage

Veda operates in diverse markets and competes with different competitors within those markets. The competitive landscape and Veda's market share vary significantly by market.

However, a number of attractive structural features of the industries in which Veda operates create significant challenges for new competitors.

Table 4 Sources of sustainable competitive advantage

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

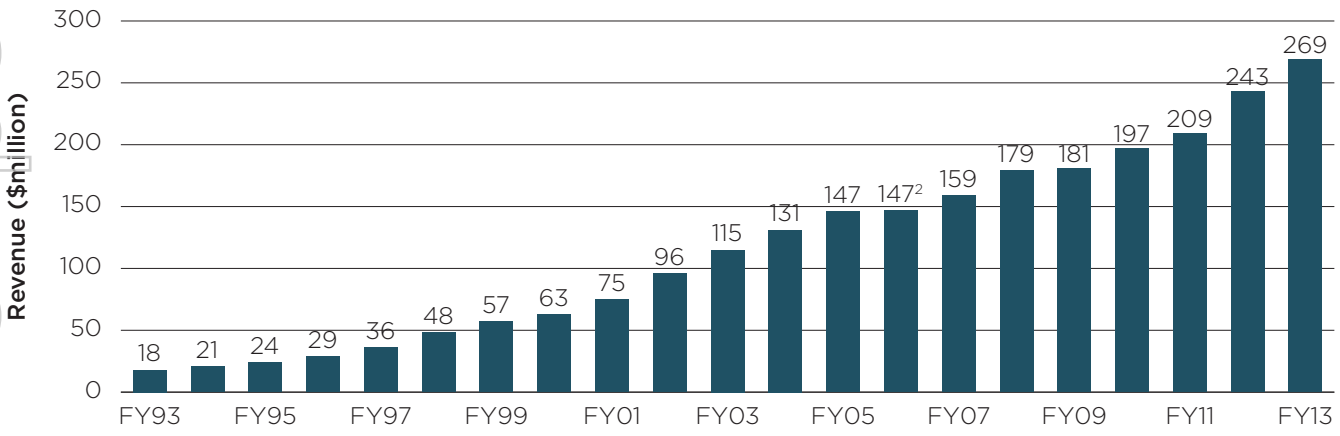
Advantage	Description	Veda value proposition
Secure and reliable IT systems	• Given the high level of sensitive data, IT systems security is essential • System reliability is important to attract and retain customers	• Veda has established mechanisms designed to prevent data security breaches and its systems are supported by highly trained and specialised IT personnel • Veda's data is stored in purpose-built infrastructure with back-up systems and a data centre which services and houses all the hardware used to store and process Veda's data and applications
Regulatory compliance	• Credit reporting is subject to a number of federal and state-based regulations in Australia, such as the Privacy Act, as well as regulations in other jurisdictions in which it operates • Market participants require established systems to meet compliance requirements in a cost and time effective manner	• Veda has made a large investment in robust internal systems and processes to meet its compliance and regulatory obligations
Capital expenditure	• Competing across the board with Veda would require substantial upfront and ongoing capital expenditure to create new products	• Veda has invested, on average, over 10% of its revenues in capital expenditure each year since FY2011 ($29.6 million in FY2013)

2.8 Veda's growth strategy

Figure 8 illustrates that Veda has a history of strong and consistent growth. The Company has demonstrated its resilience across economic cycles (including the global financial crisis) having achieved revenue growth in every year since FY1993 at a CAGR of 14.6%.

Figure 8

Veda's revenue growth profile[1]



Notes:

1. Excludes revenue from the collections business divested in 2006.
2. Exact figures for FY05 and FY06 were $146,875 and $146,883, respectively ('000s).

2.8.1 Veda's strategy

Veda's strategy over the last three years has been to grow from its core business by:

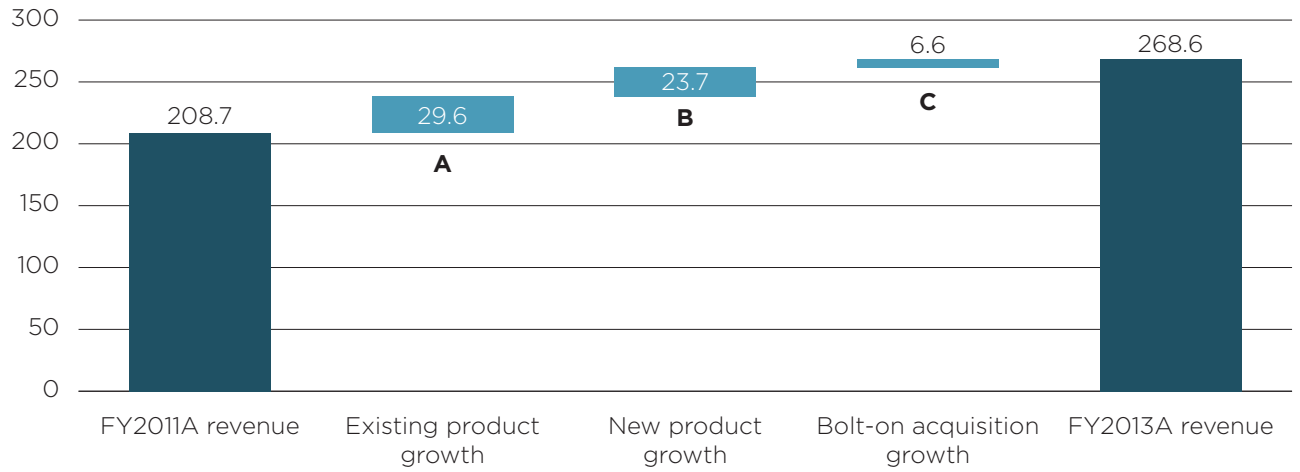
- **focusing on customer needs** – investment in relationship management to understand and serve Veda's customers better;
- **diversifying industry sectors and products** – investment in product and industry specialists that has enabled Veda to broaden its customer base and develop new products for existing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

2.8.2 Sources of growth

Veda has executed the strategy set out in Section 2.8.1 above and achieved incremental growth by expanding its existing products, as well as the successful introduction of new products, either developed internally or through small 'bolt-on' acquisitions.

Figure 9

Revenue growth from FY2011 to FY2013 ($million)



As illustrated in Figure 9, Veda increased its revenue through:

- **A: Existing product growth** – 7.0% CAGR driven by expanded credit products into new industry segments such as telecommunications providers, collections and utilities, and expanded non-credit offerings to core customers (e.g. fraud, identity, employment verification) such as financial institutions;
- **B: New product growth** – new products include products launched since FY2011. Organic new product growth driven primarily from success in Carhistory.com.au and IDMatrix and the launch of PPSR. In FY2013, Veda launched Debtor IQ and Commercial Alerts. Key products to be launched in FY2014 include Veda's new B2C product platform, VedaScore and Inivio's suite of digital marketing capabilities; and
- **C: Bolt-on acquisition growth** – acquisition growth includes acquisitions made since FY2011. Veda made three niche 'bolt-on' acquisitions between FY2011 and FY2013, being Mirus, now known as Veda eTrace, Verify and Corporate Scorecard. Whilst only contributing a small amount of total revenue growth between FY2011 and FY2013, Veda has been successful in integrating and growing the acquired businesses through enhancing the acquired products with its data and cross-selling the product to its wider client base.

Veda will continue these strategies going forward with Table 5 illustrating Veda's growth plans.

Table 5 Growth strategies and opportunities

Strategy	Description
Increase the number of segments served and product penetration within those segments	• Distribute existing products to customers in industry segments that do not currently generate material revenue including payday lending, wealth management, water, insurance, government and small to medium sized enterprises • Grow the B2C business through product innovation and marketing • Capitalise on exposure to high growth in international markets through existing joint venture investments
Continue to expand the product set to diversify revenue and take advantage of customer base and distribution channels	• Grow higher value commercial products by integrating Corporate Scorecard into the business • Continue to grow Verify • Evolve collection management services to deliver more value to customers in optimising receivables • Leverage customer base by cross-selling full product offering • Continue to invest in product innovation and aggregating more data sources to enhance existing products and form the foundation of new products
Position the Company to take advantage of Comprehensive Reporting in Australia	• Be compliant with applicable laws and regulations by March 2014 • Capture the expected increase in volumes by continuing to engage with existing customers, and entering into long term contracts with key customers • Assist financial institution customers to prepare for Comprehensive Reporting • Build on the experience and knowledge gained from the pilot program • Combine Veda's products to create higher return on investment for customers • Promote the benefits of risk-based pricing
Focus on high growth consumer and digital markets	• Develop new B2C product offering targeting creditworthy demographic with high appetite for credit • Create a new category of consumer credit scores with the introduction of VedaScore, foreshadowing Veda's expectation of an industry move to risk-based pricing • Continue investing in Inivio to take advantage of considerable growth in digital and online marketing services and predictive analytics
Make targeted acquisitions and investments to support these strategies	• Continue to investigate and consider potential acquisitions and investments that complement the core business • Leverage track record of having successfully identified, acquired and integrated a number of acquisitions over the past five years

The introduction of Comprehensive Reporting in Australia is expected to lead to an increase in industry volumes and demand for Veda's products and services over the medium term, as customers gain further understanding and knowledge of Comprehensive Reporting and its benefits.

The Directors consider that given Veda's history as a leading credit data provider in Australia and New Zealand, Veda is in a strong position to continue to grow revenues and create value for its customers through the opportunities which will be created from the introduction of Comprehensive Reporting.

2.9 Information technology systems and intellectual property protection

Information technology and safeguards are critical to providing an uninterrupted service to customers, and maintaining data integrity and privacy. Veda has a large IT team (over 20% of total staff) and a track record of security, reliability, and performance in the storage and distribution of its data with a number of internal controls reducing data loss and 'down-time'.

Veda's primary data centres are managed by IBM under an infrastructure management agreement. IBM owns and manages Veda's mainframe and midrange systems on a flexible, variable-cost basis, and houses Veda's other infrastructure and primary customer connections. The relationship with IBM allows Veda the flexibility to scale up and scale down infrastructure as required.

Veda's proprietary credit bureau application runs on IBM mainframe infrastructure. Around that core database, Veda has built a range of Java and .NET applications that deliver Veda's products. Veda has developed and launched a series of new products utilising its core data systems and applications over the last three years, and continues to evolve existing technology and explore new products. For example, the most recently developed product, Debtor IQ, won a series of software development awards.

Veda uses development methodologies to maximise efficiency and timeliness in application development to support new product requirements. The IT team has grown in size and has developed the necessary skills to keep pace with business growth. Veda also has specialised sourcing arrangements in place with a number of niche suppliers who provide additional resource scalability, enabling greater speed in the development process with employee to contractor ratios varying from 90:10 (in the core areas) to 30:70 (in areas such as testing, where flexibility is important). These arrangements ensure that Veda does not become overly reliant on any one supplier.

Veda's core applications utilise its proprietary matching and data cleansing algorithms. The trade secrets incorporated into these algorithms are known only to a select group of well-trained and trusted experts within Veda, and the protection of such trade secrets is managed in a highly secure and confidential manner. The rigorous protection of Veda's algorithms ensures the core technical differentiation from Veda's competitors and Veda believes that this represents a significant barrier to entry. Robust processes and procedures have been instituted and are followed rigorously to ensure that confidentiality is maintained and that trade secret material is not leaked. Veda has developed procedures to ensure that there is no undue key person risk and that new personnel are trained over time to provide continuity.

Veda has assessed various intellectual property protection strategies, and has determined that maintaining trade secrets is more effective and more beneficial to its business than registering its intellectual property rights. Veda owns the copyright in its internally developed software but the key intellectual assets in Veda's business are its analysis methods and algorithms, rather than the software code in which they are incorporated.

Veda is not aware of any material security breaches of its infrastructure nor any unauthorised disclosure of its trade secrets.

2.10 Regulation and compliance

2.10.1 Regulation and compliance for Veda in Australia

Veda's consumer credit assessment business is subject to Part IIIA of the Privacy Act and the Credit Reporting Code of Conduct. These are administered by the OAIC, an independent statutory agency established by the *Australian Information Commissioner Act* 2010 (Cth). In 2010, Veda's consumer credit reporting system was subject to an audit by the OAIC that was completed in 2012.

As at the Original Prospectus Date, Veda has not been subject to any recent audit report with a material adverse finding against Veda by any regulatory authority.

As a data company, Veda is required to comply with the National Privacy Principles (**NPPs**) under the Privacy Act. The NPPs also have an impact on the commercial, fraud and identity and marketing services sectors to the extent that those services collect, use and disclose personal information. Under the NPPs and the Privacy Act more generally, Veda must take reasonable steps to comply with measures dealing with lawful collection, use, storage, disclosure, and secure and safe handling of the personal information in Veda's control.

Other legislation that relates to data access includes the *Electoral Roll Act* 1918 (Cth) and the *Telecommunications Act* 1997 (Cth). The trend in recent legislative amendments is to restrict access to personal information and, where access is provided, a robust compliance framework exists. Veda has a strong track record of compliance, which has enabled Veda to gain access to a number of data sources where robust data protection compliance is a prerequisite. For example, Veda enjoys the benefit of an authorisation by the Australian Communications and Media Authority to publish and maintain a public number directory. This is subject to a regular audit. Veda also has access to the current Electoral Roll for specific purposes.

Veda obtains access to key data sources under a number of contractual arrangements, each of which imposes specific contractual obligations on Veda and often also contractually requires Veda to comply with relevant laws (for example, Veda has a data supply contract in place with ASIC). The pending changes under the *Privacy Amendment (Enhancing Privacy Protection) Act* 2012 (Cth) are unlikely to materially change those arrangements other than to generally focus on increased compliance obligations as these relate to personal information as noted above.

Veda's approach is to enhance its products and services by responding to regulatory changes to existing or new data requirements.

2.10.2 Changes to compliance in Australia from March 2014

In 2009, the Australian Government released an exposure draft proposing changes to the Privacy Act which would allow for the establishment of a comprehensive reporting regime in Australia. Subsequently, the new Comprehensive Reporting regime was introduced under the *Privacy Amendment (Enhancing Privacy Protection) Act* 2012 (Cth) through the introduction of a new Part IIIA to the Privacy Act. Comprehensive Reporting is scheduled to come into effect on 12 March 2014.

From March 2014, the regulatory landscape governing consumer data or credit reporting businesses, in Australia will, therefore, be substantially altered.

The key changes, scheduled to take effect in March 2014, are:

- assuming the mandatory *Privacy Amendment (Privacy Alerts) Bill* 2013 (Cth) is passed by the Senate, Australia will have legislation that requires mandatory breach notification to the OAIC and each individual significantly affected in circumstances of real or serious harm. Veda considers it is well placed to address the new requirements because Veda has a Group-wide data breach policy that it has been applying on a voluntary basis since December 2012; and
- under the *Privacy Amendment (Enhancing Privacy Protection) Act* 2012 (Cth), the compliance obligations on credit reporting businesses will be more prescriptive, detailed and onerous. They will be underpinned by new powers of the regulator (the OAIC) and a civil penalty regime. For example, the Commissioner can accept written undertakings and enforce these through the courts or apply for civil penalty orders that can be up to $340,000 for individuals and $1.7 million for companies.

The key changes from the perspective of a credit reporting business are summarised in Table 6.

Table 6 Compliance changes from March 2014

	Pre-March 2014	Post-March 2014
Sanctions	• Currently, the sanctions are for deliberate and proven contraventions	• The regime will move to a lower standard of proof but generally higher penalties for a greater variety of breaches
Powers of the regulator	• Currently, the regulator has the power to investigate complaints or conduct own motion investigations as well as to conciliate matters	• These powers will be extended to expressly provide for the making and taking of enforceable undertakings and imposing additional interventions and reviews. The power to audit credit reporting businesses and credit providers remains unchanged
Customers	• Credit providers have obligations under the Privacy Act corresponding to Veda's obligations	• Obligations to customers will expand to reflect a more onerous compliance regime. Credit reporting businesses will have an express obligation to audit compliance with their terms and conditions
Dispute resolution[1]	• Membership of an external dispute resolution scheme is not compulsory for credit reporting businesses	• Membership of an external dispute resolution scheme will become mandatory for credit reporting businesses and credit providers
Reciprocity	• Not mandatory and is currently the subject of contract	• Not mandatory but may be the subject of a code (yet to be developed)

Note:

1. As at 5 November 2013, subject to a code yet to be finalised.

2.10.3 Regulation and compliance for Veda in New Zealand

Veda's consumer credit business in New Zealand is subject to the NZ Privacy Act and the NZ Privacy Code.

Comprehensive reporting is permitted in New Zealand after a series of amendments to the NZ Privacy Code. The most recent amendment took effect on 1 April 2012 and broadened the scope of credit data which credit providers can provide to credit bureaus (subject to appropriate notice to the relevant individual) for use in credit reporting services.

The NZ Privacy Code contains 12 privacy rules which are specifically designed for and applicable to consumer credit reporting companies that sell credit information, such as Veda. These rules specify the purpose for which credit information may be collected, approved sources of credit information, storage and use of credit information, access to credit information, correction and the accuracy of credit information, and limits on use and disclosure of personal information. The NZ Privacy Code is administered by the New Zealand Privacy Commissioner, who also oversees the NZ Privacy Act.

The NZ Privacy Act is expected to be reformed in the coming years. The New Zealand Law Commission completed a major review of the NZ Privacy Act in July 2011. In March 2012, the New Zealand Government announced its intention to replace the NZ Privacy Act with other legislation and to retain the current principles-based approach to regulation. The proposed changes are expected to constitute a major reform of privacy law in New Zealand and, among other things, give the New Zealand Privacy Commissioner wider investigative and enforcement powers.

Section 3
Financial Information

3. Financial Information

3.1 Introduction

This Section 3 contains a summary of:

- the pro forma historical financial information comprising:
  - the pro forma historical consolidated statements of profit or loss of Veda for FY2011, FY2012 and FY2013;
  - the pro forma historical consolidated statements of cash flows of Veda for FY2011, FY2012 and FY2013; and
  - the pro forma historical consolidated statement of financial position of Veda as at 30 June 2013,

(together, the **Pro Forma Historical Financial Information**); and

- the forecast financial information comprising:
  - the Directors' pro forma forecast consolidated statement of profit or loss and statutory forecast consolidated statement of profit or loss of Veda for FY2014; and
  - the Directors' pro forma forecast consolidated statement of cash flows and statutory forecast consolidated statement of cash flows of Veda for FY2014,

(together, the **Forecast Financial Information** and, together with the Pro Forma Historical Financial Information, the **Financial Information**).

Also summarised in this Section 3 are:

- the basis of preparation and presentation of the Financial Information (see Section 3.2);
- the Directors' best estimate assumptions (see Section 3.8.2) and general assumptions (see Section 3.8.1) underlying the Forecast Financial Information and key sensitivities in respect of the Forecast Financial Information (see Section 3.9); and
- Veda's proposed dividend policy (see Section 3.10).

The Financial Information has been reviewed by KPMG Transaction Services, whose Investigating Accountant's Report is contained in Section 7.

The information in this Section 3 should also be read in conjunction with the risk factors set out in Section 4 and other information contained in this Prospectus.

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $0.1 million.

3.2 Basis of preparation and presentation of the Financial Information

3.2.1 Overview

The general purpose statutory historical consolidated financial statements of Veda for FY2012 and FY2013 have been audited by KPMG. KPMG has issued unqualified opinions in respect of both periods. The statutory historical consolidated financial statements of Veda for FY2011 were audited by Veda's external auditor at that time, and the audit opinion provided by that external auditor was unqualified.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards, although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. Veda's significant accounting policies and selected notes relevant to the Financial Information are set out in Appendix A.

Veda has two reportable segments under AASB 8 Operating Segments, which are Australia and International. In addition to the reportable segments, Veda also reports revenue from external customers for similar products and services across business lines in Australia. These business lines are: Consumer Risk & Identity, Commercial Risk & Information Services, and B2C & Marketing Services (see Section 3.6).

3.2.2 Preparation of Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information is based on the audited general purpose statutory consolidated financial statements of Veda for FY2011, FY2012 and FY2013, adjusted for certain pro forma transactions and/or other adjustments.

Refer to Section 3.3.2 for a reconciliation between the statutory historical consolidated statements of profit or loss and the pro forma historical consolidated statements of profit or loss of Veda for FY2011, FY2012 and FY2013, and to Section 3.5.1 for a reconciliation between the statutory historical consolidated statements of cash flows and the pro forma historical consolidated statements of cash flows of Veda for FY2011, FY2012 and FY2013. Also refer to Section 3.4 for a reconciliation between the statutory historical consolidated statement of financial position of Veda and the pro forma historical consolidated statement of financial position of Veda as at 30 June 2013.

The pro forma historical consolidated statements of profit or loss of Veda have been presented before net finance costs and tax expense on the basis that Veda's capital structure following Completion of the Offer will be materially different from that in place during the period prior to Completion of the Offer. Accordingly, the statutory historical interest expense and income tax are not a meaningful representation of Veda's future earnings profile.

The pro forma historical consolidated statements of cash flows of Veda have been presented before net finance costs and tax expense as the statutory historical net finance costs and tax expense cash flows are not a meaningful representation of Veda's future cash flows.

Investors should note that past results are not a guarantee of future performance.

3.2.3 Preparation of Forecast Financial Information

The Directors have prepared the Forecast Financial Information with due care and attention, and consider all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus.

The Forecast Financial Information has been prepared on the basis of numerous assumptions, including the general assumptions and the Directors' best estimate assumptions set out in Sections 3.8.1 and 3.8.2. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on Veda's actual financial performance or financial position. Investors are advised to review the general assumptions and the Directors' best estimate assumptions set out in Sections 3.8.1 and 3.8.2 in conjunction with the notes to the Financial Information included in Appendix A, the sensitivity analysis set out in Section 3.9, the risk factors set out in Section 4 and other information set out in this Prospectus.

The forecast consolidated statement of profit or loss of Veda for FY2014 has been presented on both a pro forma and a statutory basis. The statutory forecast consolidated statement of profit or loss of Veda for FY2014 is representative of the financial performance that the Directors expect to report in Veda's first set of financial statements following Completion of the Offer. The pro forma forecast consolidated statement of profit or loss of Veda for FY2014 is based on the statutory forecast consolidated statement of profit or loss adjusted for certain pro forma transactions and/or other adjustments. Refer to Section 3.3.2 for a reconciliation between the statutory forecast consolidated statement of profit or loss of Veda for FY2014 and the pro forma forecast consolidated statement of profit or loss of Veda for FY2014.

Similarly, refer to Section 3.5.1 for a reconciliation between the statutory forecast consolidated statement of cash flows of Veda for FY2014 and the pro forma consolidated statement of cash flows of Veda for FY2014.

The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information.

3.3 Historical and forecast consolidated statements of profit or loss

Set out below is a summary of Veda's pro forma historical consolidated statements of profit or loss for FY2011, FY2012 and FY2013, pro forma forecast consolidated statement of profit or loss for FY2014 and statutory forecast consolidated statement of profit or loss for FY2014.

Table 7 Summary of pro forma historical and forecast consolidated statements of profit or loss and statutory forecast consolidated statement of profit or loss

		Pro forma historical			Pro forma forecast	Statutory forecast
$million	Note	FY2011	FY2012	FY2013	FY2014	FY2014
Revenue		**208.7**	**243.1**	**268.6**	**290.0**	**290.0**
Total operating expenses		(131.0)	(164.8)	(161.6)	(164.9)	(191.7)
EBITDA		**77.7**	**78.3**	**107.0**	**125.1**	**98.3**
Depreciation and amortisation		(15.1)	(19.4)	(24.9)	(22.7)	(22.7)
EBIT (before Acquisition Amortisation)		**62.6**	**58.9**	**82.1**	**102.4**	**75.6**
Acquisition Amortisation	1	(19.4)	(19.5)	–	–	–
EBIT	2,3	**43.2**	**39.4**	**82.1**	**102.4**	**75.6**
Net finance costs					(15.5)	(50.3)
Share of NPAT from associates	4				2.5	2.5
Profit before tax					**89.4**	**27.8**
Tax expense	5				(25.5)	(10.5)
NPAT	3				**63.9**	**17.3**

Notes:

1. Upon acquisition of Veda in 2007 by a consortium comprising the PEP Shareholders and MLGPE, certain intangible assets including customer contracts, software and databases were capitalised and amortised over a five year period (**Acquisition Amortisation**). The assets were fully amortised as at 30 June 2012.
2. The pro forma historical consolidated statements of profit or loss for FY2011, FY2012 and FY2013 have been presented before net finance costs and tax expense because Veda's funding structure following Completion of the Offer will be materially different from that in place during the period prior to Completion of the Offer.
3. The pro forma historical consolidated statements of profit or loss for FY2011, FY2012 and FY2013 and the pro forma forecast consolidated statement of profit or loss for FY2014 are reconciled to the respective statutory historical consolidated statements of profit or loss for FY2011, FY2012 and FY2013 and the statutory forecast consolidated statement of profit or loss for FY2014 in Section 3.3.2.
4. The share of NPAT from associates comprises the contribution from overseas associates. The share of NPAT from associates was $1.7 million in FY2011, $1.6 million in FY2012 and $2.0 million in FY2013.
5. The forecast pro forma and statutory tax expenses principally represent non-cash amounts due to the availability of carried forward tax losses. Refer to Section 3.5 for further information.

3.3.1 Key financial metrics

Set out below is a summary of Veda's key financial metrics for FY2011, FY2012, FY2013 and FY2014 derived from the Financial Information.

Table 8 Key financial metrics

	Note	Pro forma historical FY2011	Pro forma historical FY2012	Pro forma historical FY2013	Pro forma forecast FY2014	Statutory forecast FY2014
Average daily click revenue ($ million per business day)	1	0.72	0.84	0.94	0.99	0.99
Average daily click revenue growth (% increase YoY)	1	–	16.7%	11.9%	5.3%	–
Revenue growth (% increase YoY)		–	16.5%	10.5%	8.0%	–
EBITDA growth (% increase YoY)		–	0.8%	36.7%	16.9%	–
EBITDA margin		37.2%	32.2%	39.8%	43.1%	33.9%
EBIT (before Acquisition Amortisation) growth (% increase YoY)		–	(5.9%)	39.4%	24.7%	–
EBIT (before Acquisition Amortisation) margin		30.0%	24.2%	30.6%	35.3%	26.1%
EBIT growth (% increase YoY)		–	(8.8%)	108.4%	24.7%	–
EBIT margin		20.7%	16.2%	30.6%	35.3%	26.1%

Notes:

1. The implied average click revenue per business day is based on the revenue Veda earns by charging a fee each time a customer accesses Veda's products through a range of electronic distribution channels. Refer to Sections 2.5.4 and 3.6 for further information.

3.3.2 Pro forma adjustments to the statutory historical consolidated statements of profit or loss

In presenting the pro forma historical consolidated statements of profit or loss included in this Prospectus no adjustments have been made to the statutory historical revenue, however, pro forma adjustments have been made for certain transactions and one-off expenses which will not occur in a listed environment, and to reflect the full year impact of the additional operating costs that will be in place following Completion of the Offer including costs associated with being a listed entity. These adjustments are summarised in Tables 9 and 10. Table 9 also includes a reconciliation of the statutory (net loss after tax)/net profit after tax to the statutory EBIT for FY2011, FY2012 and FY2013. Set out below in Table 9A is the statutory historical consolidated statements of profit or loss for FY2011, FY2012 and FY2013.

Table 9 Pro forma adjustments to the statutory historical consolidated statements of profit or loss for FY2011 to FY2013

$million	Note	Historical FY2011	Historical FY2012	Historical FY2013
Statutory (NLAT)/NPAT		**(16.3)**	**(20.2)**	**9.4**
Tax (benefit)/expense		(6.4)	(13.1)	2.9
Share of NPAT from associates		(1.7)	(1.6)	(2.0)
Net finance costs		66.2	69.2	70.3
Statutory EBIT	1	**41.7**	**34.3**	**80.6**
Management fees	2	4.0	4.0	4.0
Listed company expenses	3	(2.5)	(2.5)	(2.5)
Management shares expense	4	–	3.6	–
Pro forma EBIT		**43.2**	**39.4**	**82.1**

See notes after Table 10.

Table 9A Statutory historical consolidated statements of profit or loss for FY2011 to FY2013

$million	Note	FY2011	FY2012	FY2013
Revenue	1a	208.7	243.1	268.6
Costs of external data and products used for resale		(43.7)	(55.7)	(55.5)
Staff costs		(55.6)	(74.3)	(75.2)
Other operating expenses		(33.2)	(40.0)	(32.4)
Total operating expenses		(132.5)	(170.0)	(163.1)
EBITDA		**76.2**	**73.1**	**105.5**
Depreciation and amortisation & Acquisition Amortisation		(34.4)	(38.8)	(24.9)
EBIT		**41.7**	**34.3**	**80.6**
Net finance costs		(66.2)	(69.2)	(70.3)
Share of net profit of associates		1.7	1.6	2.0
(Loss Before Tax)/Net profit before tax		**(22.8)**	**(33.3)**	**12.3**
Tax benefit/(expense)		6.4	13.1	(2.9)
(NLAT)/NPAT		**(16.3)**	**(20.2)**	**9.4**

Note:

1a. A breakdown of revenue by type is provided in Table 17 in Section 3.6.

In presenting the pro forma forecast consolidated statement of profit or loss, similar pro forma adjustments have been made. Table 10 summarises these, and additional pro forma adjustments that have been made to reflect the full year impact of the capital structure that will be in place following Completion of the Offer and to reflect the pro forma tax expense.

Table 10 Pro forma adjustments to the statutory forecast consolidated statement of profit or loss for FY2014

$million	Note	Forecast FY2014
Statutory NPAT		**17.3**
Management fees	2	1.8
Listed company expenses	3	(1.1)
Management shares expense	4	11.6
IPO expenses	5	14.6
Total operating expense adjustments		**26.8**
Net finance costs	6	18.9
Finance costs – upfront fees	7	15.8
Total net finance cost adjustments		**34.7**
Tax expense	8	(15.0)
Pro forma NPAT		**63.9**

Notes to Tables 9 and 10:

1. **Statutory EBIT** – this does not include the share of NPAT from associates. The share of NPAT from associates was $1.7 million in FY2011, $1.6 million in FY2012 and $2.0 million in FY2013.
2. **Management fees** – fees for services charged by PEP Advisory will not be incurred following Completion of the Offer. This adjustment removes the fees incurred prior to Completion of the Offer which were expensed in the historical periods and, to the extent relating to the period from 1 July 2013 until Completion of the Offer, will be expensed in the statutory forecast consolidated statement of profit or loss for FY2014.
3. **Listed company expenses** – an adjustment has been made to include Veda's estimate of the incremental annual costs that it will incur as a listed company. These costs include Directors' remuneration, additional directors' and officers' liability insurance premiums, additional audit and tax costs, additional staff costs, listing fees, share registry fees, as well as annual general meeting and annual report costs.
4. **Management shares expense** – adjustments of $3.6 million in FY2012 and $11.6 million in FY2014 have been made to eliminate the respective one-off expenses made under the existing MPS scheme which has been modified as a part of the Offer.
5. **IPO expenses** – includes termination and break fees of $9.2 million and other non-capitalised costs related to the IPO.
6. **Net finance costs** – the net finance costs included in the pro forma forecast consolidated statement of profit or loss of Veda for FY2014 have been adjusted to reflect the net finance costs applicable to Veda under the terms of the New Banking Facilities following Completion of the Offer. Refer to Section 3.4.3 for a description of the New Banking Facilities.
7. **Finance costs – upfront fees** – the repayment of the Existing Financing will result in the write-off of the un-amortised portion of the upfront fees from the establishment of the Existing Financing. The net finance costs included in the pro forma forecast consolidated statement of profit or loss of Veda for FY2014 have been adjusted to reflect the anticipated debt profile of Veda following Completion of the Offer and, as a result, the expensing of the upfront fees for the Existing Financing has been eliminated. The New Banking Facilities will result in upfront fees that will be capitalised and amortised over the term of the new facilities.
8. **Tax expense** – the income tax effect of the above adjustments assumes a tax rate of 30%, which is the Australian corporate tax rate. The tax impact of the above adjustments, except for the management shares expense (non-tax deductible), has been reflected as part of this adjustment.

3.4 Pro forma historical consolidated statement of financial position

The pro forma historical consolidated statement of financial position as at 30 June 2013 in Table 11 is based on the statutory consolidated statement of financial position at 30 June 2013, adjusted for certain pro forma adjustments, including the impact of the Offer and the proposed new funding structure as if it was in place as at 30 June 2013.

Table 11 Pro forma historical consolidated statement of financial position

$million	Note	Statutory 30 June 2013	Impact of the Offer and New Banking Facilities	Retained earnings to equity adjust-ment	Pro forma 30 June 2013
Assets					
Current assets					
Cash and cash equivalents	1	27.6	(4.7)	–	22.9
Trade and other receivables		36.8	–	–	36.8
Other current assets		4.0	–	–	4.0
Total current assets		**68.4**	**(4.7)**	**–**	**63.7**
Non-current assets					
Trade and other receivables	2	0.5	3.1	–	3.6
Investments in equity accounted investees		28.1	–	–	28.1
Deferred tax assets	3	38.6	8.6	–	47.2
Property, plant and equipment		4.6	–	–	4.6
Intangible assets	4	862.1	–	–	862.1
Total non-current assets		**933.9**	**11.7**	**–**	**945.6**
Total assets		**1,002.3**	**7.0**	**–**	**1,009.3**
Liabilities					
Current liabilities					
Trade and other payables		26.7	–	–	26.7
Loans and borrowings	1	4.7	(4.7)	–	–
Current tax liabilities		0.9	–	–	0.9
Employee benefits		15.3	–	–	15.3
Deferred income		5.3	–	–	5.3
Provisions		6.9	–	–	6.9
Derivative financial instruments		0.7	–	–	0.7
Total current liabilities		**60.5**	**(4.7)**	**–**	**55.8**
Non-current liabilities					
Loans and borrowings	5,6	612.2	(302.2)	–	310.1
Employee benefits	2	1.1	0.3	–	1.4
Provisions		4.3	–	–	4.3
Derivative financial instruments		–	–	–	–
Other non-current liabilities		6.1	–	–	6.1
Total non-current liabilities		**623.7**	**(301.9)**	**–**	**321.9**
Total liabilities		**684.2**	**(306.6)**	**–**	**377.7**
Net assets		**318.1**	**313.6**	**–**	**631.6**
Equity					
Share capital	2,3,7,8,10	512.9	372.5	(96.0)	789.3
Reserves	5,8	(0.6)	(1.9)	–	(2.5)
Accumulated losses	9,10	(195.0)	(57.0)	96.0	(156.0)
Non-controlling interests		0.8	–	–	0.8
Total equity		**318.1**	**313.6**	**–**	**631.6**

Notes:

1. Prior to Completion of the Offer, the Company is due to make a principal repayment of $4.7 million on its Existing Facilities.
2. As part of the Offer, Shares issued under the modification of the MPS scheme have been included in equity. As part of this process, management has been issued a full recourse loan of $3.6 million to fund the reclassification amount, offset by the write-off of a loan receivable ($0.5 million) from management in relation to the MPS.
3. Total fees associated with the IPO are $28.7 million which are offset against issued capital. It is assumed that these costs are deductible to Veda for tax purposes over five years, resulting in a deferred tax asset of $8.6 million.
4. Intangible assets principally comprise goodwill from the acquisition of Veda by a consortium comprising the PEP Shareholders and MLGPE in 2007.
5. The impact of the Offer and New Banking Facilities has been presented assuming AUD/NZD exchange rate of 1.1389. This differs from the exchange rate as at 30 June 2013 of 1.1906 and as such gives rise to a translation loss on the NZD denominated debt of $5.1 million, which has been debited to equity reserves.
6. At Completion of the Offer, all external Existing Financing will be repaid in full. Pro forma loans and borrowings reflects draw downs under the New Banking Facilities as detailed in Section 3.4.3, and are presented assuming AUD/NZD exchange rate of 1.1389, offset by $1.6 million capitalised upfront fees associated with the establishment of the New Banking Facilities as part of the Offer.
7. Veda will issue new share capital of $380.5 million (comprised of $341.1 million issued in connection with the Offer and $39.5 million issued from the exercise of Warrants), offset by fees associated with the IPO ($28.7 million). See Section 8 for further detail on the Warrants.
8. A share-based payment reserve of $3.2 million was created as a consequence of the issuance of Options to management as part of the Offer.
9. As part of the IPO, the impact of the Offer and the New Banking Facilities, $57.0 million of accumulated losses are incurred, comprising $14.3 million Mezzanine Preference Notes interest up to Completion of the Offer, the expense of the IPO costs in the statutory forecast statement of profit or loss of $14.6 million, the write-off of un-amortised debt fees in relation to the Existing Facilities of $15.7 million and the impact of a number of adjustments relating to the modification of the MPS totalling $12.4 million.
10. Prior to Listing, Veda plans to undertake a capital reduction under the Corporations Act to apply a portion of its retained losses against ordinary equity in order to remove potential dividend restrictions within Veda's corporate structure.

3.4.1 Pro forma adjustments to the statutory consolidated statement of financial position

In conjunction with the Offer, Veda will issue new equity and draw down on its New Banking Facilities (described in Section 3.4.3). Proceeds from the foregoing will be used to pay:

- amounts owing by Veda under debt facilities and associated derivatives in place immediately prior to Completion of the Offer;
- establishment costs in respect of the New Banking Facilities applicable post the Offer; and
- other transaction advisory fees, costs and expenses arising in connection with the Offer.

Details of the pro forma adjustments made to the statutory consolidated statement of financial position of Veda as at 30 June 2013 are set out in the notes to Table 11 above. The pro forma historical consolidated statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of Veda's view on its future financial position. Further information on the sources and uses of funds of the Offer and the New Banking Facilities is contained in Sections 6.1.2 and 3.4.3.

3.4.2 Indebtedness

Table 12 sets out the indebtedness of Veda as at 30 June 2013, before and following Completion of the Offer.

Table 12 Pro forma consolidated indebtedness of Veda as at 30 June 2013

$million	Note	Statutory (before Completion of the Offer)	Pro forma (after Completion of the Offer)
Current loans and borrowings		4.7	–
Non-current loans and borrowings			
Mezzanine Preference Notes		262.2	–
Senior debt	1	365.8	311.7
Less: upfront fees paid		(15.7)	(1.6)
Total non-current loan and borrowings		612.2	310.1
Total loans and borrowings		**616.9**	**310.1**
Cash and cash equivalents	2	(27.6)	(22.9)
Net total indebtedness		**589.3**	**287.2**
Net debt/FY2013 pro forma EBITDA			2.68x
Net debt/FY2014 pro forma EBITDA			2.30x

Notes:

1. Pro forma loans and borrowings reflects draw downs under the New Banking Facilities as detailed in Section 3.4.3, and are presented assuming AUD/NZD exchange rate of 1.1389.
2. Cash and cash equivalents includes $7.0 million that is to be paid to the Office of State Revenue, of which $0.9 million will be paid in FY2014 and the balance in FY2017. This is in respect of unclaimed dividends and share purchase payments from the 2007 transaction which delisted Veda. This liability is included in the statutory and pro forma consolidated statements of financial position as at 30 June 2013.

3.4.3 Description of the New Banking Facilities

VA Australia Finance Pty Limited and VA (NZ) Holdings Limited (wholly owned subsidiaries of Veda) have executed a facility agreement for the provision of three year revolving facilities (**New Banking Facilities**). The mandated lead arrangers for the New Banking Facilities are Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, National Australia Bank Limited and Westpac Banking Corporation.

On Completion of the Offer, funding provided under the facility agreement for the New Banking Facilities (together with proceeds from the issue of Shares under the Offer and the exercise of Warrants) will be utilised to repay Veda's existing syndicated debt facilities, mezzanine liabilities and associated derivatives and certain other obligations of Veda and its subsidiaries (**Existing Financing**). Upon repayment of the Existing Financing, the associated guarantees and security will be discharged.

The availability of funding under the New Banking Facilities is conditional upon confirmation that Veda will be quoted on ASX as contemplated by the Offer and other conditions precedent which are within the control of Veda. Accordingly, on Completion of the Offer, Veda will have debt funding available to assist with the repayment of the Existing Financing of Veda and its subsidiaries and to provide for the funding needs after listing.

The New Banking Facilities will comprise:

- $240.0 million multi-currency revolving facility (**Facility A**), of which approximately $196.1 million will be drawn in Australian dollars and approximately NZ$38.6 million will be drawn in New Zealand dollars at the date of the issue of Shares under the Offer; and
- NZ$93.0 million revolving facility (**Facility B**), of which NZ$93.0 million will be drawn at the date of the issue of Shares under the Offer.

In addition, Veda will enter into a $10 million bank guarantee facility with Westpac to support its standard business operational requirements for bank guarantees, such as ones issued to landlords to secure rental payment obligations.

The pro forma forecast consolidated net interest expense includes the full year effect of the amortisation of upfront fees that have been capitalised and amortised over the term of the loan, as well as guarantee and commitment fees in the New Banking Facilities for FY2014, amounting to $0.7 million.

Facility A

Facility A is a revolving loan repayable in full at maturity, being three years from the date of the first drawdown under the New Bank Facilities. No other interim scheduled principal repayments are required during the term of Facility A. Facility A is a multi-currency facility under which Veda can draw down in both Australian and New Zealand dollars (up to NZ$40.0 million). At the date of the issue of Shares under the Offer, approximately $196.1 million will be drawn in Australian dollars and approximately NZ$38.6 million will be drawn in New Zealand dollars.

Facility A has a variable interest rate, which is based on bank bill swap bid rate (BBSY or BKBM as applicable) plus a margin. Facility A will attract commitment fees equal to 50% of the margin on the committed but undrawn funds under this facility.

The pro forma forecast consolidated interest expense in relation to Facility A for FY2014 is $11.1 million, on the assumption that Facility A is drawn as detailed above for the entire FY2014 period, and applying Veda's interest rate hedging policy described in Section 3.4.4.

Facility B

Facility B is on the same terms as those for Facility A, other than that it relates to the New Zealand funding requirements of Veda and is, therefore, based on a base rate of BKBM and can only be drawn in New Zealand dollars.

The pro forma forecast consolidated interest expense in relation to Facility B for FY2014 is $4.3 million, on the assumption that Facility B remains fully drawn for the entire FY2014 period, and applying Veda's interest rate hedging policy described in Section 3.4.4.

Financial undertakings

The facility agreement under which the New Banking Facilities will be made available contains undertakings typical for facilities of this nature. The undertakings include financial undertakings which will be tested at financial year end and financial half-year end based on the preceding 12 month period, commencing the period ending 30 June 2014. These undertakings include:

- net leverage ratio to be not greater than 3.50 to 1, being net debt to EBITDA (as defined under the New Banking Facilities); and
- interest cover ratio to be equal or greater than 3.00 to 1, being EBITDA (as defined under the New Banking Facilities) for the applicable period to net finance costs.

Other financing considerations

Security

The New Banking Facilities will be unsecured.

Guarantees

Veda must ensure, from time to time, that the guarantors under the New Banking Facilities together hold at least 85% of Veda's total assets, and generate at least 85% of Veda's EBITDA as defined under the New Banking Facilities (including by procuring any new subsidiary required in order to meet this test, to execute a deed of accession and become a guarantor, under the New Banking Facilities).

Representations, warranties and undertakings

The New Banking Facilities will contain a number of general representations, warranties and undertakings that are generally customary for facilities of their nature including undertakings to provide information, a negative pledge (with appropriate carve-outs), restrictions as to disposals and acquisitions of assets (subject to exceptions usual for facilities of their nature), restrictions on making distributions and provision of financial accommodation (also subject to exceptions usual for facilities of their nature).

Defaults

The New Banking Facilities will also contain certain events of default which are customary for facilities of their nature. These events of default include the failure to make payments due, a breach of any financial covenants imposed, a breach of any other obligation under the facilities, the misrepresentation of facts pertaining to any finance document, the occurrence of a crossdefault, the occurrence of any insolvency event as well as any event which has a material adverse effect on, for example, the business or financial condition of Veda and its guarantor subsidiaries. In a number of instances, the events of default are subject to materiality thresholds and cure periods.

It will also be a review event under the New Banking Facilities if there is a change of control in Veda, or, if following listing on ASX, the Shares of Veda are removed from the official list of ASX or suspended from trading for 10 consecutive business days (for reasons other than there being an imminent announcement of a major acquisition or merger transaction). Following such review, the lenders would either agree revised terms with Veda or, if agreement cannot be reached, require repayment of the New Banking Facilities. A change of control is defined to be the acquisition by any person, either directly or indirectly, of beneficial ownership of 50% or more of the ordinary voting power of the outstanding voting shares in the Company. The change of control provision does not include a selldown by the PEP Shareholders below 50%.

Upon the occurrence of an event of default, the lenders under the New Banking Facilities will be entitled to, among other things, declare that all monies owing to it under the facilities are immediately due and payable, terminate all or part of its obligations to Veda and the group and charge additional fees and interest.

Permitted indebtedness

The New Banking Facilities allow Veda to put in place additional unsecured facilities, subject to meeting certain thresholds, to fund acquisitions or other general corporate purposes.

3.4.4 Liquidity and capital resources

Following Completion of the Offer, Veda's principal sources of funds will be cash flow from operations and borrowings under its New Banking Facilities as described in Section 3.4.3.

Veda expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period. Veda expects that its operating cash flows, together with borrowings under its New Banking Facilities, will position Veda to grow its business in accordance with the Forecast Financial Information.

Non-Australian dollar revenue represents approximately 11% of Veda's revenue. Veda does not hedge movements in foreign currency.

Veda is exposed to changes in its finance costs to the extent that borrowings are tied to prevailing interest rates. Veda's interest rate policy is to fix estimated interest rate exposure at a minimum of 75% for a period of at least 12 months or as otherwise determined by the Board. Veda reassesses the adequacy of its hedging at least every 3 months.

3.5 Summary pro forma historical and forecast consolidated statements of cash flows and statutory forecast consolidated statement of cash flows

Set out below is a summary of Veda's pro forma historical consolidated statements of cash flows for FY2011, FY2012 and FY2013, pro forma forecast consolidated statement of cash flows for FY2014 and statutory forecast consolidated statement of cash flows for FY2014.

Table 13 Summary pro forma historical and forecast consolidated statements of cash flows and statutory forecast consolidated statement of cash flows

$million	Note	Pro forma historical FY2011	Pro forma historical FY2012	Pro forma historical FY2013	Pro forma forecast FY2014	Statutory forecast FY2014
EBITDA		**77.7**	**78.3**	**107.0**	**125.1**	**98.3**
Prior management fee paid		–	–	–	–	(4.0)
Management shares expense		–	–	–	–	12.1
Changes in working capital	1	(4.6)	(5.1)	7.2	(8.1)	(8.6)
Capital expenditure	2	(19.1)	(28.6)	(29.6)	(47.0)	(47.0)
Acquisition of subsidiaries, net of cash acquired	3	(2.0)	(1.7)	(5.1)	(9.2)	(9.2)
Net cash flow before financing and taxation	**4**	**52.0**	**42.9**	**79.5**	**60.8**	**41.5**
Tax	5				(3.9)	(3.9)
Interest and other costs paid on financial debt	6				(15.1)	(21.1)
Repayment of loans and borrowings before Offer date	7				–	(4.7)
Repayment of Existing Financing					–	(647.4)
Proceeds from New Banking Facilities					–	311.7
Proceeds from issue of new Shares	7				–	341.1
Proceeds from exercise of Warrants	7				–	39.5
IPO transaction costs	7				–	(28.7)
Upfront senior debt fees	7				(1.6)	(1.6)
Cash received from associates	8				1.1	1.1
Withholding tax payments					–	(2.0)
Other investing cash flow	9				(1.6)	(1.6)
Net cash flow					**39.7**	**23.9**

Notes:

1. Working capital includes current trade and other receivables, other current assets, trade and other payables, deferred income, employee benefits and provisions.
2. Capital expenditure includes maintenance and growth capital expenditure, and capitalised costs of data. The change between FY2013 and FY2014 is expected to be primarily driven by capital expenditure by Veda to prepare for Comprehensive Reporting (increase of $14.0 million) and increased ASIC data acquisition costs (increase of $5.5 million) offset by lower maintenance capital expenditure.
3. Represents cash paid, net of cash acquired, for business combinations and related contingent consideration. The $9.2 million that is forecast to be paid in FY2014 primarily relates to a number of historical acquisitions.
4. The pro forma historical consolidated statements of cash flows for FY2011, FY2012 and FY2013 have been presented before net finance costs and tax expense on the basis that Veda's funding structure following Completion of the Offer will be materially different from that in place during the period prior to Completion of the Offer. The pro forma historical consolidated statements of cash flows for FY2011, FY2012 and FY2013 and the pro forma forecast consolidated statement of cash flows for FY2014 are reconciled to the respective statutory historical consolidated statements of cash flows for FY2011, FY2012 and FY2013 and the statutory forecast consolidated statement of cash flows for FY2014 in Section 3.5.1.
5. The pro forma and statutory forecast tax payable is significantly less than the pro forma and statutory forecast tax expense due to the availability of carried forward tax losses, totalling $124.1 million as at 30 June 2013.
6. Pro forma forecast interest and other costs paid on financial debt for FY2014 includes the estimated interest payable under the New Banking Facilities as if the facilities were in place as at 1 July 2013.
7. As previously indicated, the proceeds from the issue of new Shares ($341.1 million) and exercise of Warrants ($39.5 million) will be used to pay fees associated with the IPO (including $6.8 million transaction fee payable to PEP Advisory) which will be capitalised ($28.7 million) and to repay loans and borrowings. In addition, the balance on the Existing Financing will be re-financed, resulting in $1.6 million of upfront fees incurred as part of the establishment of the New Banking Facilities.
8. Represents the cash distributions received from associates.
9. Includes $0.7 million of interest on debt drawn down to fund acquisitions and $0.9 million payment to Office of State Revenue in relation to unclaimed dividends.

3.5.1 Pro forma adjustments to the statutory consolidated statements of cash flows

In presenting the pro forma historical consolidated statements of cash flows included in this Prospectus, adjustments to the audited statutory historical consolidated statements of cash flows have been made for certain pro forma transactions and/or other adjustments as summarised below.

Table 14 Pro forma adjustments to the statutory historical consolidated statements of cash flows from FY2011 to FY2013

$million	Note	Historical FY2011	FY2012	FY2013
Statutory net cash flow before financing and taxation		**48.5**	**43.4**	**75.9**
Management fees	1	6.0	4.0	4.0
Listed company expenses	2	(2.5)	(2.5)	(2.5)
Management shares expense	3	–	3.0	0.6
Pre-paid IPO costs	4	–	–	1.5
Reclassification of operating cash flows	5	–	(5.0)	–
Pro forma net cash flow before financing and taxation		**52.0**	**42.9**	**79.5**

Similar pro forma adjustments, other than the FY2012 adjustment for MPS and reclassification of operating cash flows, have also been made to the statutory forecast consolidated statement of cash flows. Set out below are the adjustments to the statutory forecast consolidated statement of cash flows for FY2014 to primarily reflect the listed company expenses and shareholder fee arrangements, as well as the capital structure that will be in place following Completion of the Offer as if it were in place at 1 July 2013.

Table 15 Pro forma adjustments to the statutory forecast consolidated statements of cash flows for FY2014

$million	Note	Forecast FY2014
Statutory net cash flow		**23.9**
Listing costs and management fees	1	20.4
Listed company expenses	2	(1.1)
Withholding tax payments	6	2.0
Net finance costs	7	6.0
Repayment of loans and borrowings before Offer date		4.7
Proceeds from issue of new Shares		(341.1)
Proceeds from exercise of Warrants		(39.5)
IPO transaction costs		28.7
Proceeds from New Banking Facilities		(311.7)
Repayment of Existing Financing		647.4
Pro forma net cash flow		**39.7**

Notes to Tables 14 and 15:

1. **Listing costs and management fees** – consists of $14.6 million of listing costs which are expensed to the statutory forecast statement of profit or loss for FY2014 and $5.8 million of management fees. The management fees are for advisory and other services charged by PEP Advisory. Such fees will not be incurred following Completion of the Offer. Management fees paid in FY2014 for statutory purposes reflect $4.0 million of management fees relating to FY2013 and $1.8 million of management fees relating to the period from 1 July 2013 until the Offer date.
2. **Listed company expenses** – the listed company expenses difference between the pro forma forecast consolidated statement of cash flows for FY2014 and statutory forecast consolidated statement of cash flows for FY2014 relates to the period from 1 July 2013 until Completion of the Offer.
3. **Management shares expense** – adjustments have been made to eliminate the respective one-off cash expenses made under the existing MPS scheme which has been modified as a part of the Offer.
4. **Pre-paid IPO costs** – these represent fees associated with the IPO incurred and paid in FY2013.
5. **Reclassification of operating cash flows** – relates to the reclassification of operating cash flows as per the statutory consolidated statements of cash flows to financing cash flows for the pro forma consolidated statements of cash flows. This reclassification does not impact the statutory net cash flows for the financial year.
6. **Withholding tax payments** – these relate to withholding tax paid on the overseas portion of the Mezzanine Preference Notes interest. No withholding tax is included in the pro forma forecast consolidated statement of cash flows on the basis that the Mezzanine Preference Notes are being repaid on Completion of the Offer.
7. **Net finance costs** – the difference in cash interest cost between the pro forma forecast consolidated statement of cash flows for FY2014 and the statutory forecast consolidated statement of cash flows for FY2014 relates to the period from 1 July 2013 until Completion of the Offer.

3.6 Segment information

Veda has two reportable segments, as described below, which are the Company's geographic divisions. Both segments primarily provide consumer and commercial credit enquiry information. The Australia segment offers a broader range of products, as described in Section 2. In addition to the reportable segments of Australia and International, Veda reports revenue from external customers in business lines of related products and services.

Australia

Veda's offering is to individuals and businesses in Australia.

International

Veda's offering is primarily to individuals and businesses in New Zealand, as well as in markets across Asia Pacific and the Middle East, including Singapore, Malaysia, Cambodia and Saudi Arabia.

Table 16 contains a summary of Veda's revenue by segment and business lines for FY2011, FY2012, FY2013 and FY2014.

Table 16 Revenue summary by segment and business line

	Pro forma historical			Pro forma forecast	CAGR	Growth
$million	FY2011	FY2012	FY2013	FY2014	FY2011 – FY2013	FY2013 – FY2014
Consumer Risk & Identity	73.4	79.6	90.1	100.7	10.8%	11.8%
Commercial Risk & Information Services	81.8	96.9	111.4	117.8	16.7%	5.7%
B2C & Marketing Services	26.8	37.2	36.9	39.5	17.4%	7.0%
Australia	**182.0**	**213.8**	**238.5**	**258.0**	**14.5%**	**8.2%**
International	**26.7**	**29.3**	**30.1**	**32.0**	**6.1%**	**6.3%**
Total revenue	**208.7**	**243.1**	**268.6**	**290.0**	**13.4%**	**8.0%**

Table 17 contains a summary of Veda's revenue by click versus non-click for FY2011, FY2012, FY2013 and FY2014.

Table 17 Revenue summary by click versus non-click

	Pro forma historical			Pro forma forecast	CAGR	Growth
$million	FY2011	FY2012	FY2013	FY2014	FY2011 – FY2013	FY2013 – FY2014
Click revenue	181.4	210.8	234.8	250.4	13.8%	6.6%
Non-click revenue	27.3	32.3	33.8	39.6	11.2%	17.4%
Total revenue	**208.7**	**243.1**	**268.6**	**290.0**	**13.4%**	**8.0%**
Click revenue as a percentage of total	86.9%	86.7%	87.4%	86.3%		
Non-click revenue as a percentage of total	13.1%	13.3%	12.6%	13.7%		
Business days	252	252	251	252		
Daily click revenue ($ million per business day)	0.72	0.84	0.94	0.99		

3.7 Management discussion and analysis of the Pro Forma Historical Financial Information

3.7.1 General factors affecting the operating results of Veda

Below is a discussion of the main factors which affected Veda's operating and relative financial performance in FY2011, FY2012 and FY2013, as well as the factors Veda expects may continue to affect it in the future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected Veda's historical operating and financial performance, nor everything that may affect Veda's operations and financial performance in the future.

Revenue

An overview of the different revenue streams generated by Veda and the key drivers of each revenue stream across business lines are set out below.

Consumer Risk & Identity

As described in Section 2.6.1, the key products include: Consumer Credit Risk (B2B), Fraud and Identity Solutions, Decisioning and Scoring, Collection Services and Verify.

Key revenue drivers across Consumer Risk & Identity are:

- core credit demand driven by the number of applications for new loans and refinancings for housing loans, personal loans and credit cards;
- changes in the mix of Veda's products used by businesses, for example higher value scored enquiries rather than basic enquiries;
- the level of fraud checking undertaken by financial institutions and insurance companies;
- regulatory changes and requirements for businesses to adopt identity verification products and comply with AML/Counter-Terrorism Financing (**CTF**) Legislation;
- the number of individual background screenings required by businesses, driven by employment activity levels;
- the degree to which Veda is successful in penetrating new customer segments; and
- the impact of regulatory change, such as the introduction of Comprehensive Reporting. The FY2014 forecast does not include any click revenue in Australia from Comprehensive Reporting.

Commercial Risk & Information Services

As described in Section 2.6.2, Commercial Risk & Information Services comprises a number of products which are primarily used to assess business credit risk and verify asset ownership.

Key revenue drivers across Commercial Risk & Information Services are:

- the volume of searches for business and property-related products, particularly the volume of land titles, ASIC and PPSR enquiries;
- the volume of credit enquiries in respect of companies, both by customers in respect of companies to whom they are extending credit and by customers assessing the risk of suppliers fulfilling their obligations;
- the introduction of new products. Historically, new products have included PPSR, which was driven by regulatory change, and Veda's Trade Payments Bureau (Debtor IQ); and
- the degree to which Veda is successful in penetrating new customer segments (for example, Veda has had recent success in winning customers in professional services).

B2C & Marketing Services

The core products for B2C & Marketing Services are described in Section 2.6.3.

Key revenue drivers across B2C & Marketing Services are:

- the introduction of new products, for example the launch of Carhistory.com.au and the introduction of Your Credit & Identity, which provides individuals with their credit score, together with identity protection services; and
- the demand for data and analytic services by marketers conducting direct marketing activities.

International

Veda's International business is primarily in New Zealand, with Consumer Risk & Identity and Commercial Risk & Information Services being the key business lines. These business lines are subject to similar drivers as the Australian business.

In addition, Veda licenses its credit bureau software to operators in Singapore, Malaysia, Cambodia and Saudi Arabia. These licence agreements typically provide a small but stable revenue stream, with a fixed base fee and a variable component that reflects the volume of credit enquiries. In these markets, the main drivers are similar to the drivers for the Australian consumer risk products.

Operating expenses

Key expenses include:

- **costs of external data and products used for resale** – costs directly incurred as a result of the provision of Veda's services to customers. These include costs for the acquisition of Commercial & Property Solutions data, as well as automotive data, and employment verification costs. These costs typically increase in line with the provision of the related service revenue. As a result of purchasing economies of scale in the supply contracts, not all costs will increase proportionally with revenue;
- **staff costs** – salaries, wages and other employment-related costs for sales, product, operating, information technology, management and administrative staff employed by Veda. Staff costs make up the largest portion of Veda's operating expenses and they are largely fixed in nature in the short term. Senior management and sales staff have a portion of their total compensation that is linked to performance; and
- **other operating expenses** – other operating expenses include marketing and public relations, general and administration, technology and software, consulting, occupancy and communication costs. Marketing and public relations costs are driven by decisions to launch and promote new products. Consulting costs change with the number of projects being undertaken. Other operating expenses also include acquisition and restructuring expenses. Acquisition and restructuring expenses are generally non-recurring in nature.

An adjustment for additional expenses has been made in the above key expense lines for estimated listed company expenses to reflect Veda's estimate of the incremental annual costs that it will incur as a listed company. These costs include Director remuneration, directors' and officers' liability insurance premiums, additional audit and tax costs, additional staff costs, listing fees, share registry fees, as well as annual general meeting and annual report costs.

During the historic period, Veda has refined and improved its operations. These changes have had an impact on Veda's operating expenses in a number of areas, including:

- increased sales and account management capability drove higher staff costs. Additionally, the restructuring and capability upgrade drove some redundancy cost;
- improved efficiency in the call centres resulted in lower staff costs and also incurred redundancy expenses; and
- investment in Veda's information technology platforms to support new product development resulted in increased headcount and staff costs.

Working capital

Working capital includes current trade and other receivables, other current assets, trade and other payables, deferred income, employee benefits (including share-based management incentives), acquisition costs and provisions.

As revenue grows, there is generally a requirement for incremental working capital as a result of increases in trade receivables.

Capital expenditure

The majority of capital expenditure is made up of information technology hardware and software, capitalised labour and services, and other related costs in bringing products into service. Capital expenditure also includes data acquisition costs where control over the data is maintained to obtain future economic benefits.

3.7.2 Pro forma historical consolidated statements of profit or loss: FY2012 compared to FY2011

Table 18 sets out the summary pro forma historical consolidated statements of profit or loss and selected key performance indicators for FY2011 and FY2012.

Table 18 Selected pro forma historical consolidated statements of profit or loss: FY2012 compared to FY2011

$million	FY2011	Pro forma historical FY2012	Change	Change %
Revenue	**208.7**	**243.1**	**34.4**	**16.5%**
Costs of external data and products used for resale	(43.7)	(55.7)	(12.0)	27.5%
Staff costs	(56.3)	(71.4)	(15.1)	26.8%
Other operating expenses	(31.1)	(37.8)	(6.7)	21.5%
Total operating expenses	(131.0)	(164.8)	(33.8)	25.8%
EBITDA	**77.7**	**78.3**	**0.6**	**0.8%**
Depreciation and amortisation	(15.1)	(19.4)	(4.3)	28.5%
EBIT (before Acquisition Amortisation)	**62.6**	**58.9**	**(3.7)**	**(5.9%)**
Acquisition Amortisation	(19.4)	(19.5)	(0.1)	0.5%
EBIT	**43.2**	**39.4**	**(3.8)**	**(8.8%)**
Summary financial performance metrics				
EBITDA margin	37.2%	32.2%	(5.0%)	–
EBIT (before Acquisition Amortisation) margin	30.0%	24.2%	(5.8%)	–
EBIT margin	20.7%	16.2%	(4.5%)	–

Revenue

Revenue increased by $34.4 million, from $208.7 million to $243.1 million, an increase of 16.5%. A summary of the key factors affecting Veda's growth in FY2012 is set out below:

- Consumer Risk & Identity revenue increased by $6.2 million, from $73.4 million to $79.6 million, an increase of 8.4%. This was in part driven by the acquisition of Verify from October 2011. In addition, Consumer Credit Risk (B2B) revenue increased due to 3.7% growth in volumes, an increase in sales of value-added products and a sales strategy targeting growth services. Furthermore, Fraud and Identity Solutions revenue increased due to growth in IDMatrix, driven by more widespread adoption of identity products and customer compliance with AML/CTF Legislation;
- Commercial Risk & Information Services revenue increased by $15.2 million, from $81.8 million to $96.9 million, an increase of 18.6%. The main contributor was Commercial & Property Solutions, driven by the introduction of PPSR in February 2012. Land Titles revenue also increased due to volume growth across most customer segments. In addition, Commercial Credit Risk revenue increased reflecting growth in commercial enquiries revenue, due to an increase in price and a mix shift towards higher value reports in Trading History and volume growth;
- B2C & Marketing Services revenue increased by $10.4 million, from $26.8 million to $37.2 million, an increase of 38.8%. This was due to an increase in revenue in Carhistory.com.au, Secure Sentinel and Inivio. Carhistory.com.au grew significantly in FY2012, supported by marketing spend to increase the profile and adoption of the product. Inivio revenue increased due to growth in the supply of data licences and targeted marketing data to financial services, telecommunications and wealth management businesses. Reduced customer spending in FY2011 was due to businesses taking time to adjust following the introduction of the NCCP regulations, a change that introduced a requirement for certain responsible lending criteria. B2C revenue increased as a result of growth in My Veda Alert, a higher priced product than its predecessor, My Credit File; and
- International revenue increased by $2.6 million, from $26.7 million to $29.3 million, an increase of 9.7%. This was due to an increase in Decisioning and Scoring revenue as financial institutions prepared for comprehensive reporting in New Zealand. In addition, there was an increase in Consumer Risk and Identity revenue from volume growth in Consumer Credit Risk (B2B), as well as volume growth in the Fraud and Identity Solutions product and Commercial Risk & Information Services business line.

Total operating expenses

Total operating expenses increased by $33.8 million, from $131.0 million to $164.8 million, an increase of 25.8%. This was primarily driven by management's strategy to invest in and increase the sales and solutions team, together with increased product development investments.

Costs of external data and products used for resale increased by $12.0 million, an increase of 27.5%, primarily due to increases in Commercial & Property Solutions, reflecting higher costs associated with increased sales volumes in PPSR and Land Titles, and Verify data acquisition related costs.

Staff costs increased by $15.1 million, an increase of 26.8%, reflecting a 17.2% increase in FTEs. The increase in FTEs reflects more headcount added in product management, relationship management, client coverage and sales support to improve customer coverage and sales support, as well as the establishment of a solutions delivery team as the business developed a more sophisticated and complex product offering. The long sales cycle requires upfront investment in staff before revenue is achieved. The increase also reflects the addition of 12 FTEs as a result of the acquisition of Verify in FY2012.

Other operating expenses increased by $6.7 million, an increase of 21.5%, due to higher marketing, public relations and general and administration costs, offset by a decrease in consulting costs. The increase in marketing and public relations costs reflects higher marketing expenses for Carhistory.com.au, designed to build brand awareness as the product was launched. The increase in general and administration costs was due to a number of non-recurring legal expenses.

The increase in other operating expenses was also due to a restructuring expense of $3.3 million, compared to a restructuring expense of $1.3 million in the prior year. The restructuring expense in FY2012 included a senior executive reorganisation and changes to operations and sales (including establishment of sales operations) in the customer service model. In addition, $2.7 million of acquisition related expenses, including a non-recurring $1.1 million acquisition cost in relation to Mirus, were incurred in FY2012, compared to $1.5 million of acquisition-related expenses incurred in the prior year.

EBITDA

EBITDA increased by $0.6 million, from $77.7 million to $78.3 million, an increase of 0.8%. This was driven by a $34.4 million increase in revenue, partially offset by a $33.8 million increase in operating expenses.

Depreciation and amortisation and Acquisition Amortisation

Depreciation and amortisation expenses increased by $4.3 million, from $15.1 million to $19.4 million, an increase of 28.5%. This was primarily due to an increase in capital expenditure in FY2012, as well as the full year impact of the increase in capital expenditure in FY2011.

Acquisition Amortisation costs related to the acquisition of Veda in 2007 by a consortium comprising the PEP Shareholders and MLGPE, and include the amortisation of customer contracts, software and databases.

3.7.3 Pro forma consolidated statements of cash flows: FY2012 compared to FY2011

Table 19 sets out the summary pro forma consolidated statements of cash flows for FY2011 and FY2012.

Table 19 Selected pro forma historical consolidated statements of cash flows: FY2012 compared to FY2011

	Pro forma historical			
$million	FY2011	FY2012	Change	Change %
EBITDA	**77.7**	**78.3**	**0.6**	**0.8%**
Changes in working capital	(4.6)	(5.1)	(0.5)	nm
Capital expenditure	(19.1)	(28.6)	(9.5)	49.7%
Acquisition of subsidiaries, net of cash acquired	(2.0)	(1.7)	0.3	(15.0%)
Net cash flow before financing and taxation	**52.0**	**42.9**	**(9.1)**	**(17.5%)**

Note:

nm Change in working capital percentage is not meaningful.

Changes in working capital

Working capital increased by $5.1 million in FY2012, primarily driven by the increase in trade receivables, reflecting the growth in revenue.

Capital expenditure

Capital expenditure increased by $9.5 million, from $19.1 million to $28.6 million, an increase of 49.7%.

Significant product development capital expenditure was invested to drive growth. In aggregate, $7.7 million was invested in PPSR, enhancements to the B2C online portal and other product improvements in the Consumer Risk & Identity and Commercial Risk & Information Services business lines. Additionally, $1.8 million was required for compliance requirements.

Acquisition of subsidiaries, net of cash acquired

The cost of acquisition of subsidiaries, net of cash acquired, decreased by $0.3 million, a decrease of 15.0%. FY2012 acquisitions primarily related to earn-out payments associated with prior year acquisitions.

3.7.4 Pro forma consolidated statements of profit or loss: FY2013 compared to FY2012

Table 20 sets out the summary pro forma consolidated statements of profit or loss and selected key performance indicators for FY2012 and FY2013.

Table 20 Selected pro forma consolidated statements of profit or loss: FY2013 compared to FY2012

	Pro forma historical			
$million	FY2012	FY2013	Change	Change %
Revenue	**243.1**	**268.6**	**25.5**	**10.5%**
Costs of external data and products used for resale	(55.7)	(55.5)	0.2	(0.4%)
Staff costs	(71.4)	(75.9)	(4.5)	6.3%
Other operating expenses	(37.8)	(30.3)	7.5	(19.8%)
Total operating expenses	(164.8)	(161.6)	3.2	(1.9%)
EBITDA	**78.3**	**107.0**	**28.7**	**36.7%**
Depreciation and amortisation	(19.4)	(24.9)	(5.5)	28.4%
EBIT (before Acquisition Amortisation)	**58.9**	**82.1**	**23.2**	**39.4%**
Acquisition Amortisation	(19.5)	–	19.5	(100.0%)
EBIT	**39.4**	**82.1**	**42.7**	**108.4%**
Summary financial performance metrics				
EBITDA margin	32.2%	39.8%	7.6%	–
EBIT (before Acquisition Amortisation) margin	24.2%	30.6%	6.4%	–
EBIT margin	16.2%	30.6%	14.4%	–

Revenue

The strong revenue growth continued in FY2013. Revenue increased by $25.5 million, from $243.1 million to $268.6 million, an increase of 10.5%. A summary of the key factors affecting Veda's growth in FY2013 is set out below:

- Consumer Risk & Identity revenue increased by $10.5 million, from $79.6 million to $90.1 million, an increase of 13.2%. This was primarily due to continued strong growth in Fraud and Identity Solutions revenue, which increased as a result of higher sales of IDMatrix. Consumer Credit Risk (B2B) revenue also increased, reflecting broadly stable volumes across key products and realised price growth of 7.0%, driven mainly by positive mix change from increased use of scored enquiries. Verify revenue increased reflecting a full year contribution as well as underlying growth in product penetration within Veda's customer base;
- Commercial Risk & Information Services revenue increased by $14.5 million, from $96.9 million to $111.4 million, an increase of 15.0%. This was due to an increase in the Commercial & Property Solutions division, where PPSR revenue continued to be the main source of revenue growth, following the introduction of the PPSR product on 30 January 2012. In addition, Land Titles revenue grew, driven by penetration into new customer segments (for example, professional services). Commercial Credit Risk revenue increased as a result of growth in Trading History as this product continued to attract new sales as well as the acquisition of Corporate Scorecard;

- B2C & Marketing Services revenue decreased by $0.3 million, from $37.2 million to $36.9 million, a decrease of 0.8%. This was partially offset by an increase in B2C revenue as a result of growth in My Veda Alert driven by new sales of this higher price subscription service, as well as a win-back campaign to address customer churn. In addition, Carhistory.com.au revenue growth was driven by sales in the car dealership channel, particularly in states where the level of sales penetration has been low; and
- International revenue increased by $0.8 million, from $29.3 million to $30.1 million, an increase of 2.7%. This was due to an increase in Consumer Credit Risk (B2B) revenue in New Zealand, offset by a decrease in Decisioning and Scoring revenue. The growth in Consumer Risk & Identity revenue reflects volume growth from Consumer Credit Risk (B2B). The decrease in Decisioning and Scoring revenue reflects completion of consulting projects for major customers in preparation for Comprehensive Reporting.

Total operating expenses

Total operating expenses decreased by $3.2 million, from $164.8 million to $161.6 million, a decrease of 1.9%.

Costs of external data and products used for resale decreased by $0.2 million, a decrease of 0.4%. This was due to a decrease in ASIC cost of sales of $4.2 million, lower automotive costs, and savings from an assurance programme. In addition, several products were re-engineered, resulting in lower data costs. The ASIC cost of sales reduction resulted from a change in the terms on which ASIC data is acquired by Veda. Veda entered into a new supply contract from 1 February 2013, the effect of which is that Veda now capitalises approximately half of the data purchased from ASIC from that date in connection with Veda's creation of value-adding products. See capital expenditure section below in Section 3.7.5. Offsetting these savings were an increase in cost of sales in Commercial & Property Solutions related costs, such as PPSR, and Verify costs driven by increased volume.

There was an increase in staff costs of $4.5 million, an increase of 6.3%, reflecting a $5.9 million increase in performance related incentive costs in FY2013 compared to FY2012 (resulting from a below target performance in FY2012 and an above target performance in FY2013). However, excluding this incentive related increase, staff costs decreased by $1.4 million, a decrease of 2.0%. A decrease in average FTEs reflects a reduction in operations headcount following a process review resulting in increased process efficiency and lower headcount requirements.

Other operating expenses decreased by $7.5 million, a decrease of 19.8%, due to decreases in marketing and public relations costs, general and administration costs and consulting costs. The decrease in marketing and public relations costs reflects the reduction in marketing costs for Carhistory.com.au, as the product progressed beyond its launch phase and marketing costs were redirected from TV commercials to online marketing. The decrease in general and administration costs was due to the reduction in costs from the prior year (a number of non-recurring legal expenses). Consulting costs decreased as independent consulting projects were completed in FY2012 and not repeated in FY2013.

The decrease in other operating expenses was also due to a decrease in restructuring expenses from $3.3 million in FY2012 to $0.8 million in FY2013, as the restructuring undertaken by Veda in FY2012 was not repeated. Acquisition related expenses increased from $2.7 million to $3.4 million, including acquisition costs in relation to Verify.

EBITDA

EBITDA increased by $28.7 million, from $78.3 million to $107.0 million, an increase of 36.7%. This was driven by a $25.5 million increase in revenue and a $3.2 million decrease in operating expenses.

Depreciation and amortisation and Acquisition Amortisation

Depreciation and amortisation increased by $5.5 million, from $19.4 million to $24.9 million, an increase of 28.4%. This reflected increased capital expenditure and accelerated depreciation on certain assets following a review of asset lives. This includes amortisation of $0.4 million in relation to capitalised ASIC data.

The Acquisition Amortisation costs relating to the acquisition of Veda in 2007 by the PEP Shareholders and MLGPE decreased by $19.5 million to nil. There were no Acquisition Amortisation costs in FY2013 as the intangible assets were fully amortised as at 30 June 2012.

3.7.5 Pro forma consolidated statements of cash flows: FY2013 compared to FY2012

Table 21 sets out the summary pro forma consolidated statements of cash flows for FY2012 and FY2013.

Table 21 Selected pro forma consolidated statements of cash flows: FY2013 compared to FY2012

	Pro forma historical			
$million	FY2012	FY2013	Change	Change %
EBITDA	**78.3**	**107.0**	**28.7**	**36.7%**
Changes in working capital	(5.1)	7.2	12.2	nm
Capital expenditure	(28.6)	(29.6)	(1.0)	3.5%
Acquisition of subsidiaries, net of cash acquired	(1.7)	(5.1)	(3.4)	200.0%
Net cash flow before financing and taxation	**42.9**	**79.5**	**36.6**	**85.3%**

Note:

nm Change in working capital percentage is not meaningful.

Changes in working capital

Working capital decreased by $7.2 million in FY2013, primarily driven by favourable movements in trade receivables, an increase in the employee short term incentive provisions and provisions for forecasted earn-outs related to acquisitions.

Capital expenditure

Capital expenditure increased by $1.0 million, from $28.6 million to $29.6 million, an increase of 3.5%.

New product investments and product enhancements declined $2.5 million in aggregate as a number of FY2012 projects completed and new investment increased in preparation for Comprehensive Reporting. Investment in maintenance of existing infrastructure products and data increased by $3.5 million, primarily due to a $4.2 million increase in capital expenditure on ASIC data.

Acquisition of subsidiaries, net of cash acquired

The cost of acquisition of subsidiaries, net of cash acquired, increased by $3.4 million. This primarily related to earn-out payments associated with previous acquisitions.

3.8 Forecast Financial Information

The basis of preparation of the FY2014 Forecast Financial Information is detailed in Section 3.2.3. This Section 3.8 also includes the Directors' best estimate assumptions specific to the forecast period. In addition to these specific assumptions, the general assumptions adopted in preparing the Forecast Financial Information are detailed in Section 3.8.1.

3.8.1 General assumptions

The following general assumptions are relevant to the Forecast Financial Information:

- there is no material change in the competitive and operating environments in which Veda operates;
- there is no change in applicable Australian Accounting Standards and International Financial Reporting Standards that would have a material impact on Veda's accounting policies, financial reporting or disclosure requirements;
- there is no significant deviation from current market expectations of the broader economic conditions including exchange rates relevant to the Australian and New Zealand sectors in which Veda and its key customers operate;
- there is no material change in the legislative regimes (including taxation) and regulatory environment other than as disclosed in this Prospectus in which Veda and its customers operate;
- there are no material losses of customers or contracts;
- there is no material amendment to any material agreement relating to Veda's business other than as disclosed in this Prospectus;
- there are no significant disruptions to the continuity of operations of Veda and there are no other material changes in Veda's business;
- no material acquisitions are completed;
- no material changes to Veda's corporate and funding structure other than as set out in, or contemplated by, this Prospectus;
- there is no loss of key management personnel and Veda will maintain the ongoing ability to recruit and retain required personnel;
- there is no material litigation that will arise or be settled to the benefit or detriment of Veda;
- there are no contingent liabilities that will arise or be realised to the detriment of Veda;
- the Offer proceeds in accordance with the timetable set out on page 7 of this Prospectus; and
- none of the risks set out in Section 4 occur.

3.8.2 Directors' best estimate assumptions

The Forecast Financial Information has regard to the current trading performance of Veda up until 30 September 2013.

The Forecast Financial Information is based on various best estimate assumptions, of which the key assumptions are set out below. The assumptions below are a summary only and do not represent all factors that will affect Veda's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. It should be read in conjunction with the basis of preparation of the Forecast Financial Information set out in Section 3.2.3, the general assumptions set out in Section 3.8.1 and the risk factors set out in Section 4.

The Directors' best estimate assumptions underpinning the Forecast Financial Information include the following:

- Revenue growth of 8.0%, as compared to FY2011 to FY2013 revenue CAGR of 13.4%;
- Revenue growth does not include any material increase in click revenues in Australia resulting from the introduction of Comprehensive Reporting;
- Operating expenses to increase by 2.0% mainly due to an increase in FTEs to support growth in the business;
- Capital expenditure of $47.0 million. The increase over FY2013 is primarily driven by capital expenditure to prepare for Comprehensive Reporting (increase of $14.0 million) and increased ASIC data acquisition costs ($5.5 million), offset by lower maintenance capital expenditure;
- Working capital requirements based on forecast earnings growth and consistent with trading terms as at 30 June 2013; and
- Forecast tax rate of approximately 30%, consistent with the prior year tax expense. The forecast tax payable is significantly less that the forecast tax expense due to the availability of carried forward tax losses totalling $124.1 million as at 30 June 2013.

3.8.3 Pro forma consolidated statements of profit or loss: FY2014 compared to FY2013

Table 22 sets out the summary pro forma consolidated statements of profit or loss and selected key performance indicators for FY2012 and FY2013.

Table 22 Selected pro forma consolidated statements of profit or loss items: FY2014 compared to FY2013

$million	Pro forma historical FY2013	Pro forma forecast FY2014	Change	Change %
Revenue	**268.6**	**290.0**	**21.4**	**8.0%**
Costs of external data and products used for resale	(55.5)	(53.4)	2.1	(3.8%)
Staff costs	(75.9)	(82.6)	(6.7)	8.8%
Other operating expenses	(30.3)	(29.0)	1.3	(4.3%)
Total operating expenses	(161.6)	(164.9)	(3.3)	2.0%
EBITDA	**107.0**	**125.1**	**18.1**	**16.9%**
Depreciation and amortisation	(24.9)	(22.7)	2.2	(8.8%)
EBIT	**82.1**	**102.4**	**20.3**	**24.7%**
Summary financial performance metrics				
EBITDA margin	39.8%	43.1%	3.3%	–
EBIT margin	30.6%	35.3%	4.7%	–

Revenue

Revenue is forecast to increase by $21.4 million, from $268.6 million to $290.0 million, an increase of 8.0%.

Overall revenue growth will be driven by continued click volume growth combined with price increases, consistent with Veda's normal practice. Non-click revenue growth is supported by incremental investment in salesforce, and will be driven by products such as Decisioning (where a number of projects have been sold to customers preparing for Comprehensive Reporting) and digital marketing services.

- Consumer Risk & Identity revenue is forecast to increase by $10.6 million, from $90.1 million to $100.7 million, an increase of 11.8%. This is primarily expected to be driven by growth in Fraud and Identity Solutions, Verify and Collection Services. Fraud and Identity Solutions revenue is forecast to increase, reflecting ongoing growth in IDMatrix as more companies use the product to fulfil AML/CTF Legislation identification obligations. Verify revenue is forecast to increase, reflecting growth from FY2013 as well as ongoing cross-sell to Veda customers, for example financial institutions and industrial companies. Collection Services revenue is forecast to increase, driven by ongoing growth in Veda eTrace and receivables management services. These products are sold to mercantile agents and accounts receivable departments in Veda's corporate customers. Consumer Credit Risk (B2B) assumes stable volumes across key products and does not include any click revenue from the introduction of Comprehensive Reporting. In addition, ongoing growth is expected in account management services and products that provide alerts (ongoing updates to credit status);
- Commercial Risk & Information Services revenue is forecast to increase by $6.4 million, from $111.4 million to $117.8 million, an increase of 5.7%. This is primarily expected to be driven by the full year impact of the acquisition of Corporate Scorecard and the cross-sell of acquired products to Veda's customer base. In addition, Veda expects continued market share expansion from an improved product portfolio offering, including Scored Trading History Reports and Debtor IQ. Commercial & Property Solutions revenue is expected to be relatively stable, with growth driven by increased demand for PPSR and Land Title searches through expansion into new customers and new segments (professional services and the property sector), as well as further penetration within the large financial institutions, partially offset by a decline in revenue from bankruptcy searches as the government register becomes available to more subscribers;
- B2C & Marketing Services revenue is forecast to increase by $2.6 million, from $36.9 million to $39.5 million, an increase of 7.0%. B2C revenue is expected to increase as a result of the launch of Your Credit & Identity in 1H FY2014, replacing existing sales in My Credit File and My Veda Alert with a higher value product. These products will target customers who wish to actively manage their credit and incorporate cyber-monitoring capability. Secure Sentinel revenue is forecast to decline due to lower volumes and management exiting unprofitable sales channels. Inivio growth is forecast to be driven by new opportunities in digital marketing and lead generation, partially offset by declines in the traditional 'campaign management' revenue (primarily credit card marketing campaigns). In addition, Carhistory.com.au revenue growth reflects a more mature profile, with some growth expected to be driven by increasing penetration of dealerships in certain states; and
- International revenue is forecast to increase by $1.9 million, from $30.1 million to $32.0 million, an increase of 6.3%. This will be driven by Comprehensive Reporting related growth including Decisioning implementations which have already been sold. In addition, AML/CTF Legislation in New Zealand is expected to drive growth in Commercial Risk & Information Services revenue.

As described in Section 2.8.2, Veda has executed a growth strategy and achieved incremental growth by expanding its existing products, successful introduction of new products and through small bolt on acquisitions. This growth strategy is expected to continue to contribute to Veda's expected revenue expansion in FY2014:

- **Existing product growth** – $3.0 million, or 14.0% of the forecast FY2014 revenue growth, is expected to be driven by existing products across Veda's portfolio as described above, including price increases implemented across Veda's portfolio;
- **New product growth** (new products include products launched since FY2011) – $11.8 million, or 55.0% of the forecast FY2014 revenue growth, will include increased demand for PPSR and new product launches, including B2C product platform (Your Credit & Identity). IDMatrix is expected to continue its growth trajectory as more companies use the product to fulfil AML/CTF Legislation identification obligations; and
- **Acquisition growth** (acquisition growth includes acquisitions made since FY2011) – $6.6 million, or 30.9% of the forecast FY2014 revenue growth, is expected to be driven from recent acquisitions, including the full year impact of Corporate Scorecard and the cross-sell of products from acquisitions to Veda's customer base.

Total operating expenses

Total operating expenses are forecast to increase by $3.3 million, from $161.6 million to $164.9 million, an increase of 2.0%.

Costs of external data and products used for resale are forecast to decrease by $2.1 million, a decrease of 3.8%, due to the full year effect of the reduction in ASIC data expense ($5.5 million), offset by increases in Commercial & Property Solutions related data costs, as well as data cost investments in Verify to drive future revenue growth.

Staff costs are forecast to increase by $6.7 million, an increase of 8.8%, reflecting a combination of increased FTE numbers and higher average salaries. This increase is expected to be partly offset by a reduction of $3.0 million in performance related incentives from FY2013, as in FY2013, bonuses were paid for above target performance, while FY2014 assumes on target performance. FY2014 assumes no share based payments expense (as described in Section 5.3.4) as a new long term incentive scheme will only be implemented from FY2015 (FY2013 included a $1.2 million share based payments expense).

Other operating expenses are forecast to decrease by $1.3 million, a decrease of 4.3%, primarily due to an assumption that restructuring and acquisition costs incurred in FY2013 will not be repeated in the forecast period. This is partially offset by forecast increases in technology and software costs, and marketing and public relations costs. The increase in technology costs reflects expected growth in software licences, maintenance and IT capacity to support revenue growth. The increase expected in marketing and public relations costs reflects additional product promotion activity associated with the new B2C product launch.

EBITDA

EBITDA is forecast to grow by $18.1 million, from $107.0 million to $125.1 million, an increase of 16.9%. This is forecast to be driven by a $21.4 million increase in revenue, partially offset by a $3.3 million increase in expenses.

Depreciation and amortisation

Depreciation and amortisation expenses are forecast to decrease by $2.2 million, from $24.9 million to $22.7 million, a decrease of 8.8%. This is primarily as a result of certain assets coming to the end of their depreciation period, partially offset by increased amortisation of capitalised ASIC data costs (expected to be $3.3 million in FY2014).

Share of NPAT from associates

Share of NPAT from associates from Veda's international investments is forecast to grow to $2.5 million in FY2014 from $2.0 million in FY2013, primarily due to continued growth in the Cambodian bureau.

3.8.4 Pro forma consolidated statements of cash flows: FY2014 compared to FY2013

Table 23 below sets out the summary pro forma consolidated statements of cash flows for FY2013 and FY2014.

Table 23 Selected pro forma consolidated statements of cash flows: FY2014 compared to FY2013

$million	Pro forma historical FY2013	Pro forma forecast FY2014	Change	Change %
EBITDA	**107.0**	**125.1**	**18.1**	**16.9%**
Changes in working capital	7.2	(8.1)	(15.3)	nm
Capital expenditure	(29.6)	(47.0)	(17.4)	58.8%
Acquisition of subsidiaries, net of cash acquired	(5.1)	(9.2)	(4.1)	80.4%
Net cash flow before financing and taxation	**79.5**	**60.8**	**(18.7)**	**(23.5%)**

Note:

nm Change in working capital percentage is not meaningful.

Changes in working capital

Working capital is forecast to increase by $8.1 million in FY2014, as trade receivables are forecast to return to historical levels, as well as a partial reversal of some of the employee provision movements in FY2013.

Capital expenditure

Capital expenditure is forecast to increase by $17.4 million, from $29.6 million to $47.0 million.

The increase over FY2013 is primarily driven by capital expenditure to prepare for Comprehensive Reporting (increase of $14.0 million) and increased ASIC data acquisition costs (increase of $5.5 million), offset by lower maintenance capital expenditure.

Acquisition of subsidiaries, net of cash acquired

The cost of acquisition of subsidiaries, net of cash acquired, is forecast to increase by $4.1 million, an increase of 80.4%. This primarily relates to earn-out payments associated with previous acquisitions.

3.9 Sensitivity analysis

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Veda, its Directors and management, and depends upon assumptions with respect to future business developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecasts, set out below is a summary of the sensitivity of certain Forecast Financial Information to changes in a number of key variables. The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. For the purposes of the analysis below, the effect of the changes in key assumptions on the FY2014 pro forma forecast NPAT of $63.9 million is presented.

The sensitivity analysis is intended as a guide only and variations in actual performance could exceed the ranges shown.

Table 24 Sensitivity analysis on pro forma forecast NPAT for FY2014

Assumption	Variance	FY2014 NPAT impact ($ million)
Revenue		
Volume of Consumer Credit Risk (B2B) enquiries	+/ – 1%	+/ – 0.4
Volume of Commercial & Property Solutions searches (combined ASIC, PPSR and Land Titles)	+/ – 1%	+/ – 0.2
Volume of Commercial Credit Risk enquiries	+/ – 1%	+/ – 0.3
Operating expenses		
Number of FTEs	+/ – 1%	-/+ 0.7
Finance costs		
Change in interest rates[1]	+/ – 25bps	-/+ 0.5
Exchange rates		
Change in AUD/NZD rate	+/ – $0.01	-/+ 0.1

Note:

1. This sensitivity is presented on a gross basis as required by AASB 7 and does not include mitigation from any hedging. Veda's interest rate hedging policy is described in Section 3.4.4.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that Veda management would respond to any adverse change in one variable by seeking to minimise the net effect on Veda's NPAT.

3.10 Dividend policy

Depending on available profits and the financial position of Veda, it is the current intention of the Board to pay dividends.

The Directors anticipate that the first dividend to Shareholders will be determined in respect of the period from 1 July 2013 to 30 June 2014, and will become payable in October 2014. On the basis of the statutory NPAT for FY2014 being impacted by one-off events arising from the Offer and as described in this Prospectus, the Board's current intention is to declare a dividend of 2.0 cents per Share in respect of the period from 1 July 2013 to 30 June 2014, which is expected to be unfranked.

The Directors intend to target a dividend payout ratio between 40% and 60% of Veda's statutory NPAT from FY2015. The level of payout ratio is expected to vary between periods depending on factors the Directors may consider, including the general business environment, the operating results and financial condition of Veda, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by Veda, and any other factors the Directors may consider relevant.

Veda will pay dividends in Australian dollars. Veda expects that any dividends will be unfranked until at least FY2016 due to the utilisation of historical tax losses of $124.1 million as at 30 June 2013 which arose primarily in relation to Veda's historical capital structure. This will depend on the amount of tax payable by Veda.

No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend. Please read the Forecast Financial Information in conjunction with the assumptions underlying its preparation as set out in Section 3.8, the risk factors set out in Section 4, and the terms of the New Banking Facilities set out in Section 3.4.3.

Section 4
Key Risks

4. Key Risks

4.1 Introduction

This Section 4 describes the potential risks associated with Veda's business and risks associated with an investment in the Shares. It does not purport to list every risk that may be associated with an investment in the Shares now or in the future. The occurrence, of or consequences of, some of the risks described in this Section 4 are partially or completely outside of the control of Veda, its Directors and its management team.

The selection of risks has been based on the assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. That assessment is based on the knowledge of the Directors as at the date of the Original Prospectus, but there is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge.

Before applying for Shares, investors should satisfy themselves that they have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for them, having regard to their own investment objectives, financial circumstances and taxation position. If investors are unclear in relation to any matter or are uncertain as to whether Veda is a suitable investment for them, they should seek professional guidance from their solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

4.2 Business risk factors

4.2.1 Veda handles highly sensitive information, and there are risks to the security and integrity of that information

Veda collects, stores and processes highly sensitive, highly regulated and confidential information. The provision of secure and reliable information storage and processing services is integral to its business. Veda accesses and transmits such information through public and private networks, including the internet, to and from its customers and suppliers.

Veda has established mechanisms that are designed to prevent data security breaches, including systems designed to prevent loss or theft of information, unauthorised access from third parties, misuse of information by service providers or Veda personnel, a failure to store or dispose of personal information appropriately and a mistaken release of records. However, there is no guarantee that the implementation of such security and technical precautions taken by Veda will be sufficient to prevent events of that nature and Veda's information being compromised.

Information security and integrity are critically important to Veda's business. A failure of those systems to effectively protect Veda's information could lead to liability to third parties and to penalties imposed by government agencies under applicable privacy laws. Such a failure (especially any systemic failure), or the perception that those systems are inadequate, could damage Veda's reputation. This would reduce the attractiveness of Veda's products and services to its customers or the willingness of data suppliers to supply information which would lead to the loss of the ability to offer products and the loss of existing and potential customers. Such damage would adversely affect key income statement and balance sheet items and Veda's ability to achieve its forecast results.

4.2.2 Veda's business relies on core technologies and other systems that are potentially exposed to system failures

Veda's ability to provide reliable services largely depends on the efficient and uninterrupted operation of its core technologies, which include specialised and proprietary software systems and infrastructure, back-end data processing systems as well as its websites (which are largely used for product distribution) and data centres. The Veda information technology environment is a complex environment. A small group of specialist employees has access to and manages the operation and security of Veda's core application systems, while a third party manages the operation and security of Veda's physical infrastructure assets. Veda is also dependent on reliable telecommunications providers links provided by third parties.

Veda's core technologies and other systems and operations could be exposed to damage or interruption from systems failures, computer viruses, cyber attacks, power or telecommunications providers failures, fire, natural disasters, terrorist acts, war, human error or court ordered injunction in the event of an alleged breach of third party intellectual property rights. Events of that nature may cause one or more of those core technologies to become unavailable due to the high level of integration between the disparate software systems that make up the Veda information technology environment. While Veda has back-up and security systems in place, certain software systems are core to the Veda business given that there are not likely to be any other products available in the market which readily meet Veda's requirements. If Veda were to experience a systemic failure, then it is likely that Veda's ability to deliver services to its customers could be delayed or interrupted.

Any systemic failure or sustained interruption in service provision could severely damage Veda's reputation and ability to generate new business, directly impair Veda's operations and customer service levels and necessitate increased expenditure on technology protections for the future which would adversely affect key income statement and balance sheet items and Veda's ability to achieve its forecast results.

4.2.3 It is possible that the availability of existing data sources may cease, or the terms on which they are acquired may change, and Veda may be unable to acquire new data sources

To deliver its products and services, Veda depends on a combination of existing data and continued and reliable access to third party data sources. These include customers, partners, government agencies and public records. If Veda's access to these data sources was removed, reduced, restricted, made publicly available or made available on less favourable terms, there is a risk that Veda's ability to provide services could be impacted and Veda's financial results affected. For example, data that is currently provided to Veda under the terms of a supply agreement may be made generally available (e.g. by a government agency) which may reduce the demand for Veda's services, or financial institutions may cease to make certain data available, which may reduce the number of products that Veda could offer, or data suppliers could increase the costs of providing information which would reduce the profitability of Veda's products.

Veda's ability to innovate and create new products or grow its business is, to some extent, dependent on access to new data sources (e.g. from strategic partnerships). If access to this data were not available, it may adversely affect Veda's ability to innovate and create new products or grow its business which in turn would adversely affect Veda's ability to achieve its forecast results.

Veda's contractual arrangements see certain data acquisition costs capitalised. There is a risk that future changes to these contractual arrangements or accounting standards may result in a different treatment.

4.2.4 Trade secrets may be lost or Veda may be subject to claims for infringement

Veda has developed trade secrets in the form of specialised processes and software (including certain algorithms) for its business (as described in Section 2). Veda takes precautions to protect its trade secrets, which include implementing access restrictions, enforceable undertakings and other security protections. Although such steps and the laws relating to trade secrets assist to protect those proprietary rights, there can be no guarantee that unauthorised use or copying of that specialised technology or algorithms will be prevented or that the small group of specialist employees that has access to those trade secrets does not all leave taking the trade secrets with it. If that team were to leave, it would result in an immediate lack of capability in relation to core systems as well as a loss of competitive advantage should the expertise of those team members be employed by a competitor.

Formal registration applications may take a number of years to be finalised, and Veda cannot be certain that the validity, ownership or authorised use of its trade secrets relevant to its business will not be successfully challenged. Enforcing Veda's rights could be costly, time-consuming, distracting and harmful to significant business relationships. Additionally, others may develop non-infringing technologies that are similar or superior to Veda's. Any significant failure or inability to adequately protect and control Veda's proprietary assets may harm Veda's business and reduce its ability to compete and could adversely affect key income statement and balance sheet items and Veda's ability to achieve its forecast results.

4.2.5 Veda operates in a complex regulatory environment, and may fail to comply with, and is exposed to, changes in laws, government policy and regulation

Veda operates its business within a complex and prescriptive regulatory environment. In particular, credit reporting is subject to a number of federal and state-based regulations in Australia, as well as requirements in other foreign jurisdictions in which it operates. Those laws and regulations are complex, can change frequently, and have tended to become more stringent over time and subject to judicial interpretation.

Over recent years, there has been an increased regulatory and public focus on the use of private information, particularly how private information is collected and used for commercial purposes. Any further changes to laws and regulations governing the use of this information could result in an adverse impact on the markets Veda operates in and Veda's business, including reductions in revenues and profit margins, making the delivery of certain products uneconomic or reducing the attractiveness of pursuing new products or markets.

For example, the regulatory landscape governing consumer data or credit reporting businesses in Australia will be substantially altered from March 2014 (when changes are scheduled to take effect). Key changes include:

- the Privacy Amendment (Privacy Alerts) Bill 2013 (Cth), which if passed will require, among other things, mandatory breach notification to the OAIC; and
- the Privacy Amendment (Enhancing Privacy Protection) Act 2012 (Cth), which will enable Comprehensive Reporting and effectively requires, among other things, more onerous, detailed and comprehensive compliance obligations on credit reporting businesses than there are today.

The introduction of these and other new regulations may result in increased expense for Veda as it establishes new compliance procedures, retrains its employees and has to review or redevelop its products. With new regulatory environments, there are risks. These include the risks that Veda may fail to comply with laws or regulations or that laws or regulations may have unintended consequences or are open to interpretations that increase the risk of non-compliance. In addition, there is a risk that Veda may fail to implement procedures within the statutory timeframes to ensure that it can provide services which comply with the introduction of these new laws and regulations.

Any substantial failure by Veda to comply with applicable laws and regulations could result in cessation of parts or all of its operations, restrictions on its ability to carry out operations, or fines, penalties or other liabilities to customers, suppliers or third parties. Compliance failure could damage Veda's reputation and reduce the attractiveness of Veda's products and services and may lead to negative publicity, loss of revenue and reduced willingness of data suppliers and customers to provide information.

There is also a risk that regulatory interpretations may change over time, which could adversely affect Veda's ability to provide some products.

4.2.6 Veda's market position and customer relationships may be affected by competitors

Veda's strong market position in Australia and New Zealand may be threatened by increased competition from existing competitors or new entrants or by competitors consolidating between themselves. Veda has a number of competitors. There is a risk that new competitors may successfully enter the market, or that existing competitors may expand their operations into new markets and provide products and services that Veda already provides. For example, Experian announced a joint venture in 2011 with six Australian financial institutions that each hold a minority 4% stake.

The markets that Veda operates in across its business lines are subject to varying levels of barriers to entry, characterised by product innovation, technological change and changing customer requirements. There is a risk that Veda's products and services will be less competitive as a result of Veda not being able to innovate or introduce new or competing products at the speed or price of its competitors. Competitors could introduce new products based on proprietary data that Veda cannot access or replicate, putting Veda at a potential disadvantage.

Any increased competition or innovation by competitors could result in a loss of market share, revenue and profit margins which might adversely affect key income statement items and Veda's ability to achieve its forecast results.

4.2.7 Veda's ability to attract and retain skilled personnel to support its business may be constrained

Veda's success depends, to a large extent, on its ability to attract and retain appropriately skilled personnel, particularly technical and operating personnel. For example, Veda relies on specially trained technical personnel to operate its data matching and processing platforms and its core technology systems and the small number of well-trained experts with access to Veda's trade secrets.

Additionally, some of Veda's core information technology systems are legacy mainframe technologies while other systems have been developed and tailored for Veda's business over a number of years. Over time, the skills required to support and maintain those technologies are likely to become less widely available and it may be difficult to hire suitably qualified personnel. Given that some of Veda's core systems are operated and managed by a small group of select personnel, there is also a risk that should key personnel leave the business, valuable knowledge concerning Veda's proprietary technologies will be lost. The availability of support and maintenance for those systems in the event of a significant disruption to or failure of those services may therefore be more limited or expensive.

Veda also needs to compete for personnel with the right leadership qualities, skills, experience and performance potential. There is a risk that Veda may not be able to attract and retain key personnel or be able to find effective replacements in a timely manner, especially as there is growing competition for such personnel given the recent arrival of a new competitor to the market.

The loss of any key personnel, or any delay in their replacement, could have a material adverse effect on Veda's ability to service its customers across its business lines, and may hamper its ability to achieve its strategic growth objectives and adversely affect Veda's ability to achieve its forecast results.

4.2.8 Veda's customers may change their buying behaviour or switch providers

Veda's customers may reduce their use of Veda's services because they have lower demand due to economic conditions or simply to reduce their costs. Customers may also vary the manner in which they obtain their services under their existing contracts in a way that reduces the profitability of those individual contracts. Some of Veda's customer contracts may be terminated on short notice and a customer may cease using Veda's services in order to switch to a competitor, to negotiate a lower fee or simply because that customer has decided not to utilise the services.

Veda has a wide range of customers and any consolidation of those customers through mergers or acquisitions could reduce overall demand for Veda's services.

Certain Veda contracts have change of control triggers that could be triggered by a future sell down of Shares by the PEP Shareholders.

A reduction in the number of customers or the revenue generated from particular contracts may adversely affect key income statement items and Veda's ability to achieve its forecast results.

4.2.9 A downturn in the demand for credit would adversely affect a significant part of Veda's business

Veda's revenues are, to a large extent, dependent on the performance of the financial services sector generally and the demand for credit in particular. If there is a severe disruption to the financial services sector generally, a downturn in the demand for credit products (such as mortgages, credit cards, personal loans, etc), or a reduction in the availability of those credit products (e.g. by providers or regulators tightening lending criteria), that could lead to a reduction in demand for Veda's services and this would adversely affect key income statement and balance sheet items and Veda's ability to achieve its forecast results.

4.2.10 Veda's acquisitions and joint ventures may not be successfully integrated

Veda continually investigates and considers potential acquisitions, or enters into new joint venture arrangements, that are consistent with its stated growth strategy.

The successful implementation of acquisitions will depend on a range of factors including funding arrangements and technical integration. Veda also has existing joint venture arrangements in place and there is a possibility that Veda may enter into further joint venture arrangements in the future. Subject to the relevant joint venture agreements, Veda cannot control the actions of joint venture partners, and therefore, cannot guarantee that joint ventures will be operated or managed in accordance with Veda's preferred direction, strategy or risk management parameters. To the extent acquisitions or joint venture arrangements are not successfully integrated with Veda's existing business lines, the financial performance of Veda could be adversely affected and, despite the terms of the relevant agreements, it may be impractical to enforce all of Veda's rights (particularly if the joint venture operates overseas).

4.2.11 Exchange rate fluctuations may affect Veda's earnings

Approximately 11% of Veda's revenue is earned in foreign currencies, principally in New Zealand dollars. If the exchange rate between the Australian dollar and the New Zealand dollar varies, Veda's revenues in Australian dollars will vary positively or negatively. There is a risk that, if the Australian dollar rises materially against the New Zealand dollar, it may affect Veda's ability to achieve its forecast results.

4.2.12 Veda may not obtain the benefit of all of its accumulated tax losses

Veda has significant accumulated tax losses which will reduce tax payable in the forecast period. Veda relies on the same business test in respect of a material portion of those losses, as supported up to March 2013 by a private ruling obtained from the Australian Taxation Office. There is a risk that a change in taxation laws, the interpretation of those laws or a significant change in Veda's business could affect Veda's ability to use these losses in the forecast period and consequently, Veda may pay more tax than expected.

4.2.13 Veda may not be able to secure future funding on acceptable terms

Veda's New Banking Facilities will require refinancing in the future. Veda may also seek additional debt finance in the future to grow the business. The terms which debt financiers are willing to offer may depend on macro-economic conditions, the tenor of the facilities, the performance of Veda and the risks associated with the intended use of the funds. If Veda is unable to access these debt facilities, or is unable to do so on acceptable terms, this could adversely affect Veda's financial position.

4.3 Investment risk factors

4.3.1 Price of Shares

The price of Shares quoted on ASX may rise or fall, and the Shares may trade below or above the Offer Price due to a number of factors, including:

- general economic conditions, including interest rates, exchange rates, inflation rates and commodity prices;
- fluctuations in the local and global market for listed stocks;
- changes to government policy, legislation or regulation;
- inclusion in or removal from market indices (including the S&P/ASX 300 index);
- the nature of markets in which Veda operates;
- general and operational business risks; and
- global hostilities, tensions and acts of terrorism.

4.3.2 General economic conditions in Australia and New Zealand

Veda's business is predominantly based in Australia and a significant portion of its international business is based in New Zealand. Accordingly, Veda's business is affected by general economic conditions in Australia and New Zealand. Veda's revenues are also to a large extent dependent on the performance of the financial services sector in Australia and New Zealand. For example, weak economic conditions could have a significant impact on the demand for credit reporting and sales generated by Veda. This may result in an adverse impact on Veda's financial performance.

4.3.3 Trading in Shares may not be liquid

Prior to the Offer, there has been no public market in the Shares of Veda. Once the Shares are quoted on ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

Following the Completion of the Offer, the PEP Shareholders (which will retain a holding of 63.5% of the issued share capital of Veda), Management Shareholders and ICG will be subject to voluntary escrow arrangements at Listing. The PEP Shareholders have entered into a voluntary escrow arrangement in relation to all of their Escrowed Shares until the date Veda's full year results for FY2014 are provided to ASX for release to the market. ICG has entered into a voluntary escrow arrangement in relation to all of its Escrowed Shares until the date Veda's first half results for FY2014 are provided to ASX for release to the market. Management Shareholders have also entered into a voluntary escrow arrangement in relation to all of their Escrowed Shares, until Veda's full year results for FY2014 are provided to ASX for release to the market. Members of the senior leadership team (listed in Section 5.2) must also hold 50% of the Shares held by them as a result of reclassification of their MPS until Veda's full year results for FY2015 are provided to ASX for release to the market.

In each case, the escrow restrictions are subject to certain exceptions as set out in more detail in Section 6.7 and 8.4.5. The absence of any sale of Escrowed Shares by the Escrowed Shareholders during their Escrowed Period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares. It is important to recognise that Shareholders may receive a market price for their Shares that is less than the price that Shareholders paid.

Following the end of the relevant Escrow Period, a significant sale of Shares by the PEP Shareholders, or the perception that such a sale might occur, could adversely affect the market price of the Shares. As referred to in Sections 5.5 and 8.4.3, Veda has agreed to assist in any sales of Shares by the PEP Shareholders.

4.3.4 Significant retained holding by the PEP Shareholders

Because of the size of the retained interest in Veda by the PEP Shareholders, they have the capacity to control the election of Directors and the potential outcome of all matters submitted to a vote of Shareholders. As referred to in Section 8.4.3, even if the PEP Shareholders reduce their current Shareholding they have retained the right to appoint two Directors to the Board for so long as they hold at least 30%, or one Director to the Board for so long as they hold at least 15%, of the issued share capital of Veda (subject to carve-outs for certain dilutive events). The interests of the PEP Shareholders may differ from the interests of Veda and the interests of investors who purchase Shares in the Offer.

4.3.5 Risk of existing Shareholder dilution

In the future, Veda may elect to issue Shares or engage in fundraisings and also to fund, or raise proceeds, for acquisitions that Veda may decide to make. While Veda will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings.

4.3.6 Taxation changes

There is the potential for further changes to Australia's and New Zealand's tax laws. Any change to the current rates of taxes imposed on Veda (including in foreign jurisdictions in which Veda operates) is likely to affect returns to Shareholders.

An interpretation of taxation laws by the relevant tax authority that is contrary to Veda's view of those laws may increase the amount of tax to be paid. Veda obtains external expert advice on the application of the tax laws to its operations.

4.3.7 Australian Accounting Standards

Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB) and are outside the control of either Veda or its Directors. The AASB is due to introduce new or refined Australian Accounting Standards during the period from 2014 to 2018, which may affect future measurement and recognition of key income statement and balance sheet items, including revenue and receivables.

There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key income statement and balance sheet items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in Veda's consolidated financial statements.

4.3.8 Force majeure events

Events may occur within or outside Australia and New Zealand that could impact upon the Australian and New Zealand economies, the operations of Veda and the price of the Shares. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Veda's services and its ability to conduct business. Veda has only a limited ability to insure against some of these risks.

Section 5

Key Individuals, Interests and Benefits

5.1 Board of Directors

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

Helen Nugent

Nerida Caesar

Bruce Beeren

Diana Eilert

Peter Shergold

Anthony Kerwick

Geoff Hutchinson

5. Key Individuals, Interests and Benefits

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

Helen was appointed independent Chairman in September 2013. She is a professional company director, with 30 years experience in the financial services and energy and resources sectors.

Currently, Helen is a non-executive director of Macquarie Group and Origin Energy, as well as being Chairman of Funds SA, the $21 billion investment fund of the South Australian Government.

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

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

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

Nerida Caesar
Chief Executive Officer and Managing Director
BCom; MBA; GAICD

Nerida joined Veda in February 2011, and has over 25 years experience in sales, marketing and business management.

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

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

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

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

Bruce was appointed a Non-Executive Director in October 2013.

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

Bruce was formerly a non-executive director of Veda Advantage Limited, ConnectEast Group, Coal & Allied Industries and Envestra Limited.

He has also held senior executive roles in major listed companies. Bruce was previously the chief financial officer of AGL, General Manager of AGL Pipelines and chief executive officer of VENCorp.

Diana Eilert
Independent Non-Executive Director
BSc; MCom GAICD

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

Diana is currently a non-executive director of AMP Life and Queensland Urban Utilities (Queensland's largest water distributor/retailer). Previously, she was a non-executive director of REA Group (realestate.com.au) and digital real estate business "onthehouse".

Diana has significant executive operational and marketing experience in the financial services sector. She was Group Executive for Suncorp's insurance business, and later Group Executive for People, Technology and Marketing. Earlier, she held various senior roles in her ten years at Citibank. Most recently, Diana developed a deep understanding of digital trends, impacts and business whilst an executive with News Ltd.

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

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

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

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

He is currently on the board of the Sir John Monash Foundation and is Deputy Chairman of the Sydney Writers' Festival.

In 2011 Peter was appointed the Chancellor of University of Western Sydney. He was also appointed as Chairman of New South Wales' Public Service Commission Advisory Board by Premier Barry O'Farrell.

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

Anthony Kerwick[1]
Non-Executive Director
BCom; LLB (Hons)

Anthony was appointed a director in March 2007.

Anthony joined Pacific Equity Partners in 1999, and became a Managing Director in 2004. He currently serves as a director of the respective holding companies of Griffin's Foods, Peters Ice Cream and Spotless, organisations where Pacific Equity Partners is invested.

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

Geoff Hutchinson[2]
Non-Executive Director
BCom; BSc; MBA (Deans List)

Geoff was appointed a director in July 2011.

Geoff joined Pacific Equity Partners in 2008 and currently serves as a director on the Board of the holding company of Spotless.

Prior to joining Pacific Equity Partners, Geoff was a Manager with Bain & Company where he consulted to clients in Australia, the UK and South Africa advising clients in the consumer goods, retail, industrial services, telecommunications, airline and mining industries on strategy, performance improvement and organisational design. Geoff also worked with Bain & Company's UK Private Equity practice leading due diligence engagements for private equity investors.

Notes:

1. Anthony is a Board nominee on behalf of the PEP Shareholders.

2. Geoff is a Board nominee on behalf of the PEP Shareholders.

The composition of the Board committees and details of the Board's key corporate governance policies are set out in Section 5.4.

Each Director above has confirmed to Veda that he or she anticipates being available to perform his or her duties as a Director as the case may be, without constraint from other commitments.

The PEP Shareholders will have a continuing right to appoint a nominee director after Listing (see Sections 5.5 and 8.4.3).

5.2 Senior leadership team

Nerida Caesar

James Orlando

Simon Bligh

Tim Courtright

David Grafton

Tony Kesby

John Roberts

John Wilson

Nerida Caesar
Chief Executive Officer and Managing Director
See Section 5.1.

James Orlando
CFO
BSc; MBA; CFA

James joined Veda in May 2013 as CFO, and has more than 20 years experience leading teams across the treasury, finance and accounting, pricing and legal functions.

Prior to Veda, James was the CFO of AAPT, where he focused on improving the company's earnings, as well as divesting its consumer business. James also served as the CFO of PowerTel, an ASX listed telecommunications service provider, and held a variety of international treasury positions at AT&T and Lucent Technologies in the US and Hong Kong focusing on export and project finance.

Simon Bligh
Chief Data Officer
BA (Oxon); ACA (ICAEW)

Simon joined Veda in November 2010 as CFO, and was appointed Chief Data Officer in May 2013. Simon has extensive treasury, risk management, vendor management and commercial expertise, with a career spanning 20 years across Europe and Australia.

Prior to Veda, Simon was the CFO of Sydney Airport where he led the major refinancing of the business, and was responsible for all commercial matters with airlines. Prior to that, Simon spent 13 years in telecommunications businesses in Australia, France, Ukraine and the UK as well as four years in Paris as AT&T European CFO responsible for over 300 staff located in 13 countries.

Tim Courtright
Executive General Manager – 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.

Prior to 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, and has worked for Ericsson Australia where he was the Managing Director of Inflection Technologies.

David Grafton
Executive General Manager – Credit Risk & Advisory Services
BA; PhD

David joined Veda in May 2012, and has held senior executive positions across the banking and credit industries in Australia, the UK, the USA and Europe for more than 24 years.

Prior to joining Veda, David was the Chief Risk Officer for the Commonwealth Bank of Australia's Retail Bank, responsible for all aspects of credit and operational risk management and compliance. David was also the CEO and Director of Data Advantage/ Baycorp, and has considerable international credit bureau, analysis and software experience in previous roles with Experian and Equifax in the UK, the USA and Europe.

David is a director and former Chairperson of the Australasian Retail Credit Association, and has been an industry leader in advocating the move to comprehensive credit reporting.

Tony Kesby
Chief Information Officer
BCompSc; MBA

Tony joined Veda in August 2008, and has over 25 years technology experience primarily in the financial services industry in Australia, the UK and the US.

Tony has held a number of senior IT positions including CIO roles at FAI Life and Tower Australia. More recently, he was responsible for all IT infrastructure and applications development and support at MBF Australia, the largest non-government health insurer in Australia.

John Roberts
Managing Director – New Zealand & International
BBA

John joined Veda in February 2006, with more than 25 years of global experience across the communications and marketing sectors, and most recently, the financial services industry.

John was a founding partner and Chairperson of Rialto Advertising, which was one of New Zealand's most successful integrated communications companies. John also held CEO roles with Saatchi and Saatchi in New Zealand, and was CEO/ Regional Director for Saatchi and Saatchi Asia Pacific. Most recently, John was MasterCard International's Vice President for International Card Services Limited, managing and developing MasterCard's relationships with major financial organisations in New Zealand.

John Wilson
Executive General Manager – Product & Market Development
BBus; MAppFin, CPA

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.

Prior to 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.

5.3 Interests and benefits

This Section 5.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of Veda; or
- stockbroker to the Offer,

holds at the time of lodgement of the Original Prospectus with ASIC, or has held in the two years before lodgement of the Original Prospectus with ASIC, an interest in:

- the formation or promotion of Veda;
- property acquired or proposed to be acquired by Veda in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of Veda or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

5.3.1 Interests of advisers

Veda has engaged the following professional advisers:

- Highbury Partnership Pty Limited has acted as Financial Adviser to the Offer. Veda has paid, or agreed to pay, the Financial Adviser a fee up to 0.75% of the funds raised under the Offer for these services;
- Citi and UBS have acted as JLMs to the Offer. Veda has paid, or agreed to pay, the JLMs the fees described in Section 6 for these services;
- Allen & Overy has acted as Australian legal adviser (other than in respect of taxation matters) to Veda in relation to the Offer. Veda has paid, or agreed to pay, $1.55 million (excluding disbursements and GST) for those services. Allen & Overy has also advised on related refinancing and mergers and acquisitions matters. Veda has paid, or agreed to pay, $150,000 (excluding disbursements and GST) for these services. Further amounts may be paid to Allen & Overy in accordance with its normal time-based charges;
- KPMG Transaction Services has acted as Investigating Accountant and has prepared the Investigating Accountant's Report and has performed work in relation to due diligence enquiries. Veda has paid, or has agreed to pay, approximately $1.0 million (excluding disbursements and GST) for the above services up until the Original Prospectus Date. In addition, other KPMG entities have performed work in relation to due diligence enquiries and Veda has paid, or has agreed to pay, approximately $545,000 (excluding disbursements and GST) for these services up until the Original Prospectus Date; and
- CBA Equities Limited and UBS Wealth Management Australia Limited have acted as Co-Managers to the Offer. Each will be paid fees up to 1.5% of the value of Shares allocated to clients of that Broker. All of the amounts payable to them are payable by the JLMs out of the fees payable to the JLMs under the Underwriting Agreement.

Other than as otherwise stated, these amounts, and other expenses of the Offer, will be paid by Veda out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 6.1.2.

5.3.2 Directors' interests and remuneration

Chief Executive Officer and Managing Director

Veda has entered into an employment contract with Nerida Caesar to govern her employment with Veda. Nerida is employed in the position of CEO and Managing Director of Veda (refer to Section 5.3.3 for further details).

Non-Executive Director remuneration

Under the Constitution, the Directors decide the total amount paid to each Director as remuneration for their services as a Director to Veda. However, under the ASX Listing Rules, the total amount paid to all Directors for their services must not exceed in aggregate in any financial year the amount fixed by Veda's general meeting. This amount has been fixed by Veda at $2 million. Annual Directors' fees currently agreed to be paid by Veda are $300,000 to the Chairman (Helen Nugent AO), and $150,000 to each of the other Non-Executive Directors.

In addition, the Chairman of the Audit and Risk Committee as well as the Chairman of the Remuneration and Nomination Committee will be paid $25,000 annually and each member of these committees will be paid $15,000 annually. Non-Executive Directors are also entitled to a per diem payment of $2,500 for attendance at meetings or time spent on Company business over and above that normally associated with their role as a Director. The remuneration of Directors must not include a commission on, or a percentage of profits, or operating revenue. All Directors' fees are inclusive of statutory superannuation.

Deeds of access, insurance and indemnity for Directors

Veda has entered into deeds of access, insurance and indemnity with each Director which contain rights of access to certain books and records of Veda.

Under the Constitution, Veda is required to indemnify all Directors and officers, past and present, against all liabilities allowed under law. Under the deed of access, insurance and indemnity, Veda indemnifies parties against all liabilities to another person that may arise from their position as an officer of Veda or its subsidiaries to the extent permitted by law. The deed stipulates that Veda will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

Under the Constitution, Veda may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law and under the deed of access, insurance and indemnity, Veda must obtain lifetime insurance cover for each Director.

Other information about Directors' interests and benefits

Directors will be reimbursed for reasonable travel and other expenses incurred in attending to Veda's affairs.

Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not within the normal role of a director of Veda or a subsidiary.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

Chapter 2E of the Corporations Act prohibits a company from giving a financial benefit to a related party (including any Director) without the prior approval of its members by ordinary resolution. Nerida Caesar will receive a loan from Veda to fund the reclassification of her MPS (as described in Section 5.3.4 below). Nerida has received a loan from Veda to fund the reclassification of her MPS as described in Section 5.3.4. Additionally, Anthony Kerwick has an indirect interest in PEP Advisory, which has and will receive management fees from Veda. PEP Advisory receives management fees from the Company including fees as a result of the termination of its existing services agreement. PEP Advisory will receive no further fees following Completion of the Offer, and although these arrangements were entered into on arm's length terms, member approval will be obtained before Listing.

Other interests of Directors and senior executives are set out in Sections 5.3.3 and 5.3.4.

Directors' Shareholdings

Directors are not required under the Constitution to hold any Shares. However, the Shareholdings of all Directors on Completion of the Offer are expected to be as follows:[18]

- for Helen Nugent AO, 200,000 Shares;
- for Nerida Caesar, 6,640,039 Shares;
- for Bruce Beeren, 100,000 Shares;
- for Diana Eilert, 120,000 Shares;
- for Peter Shergold AC, 80,000 Shares;
- for Anthony Kerwick, 400,000 Shares; and
- for Geoff Hutchinson, 70,000 Shares.

As noted in Section 1.7, Anthony Kerwick and Geoff Hutchinson will also have an indirect interest in Shares through investment vehicles holding an interest in the investors comprising the PEP Shareholders. Final Director's shareholdings will be notified to ASX on Listing.

5.3.3 KMP and other executive remuneration

Chief Executive Officer and Managing Director

Nerida Caesar will receive annual fixed remuneration of $900,000 (inclusive of superannuation). Nerida will also be eligible to receive an annual target cash bonus of $500,000. Payment of the cash bonus will depend on Veda's performance and Nerida's achievement of certain key performance indicators. Nerida will also receive a single cash bonus of $1,350,000 payable on Completion of the Offer.

Nerida may terminate her employment contract by giving 12 months' notice in writing. Veda may terminate by giving 12 months' notice in writing or by making a payment in lieu of notice. In the event of serious misconduct or other circumstances warranting summary dismissal, Veda may terminate Nerida's employment contract immediately by notice in writing and without payment in lieu of notice.

Upon the termination of Nerida's employment contract, she will be subject to a restraint of trade period of 12 months. Veda may elect to reduce the restraint of trade period, or eliminate the period in its entirety. The enforceability of the restraint clause is subject to all usual legal requirements.

18 Including Shares held directly, through family trusts or self-managed superannuation funds.

Chief Financial Officer

James Orlando is employed in the position of CFO and has entered into an employment contract with Veda to govern his employment with the Company.

James will receive annual fixed remuneration of $476,470 (inclusive of superannuation). James will also be eligible to receive an annual target cash bonus of $190,000. Payment of the cash bonus will depend on Veda's performance and James' achievement of certain key performance indicators. James will also receive a single cash bonus of $476,470 payable on Completion of the Offer.

James may terminate the employment contract by giving six months' notice in writing. Veda may terminate the employment contract by giving six months' notice in writing or by making a payment in lieu of notice. In the event of serious misconduct or other circumstances warranting summary dismissal, Veda may terminate James' employment contract immediately by notice in writing and without payment in lieu of notice.

In addition to the executive loan arrangements referred to in Section 5.3.4, James will also be provided with an additional loan on the same terms as described below of $131,346 in relation to an earlier issue of MPS under the current employee incentive scheme.

Upon the termination of James' employment contract, he will be subject to a restraint of trade period of six months. Veda may elect to reduce the restraint of trade period, or eliminate the period in its entirety. The enforceability of the restraint clause is subject to all usual legal requirements.

Chief Data Officer

Simon Bligh is employed in the position of Chief Data Officer (**CDO**) and has entered into an employment contract with Veda to govern his employment with the Company.

Simon will receive annual fixed remuneration of $435,890 (inclusive of superannuation). Simon will also be eligible to receive an annual target cash bonus of $300,000. In FY2014 Simon will also be eligible to receive a cash bonus of up to $200,000. Payment of the cash bonuses will depend on Veda's performance and Simon's achievement of certain key performance indicators. Simon will also receive a single cash bonus of $435,890 payable on Completion of the Offer.

Simon may terminate the employment contract by giving three months' notice in writing. Veda may terminate the employment contract by giving three months' notice in writing or alternatively by making a payment in lieu of notice. In the event of serious misconduct or other circumstances warranting summary dismissal, Veda may terminate Simon's employment contract immediately by notice in writing and without payment in lieu of notice.

Upon the termination of Simon's employment contract, he will be subject to a restraint of trade period of six months. Veda may elect to reduce the restraint of trade period, or eliminate the period in its entirety. The enforceability of the restraint clause is subject to all usual legal requirements.

Executive General Manager – Sales

Tim Courtright is employed in the position of Executive General Manager (Sales) and has entered into an employment contract with Veda to govern his employment with the Company.

Tim will receive annual fixed remuneration of $400,000 (inclusive of superannuation). Tim will also be eligible to receive an annual target cash bonus of $180,000. Payment of a cash bonus will depend on Veda's performance and Tim's achievement of certain key performance indicators.

Tim may terminate the employment contract by giving three months' notice in writing. Veda may terminate the employment contract by giving three months' notice in writing or alternatively by making a payment in lieu of notice. In the event of serious misconduct or other circumstances warranting summary dismissal, Veda may terminate Tim's employment contract immediately by notice in writing and without payment in lieu of notice.

Upon the termination of Tim's employment contract, he will be subject to a restraint of trade period of six months. Veda may elect to reduce the restraint of trade period, or eliminate the period in its entirety. The enforceability of the restraint clause is subject to all usual legal requirements.

Executive General Manager – Product & Market Development

John Wilson is employed in the position of Executive General Manager (Product & Market Development) and has entered into an employment contract with Veda to govern his employment with the Company.

John will receive annual fixed remuneration of $439,456 (inclusive of superannuation). John will also be eligible to receive an annual target cash bonus of $275,000. Payment of a cash bonus will depend on Veda's performance and John's achievement of certain key performance indicators. John has also been provided with an earlier and separate loan of $150,000 by the Company to purchase Shares.

John may terminate the employment contract by giving six months' notice in writing. Veda may terminate the employment contract by giving six months' notice in writing or alternatively by making a payment in lieu of notice. In the event of serious misconduct or other circumstances warranting summary dismissal, Veda may terminate John's employment contract immediately by notice in writing and without payment in lieu of notice.

Upon the termination of John's employment contract, he will be subject to a restraint of trade period of six months. Veda may elect to reduce the restraint of trade period, or eliminate the period in its entirety. The enforceability of the restraint clause is subject to all usual legal requirements.

Other senior executives

Veda's other senior executives are employed under individual executive services agreements or individual contractor arrangements. These establish:

- total compensation, which includes for employees, a base salary and superannuation contribution to a fund of the individual's election;
- variable notice and termination provisions of up to six months;
- restraint and confidentiality provisions; and
- for employees, leave entitlements in accordance with the applicable legislation.

Some other senior executives are also entitled to a single cash bonus payable on Completion of the Offer.

The aggregate value of the deal bonuses paid to executives, excluding the KMP entitlements set out above, is approximately $540,000.

5.3.4 Share based incentive schemes

Senior executives and other employees have historically participated in an incentive scheme for the issue of MPS. Prior to listing, executives will pay a 'reclassification amount' to reclassify their MPS into Shares. To fund this reclassification amount, executives will be given a full recourse loan at market rates as described in Section 8.4. The aggregate loan value for all employees is a maximum of $3.6 million.

For current employees, these Shares will be subject to voluntary escrow arrangements as described in Section 8.4.5.

Veda has not yet established a new long term incentive plan, but the Board intends to introduce a share based or other long term incentive scheme for FY2015.

Executive Loan Agreements

The KMP and certain other executives and employees (**Executive Loan Recipients**) have entered into employee loan agreements with Veda (**Executive Loan Agreements**). Under the Executive Loan Agreements, Veda has agreed to provide loans to the Executive Loan Recipients, with the loan amount to be used to fund the reclassification amount for the MPS and in one case an outstanding tax liability.

Chapter 2J.3 of the Corporations Act prohibits a company from financially assisting a person to acquire Shares in a company without the prior approval of its members by special resolution. For these purposes the proposed provision of loans by Veda to fund the acquisition of Shares in Veda described above constitutes financial assistance by Veda.

Member approval for the provision of the Executive Loan Agreements for the purposes of Chapter 2J.3 of the Corporations Act was obtained before the date of the Prospectus. In addition, member approval for related parties under the Executive Loan Agreements was obtained before the date of the Original Prospectus.

Materiality of Shares held following reclassification of MPS

As part of the reclassification of MPS into Shares the MPS holders will retain 14,707,073 Shares. Present calculations indicate that none of the recipients (or their associates) will hold Shares which represent more than 5% of the issued Shares of Veda following Completion of the Offer.

Options

In addition, certain executives will be issued with Options. There are two tranches of Options as shown below with strike prices of $1.90 and $2.10 per Share. For information on the Options, see Section 8.4.6. The Company does not anticipate that any of the Options will be exercised immediately following the Completion of the Offer.

In summary, under these arrangements, senior management will have the following loans, Shares and Options respectively:

	Loan ($)	Shares	Options at $1.90 strike price	Options at $2.10 strike price
Nerida Caesar	1,607,378	6,429,513	13,500,000	11,500,000
James Orlando	132,929	531,716	1,218,165	1,037,696
Simon Bligh	233,955	935,822	2,143,974	1,826,348
Tim Courtright	186,905	747,618	1,712,799	1,459,051
John Wilson	224,285	897,140	2,055,355	1,750,858

5.4 Corporate governance

This Section 5.4 explains how the Board will oversee the management of Veda's business. The Board is responsible for the overall corporate governance of Veda. The Board monitors the operational and financial position and performance of Veda and oversees its business strategy including approving the strategic goals of Veda and considering and approving an annual business plan, including a budget. The Board is committed to maximising performance, generating financial returns and greater value for Shareholders, and sustaining the growth and success of Veda. In conducting Veda's business with these objectives, the Board seeks to ensure that Veda is properly managed to protect and enhance Shareholder interests, and that Veda, and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Veda including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Veda's business and which are designed to promote the responsible management and conduct of Veda.

The main policies and practices adopted by Veda, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the constitution of Veda. The Veda code of conduct outlines how Veda expects Directors and personnel to behave and conduct business in a range of circumstances. In particular, the code requires awareness of, and compliance with, laws and regulations relevant to Veda's operations, including occupational health and safety, risk management, privacy and employment and diversity practices. Details of Veda's key policies and practices and the charters for the Board and each of its committees are available at www.veda.com.au.

Veda is seeking a listing on ASX. The ASX Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations for Australian listed entities (**ASX Recommendations**) in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptive, but guidelines. However, under ASX Listing Rules, Veda will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period. Where Veda does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. The Board does not anticipate that it will depart from the ASX Recommendations. However, it may do so in the future if it considers that such departure would be reasonable.

5.4.1 Board of Directors

The Board of Directors comprises four independent Non-Executive Directors (including the Chairman), two Non-Executive Directors and the CEO.

Detailed biographies of the Board members are provided in Section 5.1.

The Board considers an Independent Director to be a Non-Executive Director who is not a member of Veda's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of their judgment. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board charter sets out guidelines and thresholds of materiality for the purpose of determining the independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers thresholds of materiality for the purpose of determining 'independence' on a case-by-case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- the Board will consider a holding of 5% or more of the Shares of the Company to be material;
- the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purpose of determining independence. Where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director will be reviewed by the Board; and
- the Board will qualitatively consider whether a Director's interest, business or relationship could materially interfere with the Director's ability to act in the best interests of Veda.

The Board considers that each of Helen Nugent AO, Bruce Beeren, Diana Eilert and Peter Shergold AC are Independent Directors for the purpose of the ASX Recommendations.

Nerida Caesar, Anthony Kerwick and Geoff Hutchinson are not considered by the Board to be independent. Nerida is the CEO and Managing Director of Veda. Anthony and Geoff are Directors nominated by the PEP Shareholders which will retain 63.5% of the Shares on Completion of the Offer.

Accordingly, the Board will consist of a majority of Independent Directors. Regardless, the Board considers that each of the Non-Executive Directors brings an objective and independent judgment to the Board's deliberations and that each of the Non-Executive Directors makes a valuable contribution to the Company through the skills they bring to the Board and their understanding of Veda's business.

5.4.2 Board charter

The Board considers that strong and effective corporate governance can add to Veda's performance, create value for Shareholders, and engender investor confidence. To that end, it has adopted a written charter to provide a framework for the effective operation of the Board. The charter provides that the Board:

- considers and approves the strategy of Veda;
- adopts an annual budget, monitors financial performance (including approving the annual and half year financial statements and reports) and approves major investments and monitors the return on those investments;
- monitors the adequacy, appropriateness and operation of internal controls including reviewing and approving Veda's compliance systems and corporate governance principles;
- provides continuous disclosure of information to the investment community, and makes available information Shareholders can reasonably require to make informed assessments of Veda's prospects;
- monitors significant business risks, reviews how they are managed and monitors the conduct of the relationship with key regulators to meet Veda's obligations;
- determines delegations to committees, subsidiary boards and management and approves transactions in excess of delegated levels;
- appoints and reviews the performance of the CEO including overseeing the remuneration, development and succession planning for the CEO and other management, while overseeing the operation of appropriate human resource management systems;
- assesses its own performance and that of individual directors and selects and appoints new directors;
- considers, approves and endorses major policies of the organisation including a code for ethical behaviour and social responsibility;
- oversees the implementation of appropriate work health and safety systems; and
- protects and oversees the enhancement of Veda's reputation.

5.4.3 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities.

The Board has established the Audit and Risk Committee and the Remuneration and Nomination Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of Veda, relevant legislative and other requirements and the skills and experience of individual Directors.

Audit and Risk Committee

Under its charter, this committee must have at least 3 members, a majority of whom (including the chairman) must be Independent Directors. Currently, Bruce Beeren, Geoff Hutchinson and Diana Eilert are members of this committee. Bruce is Chairman of the committee.

The primary roles of this committee include:

- exercising oversight over the compliance of the financial statements with the requirements of the Corporations Act and any other mandatory professional reporting requirements, statutory reporting requirements, making 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 Veda's internal controls;
- assessing the effectiveness of Veda's internal audit functions in carrying out the responsibilities of their charters; and
- focusing appropriate attention on Veda's risk management framework.

Under the charter, it is the policy of Veda that its external auditing firm must be independent of it. The committee will review and assess the independence of the external auditor on an annual basis.

Remuneration and Nomination Committee

Under its charter, this committee must have at least 3 members, a majority of whom (including the chairman) must be Independent Directors. Currently, Helen Nugent AO, Anthony Kerwick and Peter Shergold AC are members of this committee. Helen is Chairman of the committee.

The main functions of the committee are:

- to align Veda's remuneration approach with shareholder interests and allow Veda to attract, motivate and retain its staff to enhance Veda's performance in a manner that supports the long term financial soundness of Veda; and
- to provide appropriate corporate governance by identifying the mix of skills and individuals required in directors to allow the Board to contribute to the successful oversight and stewardship of Veda and discharge their duties under the law diligently and efficiently.

The committee assists and advises the Board on the following nomination related matters:

- director selection and appointment practices;
- Board composition; and
- succession planning for the Board and senior executives,

to ensure that the Board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of Veda as a whole.

5.4.4 Diversity policy

Veda has adopted a diversity policy, which sets out Veda's commitment to diversity and inclusiveness in the workplace. The diversity policy provides a framework to help Veda achieve its diversity goals while creating a commitment to a diverse work environment where staff consider they are treated fairly and with respect while feeling accountable and responsible for the reputation and performance of Veda. The Board will oversee the implementation of the diversity policy and assess progress in achieving its objectives.

5.4.5 Continuous disclosure policy

Once listed, Veda will be required to comply with the continuous disclosure requirements of ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in ASX Listing Rules, Veda will be required to disclose to ASX any information concerning Veda which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. Veda is committed to observing its disclosure obligations under ASX Listing Rules and the Corporations Act.

Veda has adopted a policy to take effect from Listing which establishes procedures which are aimed at Directors and management being aware of and fulfilling their obligations in relation to the timely disclosure of material price-sensitive information. Under the disclosure policy, the Board will be responsible for managing Veda's compliance with its continuous disclosure obligations.

5.4.6 Securities trading policy

Veda has adopted a written policy to take effect from Listing for buying, selling or otherwise dealing in securities. The policy is intended to explain the prohibited type of conduct in relation to dealings in securities under the Corporations Act and to establish a best practice procedure in relation to dealings in Shares by Directors and officers of the Group (including the CEO), all direct reports to the CEO and their direct reports and any other personnel designated by the Board (and their closely related parties) (**Relevant Persons**).

Relevant Persons will not be permitted to deal in Shares during the following blackout periods:

- the period from one month before the close of trading on ASX at the end of each half year and full year until the close of trading on the day following the announcement to ASX of the half year or full year results (as applicable); and
- any other period that the Board specifies from time to time.

Outside of these periods, Relevant Persons must receive clearance for any proposed dealing in Shares. In all instances, buying or selling Shares is not permitted at any time by any person who possesses price-sensitive information. Any dealing in Shares by Relevant Persons pursuant to a margin lending arrangement is not permitted. Relevant Persons are permitted to hedge Shares in limited circumstances.

5.4.7 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, to take effect from Listing, to be followed by all personnel and officers.

The key aspects of this code are to:

- act with honesty, integrity and fairness and in the best interests of Veda, and in the reasonable expectations of Veda's Shareholders;
- act in accordance with all applicable laws, regulations, policies and procedures;
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices; and
- use Veda's resources and property properly.

The code of conduct sets out Veda's policies on various matters including ethical conduct, business conduct, compliance, privacy, security of information, bribery and corruption, financial integrity, and conflicts of interest.

5.4.8 Communications with Shareholders

The Board's aim is to provide Shareholders with sufficient information to assess the performance of Veda and to inform them of major developments affecting the state of affairs of Veda relevant to Shareholders in accordance with all applicable laws. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX and publishing information on Veda's website, www.veda.com.au.

In particular, Veda's website will contain information about it, including media releases, key policies and the terms of reference of its Board committees. All relevant announcements made to the market and any other relevant information will be posted on Veda's website as soon as they have been released to ASX.

5.5 Relationship with Pacific Equity Partners

The PEP Shareholders will retain a 63.5% interest in Veda on Completion of the Offer.

PEP Shareholders continue to be supportive of Veda and its growth potential and their current intention is to remain a strategic shareholder of Veda. The PEP Shareholders have entered into voluntary escrow arrangements until the date that Veda's financial results for FY2014 are provided to ASX for release to the market (subject to certain exceptions). Any decision by the PEP Shareholders to sell down their interest in Veda following the expiry of the voluntary escrow arrangements will be a decision made having regard to a range of factors. These include the market environment at the time and the interests of the investors in the PEP Shareholders. See Section 6.7 for a summary of the terms of the voluntary escrow arrangements.

The Independent Directors have approved the Company entering into a Relationship Deed with the PEP Shareholders that governs the relationship between the parties while the PEP Shareholders retain an interest in Veda. Section 8.4.3 provides a summary of the terms of the Relationship Deed. The key provisions of the Relationship Deed:

- require that the parties agree procedures for the management of conflicts of interest and appropriate use of confidential information;
- retain the right for the PEP Shareholders, if they reduce their Shareholding, to nominate two Directors to the Board while they hold greater than 30% or one Director to the Board for so long as they hold at least 15% of the issued share capital of Veda; and
- require Veda to provide market disclosure (subject to certain conditions) to permit the PEP Shareholders to sell their Shares without the need to prepare a prospectus.

Veda and the PEP Shareholders have also entered into confidentiality arrangements which govern access to Veda's information.

Risks associated with the PEP Shareholders' continued interest in Veda are set out in Section 4.3.4.

Section 6
Details of the Offer

6. Details of the Offer

6.1 The Offer

This Prospectus relates to an initial public offering of 272.8 million new Shares in Veda at an Offer Price of $1.25 per Share.

The Offer is expected to raise approximately $341.1 million for Veda and following the Completion of the Offer there will be a total of 842.1 million Shares on issue. The Shares offered under this Prospectus will represent approximately 32.4% of the Shares on issue on Completion of the Offer.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

6.1.1 Structure of the Offer

The Offer comprises:

- the Broker Firm Offer, which is open only to Australian resident investors who are not Institutional Investors and who receive a firm allocation from their Broker;
- the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia, and a number of other eligible jurisdictions; and
- the Personnel and Priority Offer, which is open only to Eligible Employees and investors nominated by Veda.

No general public offer of Shares will be made under the Offer. The allocation of Shares between the Broker Firm Offer, the Institutional Offer and the Personnel and Priority Offer was determined by the JLMs in agreement with Veda and the Financial Adviser, having regard to the allocation policy outlined in Sections 6.3.5 and 6.4.2.

The Offer has been fully underwritten by the JLMs. A summary of the Underwriting Agreement, including the events which would entitle the JLMs to terminate the Underwriting Agreement, is set out in Section 8.4.1.

6.1.2 Purpose of the Offer and use of proceeds

The Offer is expected to raise approximately $341.1 million for Veda. The purpose of the Offer is to:

- raise capital to reduce the Company's existing debt;
- provide Veda with access to capital markets, which it expects will give it added financial flexibility to pursue further growth opportunities;
- provide a liquid market for its Shares and an opportunity for others to invest in Veda; and
- pay the expenses of the Offer.

Table 25 Sources and uses of funds

Sources of funds	$ million	%
Cash proceeds received for new Shares issued under the Offer	341.1	49.3
Drawdown of New Banking Facilities	311.7	45.0
Cash proceeds from the exercise of Warrants[1]	39.5	5.7
Total sources	**692.2**	**100.0**
Uses of funds	**$ million**	**%**
Repayment of the Mezzanine Preference Notes[2]	276.4	39.9
Repayment of the existing debt	371.0	53.6
Termination and break fees[3]	9.2	1.3
Fees associated with the IPO[4]	35.6	5.1
Total uses	**692.2**	**100.0**

Notes:

1. PEP Shareholders will exercise 23.8 million existing Warrants at an exercise price of $0.95 per Warrant, and as a result, receive 23.8 million Shares. ICG will exercise 17.6 million existing Warrants at an exercise price of $0.95 per Warrant and 0.1 million existing Warrants at a nil exercise price, and as a result, receive 17.7 million Shares.
2. Veda will redeem 71.9 million Mezzanine Preference Notes held by the PEP Shareholders and 78.1 million Mezzanine Preference Notes held by ICG.
3. Includes an $8.0 million termination fee paid to PEP Advisory and $1.2 million of break costs related to the Existing Financing.
4. Fees associated with the IPO include $1.6 million of upfront fees associated with the New Banking Facilities, $28.7 million of capitalised IPO costs and $5.3 million of IPO related costs (net of the $9.2 million termination and break fees outlined above) that are expensed through the statutory forecast consolidated statement of profit or loss.

6.1.3 Pro forma balance sheet

Veda's pro forma balance sheet following the Completion of the Offer, including details of the pro forma adjustments, is set out in Section 3.

6.1.4 Capital structure

Veda's indebtedness as at 30 June 2013, both before and adjusted to reflect the Offer, is set out in Section 3.4.2.

6.1.5 Shareholding structure

The details of the ownership of Shares and Options on Listing are set out below:

Shareholder	Share-holding pre-IPO (Shares) (m)	Share-holding pre-IPO (%)	Share-holding post-IPO (Shares) (m)	Share-holding post-IPO (%)[1]	Options (m)
PEP Shareholders	510.7	99.6%	534.5	63.5%	–
Management Shareholders and other existing Shareholders[2]	2.3	0.4%	17.5	2.1%	39.1
ICG	–	–	17.7	2.1%	–
New Shareholders pursuant to the Offer	–	–	272.4	32.3%	–
Total	**513.0**	**100.0%**	**842.1**	**100.0%**	**39.1**

Note:

1. Includes the exercise of Warrants by the Warrant holders.
2. Excluding any Shares acquired under the Personnel Offer.

In addition, PEP Shareholders hold 23.8 million Warrants and 71.9 million Mezzanine Preference Notes. At Completion of the Offer, the Mezzanine Preference Notes will be repaid. The PEP Shareholders will exercise their Warrants and the resulting Shares will be subject to their Escrow Deed.

ICG holds 17.7 million Warrants and 78.1 million Mezzanine Preference Notes. At Completion, the Mezzanine Preference Notes will be repaid. ICG will exercise its Warrants and the resulting Shares will be subject to its Escrow Deed.

Details of the Shares that will be subject to voluntary escrow arrangements are set out in Section 6.7.

6.1.6 Control implications of the Offer

The PEP Shareholders will control Veda on Completion of the Offer (as defined in Section 50AA of the Corporations Act).

6.1.7 Potential effect of the fundraising on the future of Veda

The Directors believe that on Completion of the Offer, Veda will have enough working capital available from the cash proceeds of the Offer, its operations and the New Banking Facilities, to fulfill the purposes of the Offer and carry out its stated objectives.

6.2 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in Veda).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to these, is set out in Section 6.11 below.
What is the consideration payable for each security being offered?	The Offer Price is $1.25 per Share.
What is the Offer period?	The Important Dates, including details of the Offer period, are set out on page 3. No Shares will be issued on the basis of this Prospectus later than the expiry date of 13 months after the Original Prospectus Date.
What are the cash proceeds to be raised?	Approximately $341.1 million will be raised by Veda if the Offer proceeds.
What is the minimum and maximum application size under the Broker Firm Offer?	Applicants under the Broker Firm Offer should contact their Broker about the minimum and maximum Application Amount. Veda, the JLMs and the Financial Adviser reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for, in their absolute discretion. There is no maximum value of Shares that may be applied for under the Broker Firm Offer.
What is the minimum and maximum application size under the Personnel and Priority Offer?	Applications under the Personnel and Priority Offer must be for a minimum of $2,000 worth of Shares and in multiples of $500 worth of Shares thereafter. Veda, the JLMs and the Financial Adviser reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for, in their absolute discretion.
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, the Institutional Offer and the Personnel and Priority Offer was determined by the JLMs in agreement with Veda and the Financial Adviser, having regard to the allocation policy outlined in Section 6.3.5 and 6.4.2. With respect to the Broker Firm Offer, it will be a matter for the Brokers to determine how they allocate Shares among their eligible retail clients, and they (and not Veda, the Financial Adviser or the JLMs) will be responsible for ensuring that eligible retail clients who have received an allocation from them receive the relevant Shares. The allocation of Shares under the Institutional Offer was determined by the JLMs in consultation with Veda and the Financial Adviser. The Broker Firm Offer, Institutional Offer and Personnel and Priority Offer are not open to investors in the United States. For further information on the: • Broker Firm Offer, see Section 6.3; • Institutional Offer, see Section 6.4; and • Personnel and Priority Offer, see Section 6.5.
Will the securities be listed?	Veda has applied for listing of the Shares on ASX under the code VED. Completion of the Offer is conditional on ASX approving the application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Topic	Summary
When are the securities expected to commence trading?	It is expected that trading of the Shares on ASX will commence on or about 5 December 2013, initially on a conditional and deferred settlement basis. Trading will be on a conditional and deferred settlement basis until Veda has advised ASX that holding statements have been despatched to Shareholders. Normal settlement trading is expected to commence on or about 11 December 2013. If settlement has not occurred within 14 days (or such longer period as ASX allows) after the day Shares are first quoted on ASX, the Offer and confirmations of allocations will be cancelled and of no further effect and all Application Monies will be refunded (without interest). It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. Veda, the Joint Lead Managers, the Financial Adviser and the Existing Shareholders disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the Veda Offer Information Line, by a Broker or otherwise.
Is the Offer underwritten?	The Joint Lead Managers have fully underwritten the Offer. Details are provided in Section 8.4.1.
Are there any escrow arrangements?	Details are provided in Section 6.7.
Are there any taxation considerations?	Refer to Section 8.8.
Is there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 8.4.1 for details of various fees payable by Veda to the Joint Lead Managers and see Section 5.3.1 for the fees payable by the Joint Lead Managers to certain Brokers.
What should you do with any enquiries?	Please call the Veda Offer Information Line on 1800 628 703 (toll free within Australia) or +61 1800 628 703 (outside Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether Veda is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

6.3 Broker Firm Offer

6.3.1 Who can apply in the Broker Firm Offer

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. Investors who are offered a firm allocation by a Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation.

Investors should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer.

The Broker Firm Offer is not open to persons in the United States.

6.3.2 How to apply for Shares under the Broker Firm Offer

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus or any replacement Prospectus. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your firm allocation. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applicants under the Broker Firm Offer should contact their Broker about the minimum and maximum Application Amount. Veda, the JLMs and the Financial Adviser reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person. Veda may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The Broker Firm Offer opens at 9.00am (Sydney time) on 26 November 2013 and is expected to close at 5.00pm (Sydney time) on 3 December 2013. Veda, the JLMs and the Financial Adviser may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. Your Broker may impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

6.3.3 Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker.

6.3.4 Application acceptances and Application Monies

An Application in the Broker Firm Offer is an offer by the applicant to Veda to subscribe for Shares for all or any of the Application Amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus including any supplementary or replacement prospectus and the Application Form. To the extent permitted by law, an Application by an applicant under the Offer is irrevocable. Acceptance of an application will give rise to a binding contract.

Veda reserves the right to decline any Application and all Applications in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Successful Applicants in the Broker Firm Offer will be allotted Shares at the Offer Price and will receive the number of Shares equal to the value of their Application accepted by Veda divided by the Offer Price (rounded down to the nearest whole Share).

6.3.5 Allocation policy under the Broker Firm Offer

The allocation of firm stock to Brokers will be determined by the JLMs, in consultation with the Financial Adviser and Veda. Shares which are allocated to Brokers for allocation to their Australian resident retail clients will be issued or transferred to the Applicants who have received a valid allocation of Shares from those Brokers. It will be a matter for the Brokers to determine how they allocate Shares among their eligible retail clients, and they (and not Veda, the Financial Adviser or the JLMs) will be responsible for ensuring that eligible retail clients who have received an allocation from them receive the relevant Shares.

6.3.6 Announcement of final allocation policy in the Broker Firm Offer

Veda expects to announce the final allocation policy under the Broker Firm Offer on or about 5 December 2013. Applicants in the Broker Firm Offer will be able to call the Veda Offer Information Line on 1800 628 703 (toll free within Australia) or +61 1800 628 703 (outside Australia) from 8:30am until 5:30pm (Sydney time) Monday to Friday to confirm allocations. Applicants under the Broker Firm Offer will also be able to confirm their firm allocation through the Broker from whom they received their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Veda Offer Information Line or confirmed your firm allocation through a Broker.

6.4 Institutional Offer

6.4.1 Invitations to bid

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The JLMs have separately advised Institutional Investors of the Application procedures for the Institutional Offer. Shares issued to Institutional Investors as part of the Institutional Offer will be issued under this Prospectus.

6.4.2 Allocation policy under the Institutional Offer

The allocation of Shares under the Institutional Offer was determined by the JLMs in consultation with Veda and the Financial Adviser. The JLMs, in consultation with Veda and the Financial Adviser, have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the JLMs. The allocation policy was influenced by a range of factors, including the following:

- number of Shares bid for by particular Applicants;
- the likelihood that particular Applicants will be long term Shareholders;
- Veda's desire for an informed and active trading market following Listing;
- the size and type of funds under management of particular Applicants;
- the investment style of particular Applicants;
- the timeliness of the bid by particular Applicants;
- Veda's desire to establish a broad spread of institutional Shareholders;
- anticipated level of demand under the Broker Firm Offer and Personnel and Priority Offer; and
- any other factors that Veda, the JLMs and the Financial Adviser considered appropriate.

6.5 Personnel and Priority Offer

6.5.1 Personnel Offer

Eligible Employees who are employed as at 5.00pm (Sydney time) on 11 November 2013 are eligible to participate in the Personnel Offer.

Eligible Employees may apply for Shares online and must comply with the instructions on the website, www.veda.com.au

Applications under the Personnel Offer must be for a minimum of $2,000 worth of Shares and in multiples of $500 worth of Shares thereafter.

Eligible Employees will receive a guaranteed minimum allocation of $2,000 worth of Shares at the Offer Price (or such lower value applied for), subject to an aggregate total allocation to Eligible Employees of $3 million worth of Shares. If this $3 million threshold is reached, Applications will be subject to scale back. Veda have absolute discretion regarding the allocation of Shares to Applicants in the Personnel Offer and may reject an Application, or allocate fewer Shares than the amount applied for, in their absolute discretion.

Payment may be made via BPAY only. Application Monies must be received by the Share Registry by 5.00pm (Sydney time) on 3 December 2013.

To make a payment via BPAY, you will need to apply online at www.veda.com.au and must comply with the instructions on the website. It is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 5.00pm (Sydney time) on 3 December 2013. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

6.5.2 Priority Offer

The Priority Offer is open to Investors nominated by Veda. If you are a Priority Offer Applicant, you will receive a personalised invitation to apply for Shares in the Priority Offer.

Priority Offer Applicants should complete the personalised Application Form, which will accompany the copy of the Prospectus sent to you. You may apply for an amount up to the amount indicated on your personalised invitation. Any amount applied for in excess of this may be refunded in full (without interest) or accepted in full.

Applications under the Priority Offer for an amount less than the amount indicated on your personalised invitation must be for a minimum of $2,000 worth of Shares and in multiples of $500 worth of Shares thereafter.

Priority Offer Applicants are guaranteed an allocation of Shares in the amount specified on their personalised invitation or such a lesser amount validly applied for. Veda has absolute discretion regarding the allocation of Shares to Applicants in the Priority Offer and may reject any Application, or allocate fewer Shares than the amount applied for, in their absolute discretion.

Applications under the Priority Offer may only be made by completing and returning your personalised Application Form with an accompanying cheque, bank draft or money order for the Application Monies to the Share Registry.

To make a payment via BPAY, you will need to apply online at www.veda.com.au, and must comply with the instructions on the website. It is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 5.00pm (Sydney time) on 3 December 2013. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian dollars and be made payable to 'Veda Share Offer Account' and crossed 'Not Negotiable'. Cash will not be accepted. Receipts for payments will not be issued. You should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) or BPAY for Application Monies (or for the amount for which those cheque(s) or BPAY payment clear in time for allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for or your application may be rejected.

Application Monies must be received by the Share Registry by 5.00pm (Sydney time) on 3 December 2013.

6.6 Underwriting arrangements

The Offer is fully underwritten. The JLMs and Veda have entered into an Underwriting Agreement under which the JLMs have been appointed as lead managers, bookrunners and underwriters of the Offer. The JLMs agree, subject to certain conditions and termination events, to severally underwrite Applications for all Shares under the Offer in equal proportions. The Underwriting Agreement sets out a number of circumstances under which the JLMs may terminate the agreement and the underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the termination provisions, is provided in Section 8.4.1.

6.7 Voluntary escrow arrangements

At Listing, the PEP Shareholders, Management Shareholders and ICG will be subject to voluntary escrow arrangements (the **Escrowed Shareholders**). The PEP Shareholders have entered into a voluntary escrow arrangement in relation to all of their Escrowed Shares until the date Veda's full year results for FY2014 are provided to ASX for release to the market.

ICG has entered into a voluntary escrow arrangement in relation to all of their Escrowed Shares until the date Veda's first half results for FY2014 are provided to ASX for release to the market.

Management Shareholders have also entered into a voluntary escrow arrangement in relation to all of their Escrowed Shares until at least the date that Veda's full year results for FY2014 are provided to ASX for release to the market. Members of the senior leadership team (listed in Section 5.2) must also hold 50% of the Shares they hold as a result of the reclassification of their MPS until Veda's full year results for FY2015 are provided to ASX for release to the market.

See Section 8.4.5 for a summary of the terms of the escrow arrangements and the limited exceptions that permit dealing in those Shares during the Escrow Period.

6.8 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed by you in the United States, and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States.

Each Applicant in the Broker Firm Offer, and each person to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities law;
- of any state of the United States and may not be offered or sold, directly or indirectly, in the United States;
- it is not in the United States;
- it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the U.S. Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

Any offer, sale or resale of the Shares in the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the U.S. Securities Act if made prior to 40 days after the date on which the Offer Price is determined and the Shares are allocated under the Offer or if such Shares were purchased by a dealer under the Offer.

6.9 Discretion regarding the Offer

Veda may withdraw the Offer at any time before the issue of Shares to Successful Applicants under the Broker Firm Offer, Personnel and Priority Offer and Institutional Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

Veda, the Financial Adviser and the JLMs also reserve the right to extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant fewer Shares than the amount applied or bid for.

6.10 ASX listing, registers and holding statements, conditional and deferred settlement trading

6.10.1 Application to ASX for listing of Veda and quotation of Shares

Veda has applied for admission to the official list of ASX and quotation of the Shares on ASX. Veda's ASX code is expected to be VED.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit Veda to the official list is not to be taken as an indication of the merits of Veda or the Shares offered for subscription.

If permission is not granted for the official quotation of the Shares on ASX within three months after the date of the Original Prospectus (or any later date permitted by law), all Application Monies received by Veda will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Veda will be required to comply with ASX Listing Rules, subject to any waivers obtained by Veda from time to time.

6.10.2 CHESS and issuer sponsored holdings

Veda will apply to participate in ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with ASX Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister.

For all Successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. Veda and the Share Registry may charge a fee for these additional issuer sponsored statements.

6.10.3 Conditional and deferred settlement trading and selling Shares on market

It is expected that trading of the Shares on ASX (on a conditional and deferred basis) will commence on or about 5 December 2013.

The contracts formed on acceptance of Applications will be conditional on ASX agreeing to quote the Shares on ASX, and on issue occurring. Trades occurring on ASX before issue occurring will be conditional on issue occurring.

Conditional trading will continue until Veda has advised ASX that issue has occurred, which is expected to be on or about 10 December 2013. Trading will then be on an unconditional but deferred settlement basis until Veda has advised ASX that holding statements have been despatched to Shareholders. Normal settlement trading is expected to commence on or about 11 December 2013.

If settlement has not occurred within 14 days (or such longer period as ASX allows) after the day Shares are first quoted on ASX, the Offer and all contracts arising on acceptance of the Offer will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through ASX participating organisations during the conditional trading period will be cancelled and of no effect.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. Veda, the Share Registry, the JLMs, the Financial Adviser and the PEP Shareholders disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the Veda Offer Information Line or confirmed your firm allocation through a Broker.

6.11 Constitution and rights attaching to the Shares

Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, ASX Listing Rules and general law. A summary of the significant rights attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that Veda is admitted to the official list of ASX.

Voting at a general meeting

At a general meeting of Veda, every 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 Share held.

Meetings of members

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of Veda and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and ASX Listing Rules.

Dividends

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment. For further information in respect of Veda's proposed dividend policy, see Section 3.10.

Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required by the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules.

Issue of further Shares

Subject to the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules and any rights and restrictions attached to a class of Shares, Veda may issue, or grant options in respect of further Shares on such terms and conditions as the Directors resolve.

Winding up

If Veda is wound up, then subject to any rights or restrictions attached to a class of Shares, any surplus must be divided among Veda's members in the proportions which the amount paid and payable (including amounts credited) on the Shares of a member is of the total amount paid and payable (including amounts credited) on the Shares of all members of Veda.

Unmarketable parcels

Subject to the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules, Veda may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

Share buy-backs

Subject to the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules, Veda may buy back Shares in itself on terms and at times determined by the Board.

Proportional takeover provisions

The Constitution contains provisions for Shareholder approval to be required in relation to any proportional takeover bid.

These provisions will cease to apply unless renewed by special resolution of the Shareholders in general meeting by the third anniversary of the date of the Constitution's adoption.

Variation of class rights

At present, Veda's only class of Shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of Shares, the rights attaching to any class of Shares may be varied or cancelled:

- with the consent in writing of the holders of three quarters of the issued Shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those Shares.

In either case, the holders of not less than 10% of the votes in the class of Shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

Dividend reinvestment plan

The Constitution authorises the Directors, on any terms and at their discretion, to establish a dividend reinvestment plan (under which any member may elect that the dividends payable by Veda be reinvested by a subscription for securities).

Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is five and the maximum is fixed by the Directors but may not be more than 10 unless the Shareholders pass a resolution varying that number. Directors are elected at annual general meetings of Veda. Retirement will occur on a rotational basis so that any Director who has held office for three or more years or three or more annual general meetings (excluding any Managing Director) faces re-election. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of Veda.

Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter.

Directors – remuneration

See Section 5.3.2 for a description of the remuneration arrangements for Directors.

Indemnities

Veda, to the extent permitted by law, indemnifies each Director against any liability incurred by that person as an officer of Veda or its subsidiaries, and legal costs incurred by that person in defending an action for a liability of that person. Veda, to the extent permitted by law, may make a payment (whether by way of advance or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person.

Veda, to the extent permitted by law, may pay, or agree to pay, a premium for a contract insuring a Director against any liability incurred by that person as an officer of Veda or its subsidiaries and legal costs incurred by that person in defending an action for a liability of that person.

Veda, to the extent permitted by law, may enter into an agreement or deed with a Director or a person who is, or has been, an officer of Veda or its subsidiaries, under which Veda must do all of the following:

- keep books of Veda and allow either or both that person and that person's advisers access to those books on the terms agreed;
- indemnify that person against any liability incurred by that person as an officer of Veda or its subsidiaries and legal costs incurred by that person in defending an action for a liability of that person;
- make a payment (whether by way of advance, loan or otherwise) to that person in respect of legal costs incurred by that person in defending an action for a liability of that person; and
- keep that person insured in respect of any act or omission by that person while a Director or an officer of Veda or its subsidiaries, on the terms agreed (including as to payment of all or part of the premium for the contract for insurance).

Amendment

The Constitution can only be amended by special resolution passed by at least 3 quarters of the votes cast by Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of Veda. Veda must give at least 28 days written notice of a general meeting of Veda.

Rights attaching to MPS management shares and MPS deferred shares

On the Original Prospectus Date, the Constitution included transitional arrangements for the MPS management shares and MPS deferred shares. The MPS management shares and MPS deferred shares only confer voting rights in respect of a variation of class rights. The MPS management shares may either be reclassified as ordinary shares or MPS deferred shares in accordance with its terms of issue. The MPS deferred shares may be bought back by Veda at any price which the board determines. It is expected that prior to Listing, the MPS management shares will be reclassified and the MPS deferred shares will be bought back so that there are no MPS management shares or deferred shares on issue. The Constitution will then be amended to remove any reference to the MPS management shares and the MPS deferred shares.

Section 7

Investigating Accountant's Report

KPMG Transaction Services
A division of KPMG Financial Advisory Services
(Australia) Pty Ltd
Australian Financial Services Licence No. 246901
10 Shelley Street
Sydney NSW 2000

PO Box H67
Australia Square 1213
Australia

ABN: 43 007 363 215
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

The Directors
Veda Group Limited
Level 15
100 Arthur Street
North Sydney NSW 2060

18 November 2013

Dear Directors

Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Veda Group Limited ("Veda") to prepare this report for inclusion in the prospectus to be dated 18 November 2013 ("Prospectus"), and to be issued by Veda, in respect of Veda's proposed initial public offering of its shares and listing on the ASX.

Expressions defined in the Prospectus have the same meaning in this report.

Scope

KPMG Transaction Services has been requested to prepare a report covering the pro forma historical and forecast financial information described below and disclosed in the Prospectus.

The pro forma historical and forecast financial information is presented in an abbreviated form in the Prospectus insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Review of Pro Forma Historical Financial Information

The pro forma historical financial information, as set out in section 3 of the Prospectus, comprises the pro forma, unaudited consolidated statements of profit or loss of Veda for the years ended 30 June 2011, 30 June 2012 and 30 June 2013, consolidated statements of cash flows of Veda for the years ended 30 June 2011, 30 June 2012 and 30 June 2013 and consolidated statement of financial position of Veda as at 30 June 2013 (the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the historical financial information of Veda, extracted from the audited financial statements of Veda for the years ended 30 June 2011, 30 June 2012 and 30 June 2013 (the "Historical Financial Information"), after adjusting for the pro forma transactions and/or adjustments described in sections 3.3.2 and 3.5.1 of the Prospectus.

The general purpose consolidated financial statements of Veda for the years ended 30 June 2012 and 2013 have been audited by KPMG in accordance with Australian Auditing standards. The audit opinions issued in respect to both periods were unqualified. The financial statements of Veda for the year ended 30 June 2011 were audited by Veda's external auditor (which is not a member firm of KPMG) and the audit opinion was unqualified.

For the purposes of preparing this report we have reviewed the Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in sections 3.3.2 and 3.5.1 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by Veda disclosed in Appendix A of the Prospectus.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of the extraction of Historical Financial Information of Veda from the audited financial statements of Veda for the years ended 30 June 2011, 30 June 2012 and 30 June 2013;
- analytical procedures on the Pro Forma Historical Financial Information of Veda;
- a review of the pro forma transactions and/or adjustments made to the Historical Financial Information of Veda;
- a review of Veda's work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by Veda disclosed in Appendix A of the Prospectus; and
- enquiry of directors, management and others.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review of Directors' Forecast and Directors' best-estimate assumptions

The Directors' forecast is set out in sections 3.3, 3.5 and 3.8 of the Prospectus and comprises the pro forma forecast consolidated statement of profit or loss and the pro forma forecast consolidated statement of cash flows of Veda for the year ending 30 June 2014 and the

Directors' statutory forecast consolidated statement of profit or loss and the statutory forecast consolidated statement of cash flows of Veda for the year ending 30 June 2014 (the "Directors' Forecast").

The Directors' Forecast has been prepared by the Directors to provide investors with a guide to Veda's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. The directors' best-estimate assumptions underlying the Directors' Forecast are set out in section 3.8.2 of the Prospectus.

There is a considerable degree of judgement involved in the preparation of any forecast. Consequently, the actual results of Veda during the forecast period may vary materially from the Directors' Forecast, and that variation may be materially positive or negative.

The sensitivity of the Directors' Forecast to changes in key assumptions is set out in section 3.9 of the Prospectus and the risks to which the business of Veda is exposed are set out in section 4 of the Prospectus. Investors should consider the Directors' Forecast in conjunction with the analysis in those sections.

We have reviewed the Directors' Forecast and the Directors' best-estimate assumptions underlying the Directors' Forecast, set out in section 3.8 of the Prospectus, in order to state whether, on the basis of procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions, when taken as a whole, do not provide reasonable grounds for the preparation of the Directors' Forecast; and
- the Directors' Forecast is not properly compiled on the basis of the directors' best-estimate assumptions or prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by Veda disclosed in Appendix A of the Prospectus and consequently that the Directors' Forecast is unreasonable.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary.

Our review of the Directors' Forecast and the Directors' best-estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Directors' Forecast or the Directors' best-estimate assumptions.

Directors' responsibilities

The Directors of Veda are responsible for the preparation and presentation of:

- the Pro Forma Historical Financial Information, including the determination of the pro forma transactions and/or adjustments; and

- the Directors' Forecast, including the best-estimate assumptions on which the Directors' Forecast is based and the sensitivity of the Directors' Forecast to changes in key assumptions.

The Directors' responsibility includes establishing and maintaining internal controls relevant to the preparation of the financial information in the Prospectus that is free from material misstatement, whether due to fraud or error.

Review statements

Review statement on the Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in section 3 of the Prospectus and comprises:

- the pro forma historical consolidated statements of profit or loss of Veda for the years ended 30 June 2011, 30 June 2012 and 30 June 2013;
- the pro forma historical consolidated statements of cash flows of Veda for the years ended 30 June 2011, 30 June 2012 and 30 June 2013; and
- the pro forma historical consolidated statement of financial position of Veda as at 30 June 2013,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in sections 3.3.2 and 3.5.1 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by Veda disclosed in Appendix A of the Prospectus.

Review statement on the Directors' Forecast and the Directors' best-estimate assumptions

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions, set out in section 3.8.2 of the Prospectus, when taken as a whole, do not provide reasonable grounds for the preparation of the Directors' Forecast; and
- the Directors' Forecast, set out in section 3.8 of the Prospectus, is not properly compiled on the basis of the Directors' best-estimate assumptions or prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by Veda disclosed in Appendix A of the Prospectus and consequently that the Directors' Forecast is unreasonable.

The underlying assumptions are subject to significant uncertainties and contingencies, often outside the control of Veda. If events do not occur as assumed, actual results achieved by Veda may vary significantly from the Directors' Forecast. Accordingly, we do not confirm or

guarantee the achievement of the Directors' Forecast, as future events, by their very nature, are not capable of independent substantiation.

Independence

KPMG Transaction Services does not have any interest in the outcome of this issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Veda and from time to time, KPMG also provides Veda with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

Jonathan Dunlop
Authorised Representative

KPMG Transaction Services
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(Australia) Pty Ltd
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10 Shelley Street
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Financial Services Guide
Dated 18 November 2013

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**'KPMG Transaction Services'**), and Jonathan Dunlop as an authorised representative of KPMG Transaction Services (**Authorised Representative**), authorised representative number 404258.

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities, and
- superannuation,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide

financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Veda Group Limited (**Veda**) to provide general financial product advice in the form of a Report to be included in the prospectus dated 18 November 2013 (**Prospectus**) prepared by Veda in relation to Veda proposed initial public offering of its shares and listing on the ASX (**Transaction**).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than Veda.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by the Veda, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Transaction.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, Veda. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Veda has agreed to pay KPMG Transaction Services approximately $1.0 million for preparing the Report. In addition, other KPMG entities have performed work in relation to due diligence enquiries and Veda has agreed to pay $545,000 (excluding disbursements and GST) for these services up until the Prospectus Date. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

In addition to the services and fees disclosed above, KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to Veda and for which professional fees are received. Over the past two years professional fees of $2.1 million have been received

from Veda. None of those services have related to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, Veda or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Jonathan Dunlop
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Section 8
Additional Information

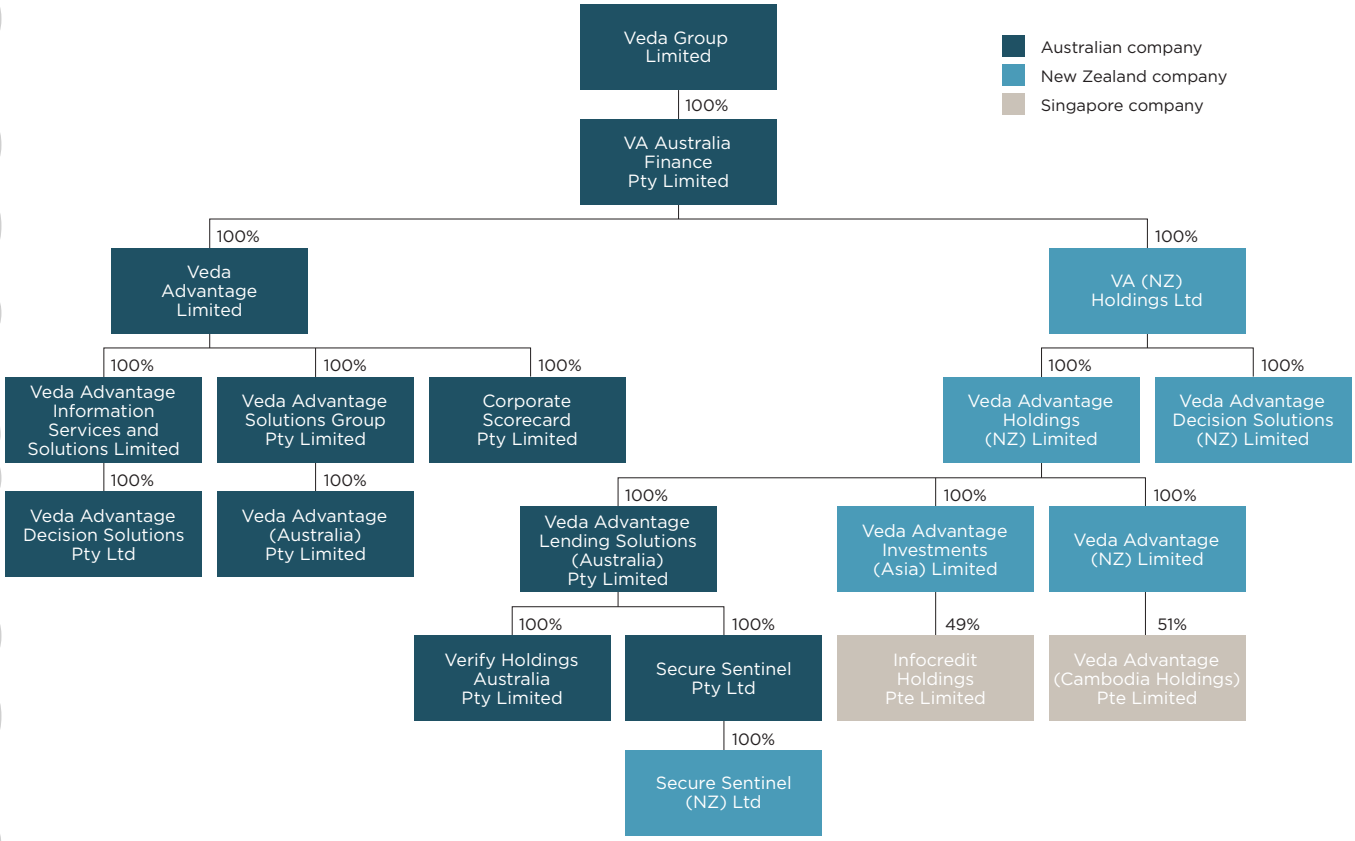
8.1 Registration

Veda was registered in Victoria, Australia on 7 March 2007 as a private company and was converted to a public company on 24 October 2013.

8.2 Company tax status and financial year

Veda will be taxed in Australia as a public company. The financial year of Veda ends on 30 June annually.

8.3 Corporate structure



8.4 Material contracts

Along with the Underwriting Agreement, summarised below, the Directors consider that there are a number of contracts which are significant or material to Veda or of such a nature that an investor may wish to have details of them when making an assessment of whether to apply for Shares. Summaries for material contracts set out in this Prospectus (including the summary of the Underwriting Agreement set out below), do not purport to be complete and are qualified by the text of the contracts themselves.

8.4.1 Underwriting Agreement

The Offer is being underwritten by the JLMs pursuant to an underwriting agreement, dated 23 October 2013, entered into between the JLMs and Veda (**Underwriting Agreement**). Under the Underwriting Agreement, the JLMs have agreed to arrange, manage and underwrite the Offer.

For the purpose of this Section 8.4.1, Offer Documents includes any of the following documents issued or published by, or on behalf of, and with the authorisation of, Veda in respect of the Offer, and in the form agreed by the JLMs:

- this Prospectus, the Application Form and any supplementary prospectus;
- the pathfinder version of this Prospectus (including any cover email) that was provided to Institutional Investors, Co-Managers and Brokers prior to the lodgement of this Prospectus with ASIC; and
- the marketing, roadshow presentation and/or ASX announcement(s) used by or on behalf of Veda to conduct the Offer.

Commissions, fees and expenses

Veda has agreed to pay the JLMs an underwriting fee equal to 2.0%, and a management fee equal to 0.75%, of the funds raised under the Offer. The underwriting and management fees will become payable by Veda on Completion of the Offer and will be paid to the JLMs in equal proportions.

In addition to the fees described above, Veda has agreed to reimburse the JLMs for certain agreed costs and expenses incurred by the JLMs in relation to the Offer.

Termination events

A JLM may, at any time after the date of the Underwriting Agreement and on or before the date of issue of Shares under the Offer (without any cost or liability by notice to Veda and the other JLM), if any of the following events occur:

- a new circumstance arises after lodgement of the Original Prospectus that would have been required to be included in this Prospectus if it had arisen before lodgement and in the reasonable opinion of that JLM is materially adverse from the point of view of an investor;
- Veda is, in the reasonable opinion of the JLM, required by section 719 of the Corporations Act, and fail to lodge, a supplementary prospectus with ASIC within the required time period reasonably required by the JLMs and in a form approved in writing by the JLM;
- the S&P/ASX 200 Index falls to a level that is 90% or less of the level as at the close of trading on date of the Underwriting Agreement and is at or below that level for three consecutive business days or closes at or below that 90% level on the two consecutive business days immediately prior to the settlement date;
- approval (or approval subject to customary conditions) is refused or not granted to Veda's admission to ASX's official list or to official quotation of the Shares within the specified timeframe, or ASX withdraws, qualifies (other than by customary conditions) or withholds such approval;
- ASX withdraws, revokes or amends any waiver of the ASX Listing Rules required for Veda to make the Offer;
- any of the following notifications are made in respect of the Offer:
  - ASIC issues an order (including an interim order) under section 739 of the Corporations Act;
  - ASIC holds a hearing under section 739(2) of the Corporations Act;
  - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Offer or an Offer Document;
  - any person (other than the JLMs) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or
  - any person (other than the JLMs) gives a notice under section 730 of the Corporations Act in relation to an Offer Document;
- Veda does not provide a closing certificate as and when required by the Underwriting Agreement;
- Veda withdraws an Offer Document or the Offer;
- any member of the Group becomes insolvent, or there is an act or omission which is likely to result in a member of the Group becoming insolvent;
- an event specified in the timetable up to and including the Completion Date is delayed by more than 1 business day without the JLMs' prior consent;
- Veda is prevented from transferring or issuing (as applicable) new Shares, within the time required by the timetable for the Offer, the Offer Documents, the ASX Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a governmental authority;
- the Chairman, CEO or CFO of Veda is removed from his or her office or is replaced;
- any of the following occur:
  - a Director is charged with an indictable offence;
  - any governmental agency commences any public action against Veda or any of its Directors in their capacity as a director of Veda, or announces that it intends to take action; or
  - any Director is disqualified from managing a corporation under Part 2D.6; or
  - Veda, or any member of the Group, or any of their respective directors or officers engage, or have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity, in connection with the Offer.

Termination events subject to materiality

A JLM may terminate the Underwriting Agreement, at any time after 23 October 2013 and on or before the issue of Shares under the Offer (without any cost or liability by notice to Veda and the other JLM), if any of the following events occur and the JLM has reasonable grounds to believe the event (i) has or is likely to have a material adverse effect on the success, outcome, settlement or marketing of the Offer, or on the ability of the JLM to market, promote or settle the Offer, or on the likely price Shares will trade at on ASX following the Offer or the willingness of investors to subscribe for Shares; or (ii) will, or is likely to, give rise to a liability of the JLM under, or a contravention by the JLM or its affiliates being involved in a contravention of, any applicable law:

- there is a difference between the information contained in the pathfinder version of the Prospectus and the information required to be contained in the Prospectus;
- the Prospectus or the pathfinder version of the Prospectus do not comply with the Corporations Act (including if a statement in the Prospectus or pathfinder is or becomes misleading or deceptive, or a matter required to be included is omitted from the Prospectus or the pathfinder), the ASX Listing Rules or any other applicable law or regulation;
- there is a change in senior management or the board of Veda;
- the due diligence report or verification material provided by or on behalf of Veda to the JLMs in relation to the Group or the Offer is (or is likely to), or becomes (or becomes likely to be), misleading or deceptive, including by way of omission;
- any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or forecasts of Veda from those respectively disclosed in any Offer Document or any announcements, documents and other statements made by, or on behalf of and with the knowledge and consent of Veda or any other member of the Group, in relation to the business or affairs of Veda or the Group or the Offer;
- a new law is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, New Zealand or Singapore or any state or territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or state authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- there is a contravention by Veda, or any other member of the Group of the Corporations Act, the Competition and Consumer Act 2010 (Cth), the Australian Securities and Investments Commission Act 2001 (Cth) (or any regulations under those acts), Veda's constitutions, or any of the ASX Listing Rules or any other applicable law or regulation;
- an Offer Document (excluding the Prospectus and the pathfinder) does not comply with the Corporations Act including a statement in any Offer Document (excluding the Prospectus and the pathfinder) is or becomes misleading or deceptive, or a matter required to be included is omitted from any Offer Document (excluding the Prospectus and the pathfinder), the ASX Listing Rules or any applicable law or regulation;
- a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of Veda is breached, becomes not true or correct or is not performed;
- Veda defaults on one or more of its obligations under the Underwriting Agreement;
- Veda or any of its affiliates charges, or agrees to charge, a substantial part of the business where that charge has not been disclosed in the Offer Documents or consented to by the JLMs;
- hostilities not presently existing at the date of the Underwriting Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, the United Kingdom and Singapore or any member state of the European Union, or a major terrorist act is perpetrated anywhere in the world;
- any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, New Zealand, Hong Kong, the United Kingdom, the United States or a Member State of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse effect on the financial markets in Australia, New Zealand, Hong Kong, the United Kingdom, the United States or a Member State of the European Union, or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or
  - trading in all securities quoted or listed on ASX, the New Zealand Stock Exchange, the New York Stock Exchange, the London Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading.

Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by Veda to the JLMs (as well as common conditions precedent, including the entry into an Escrow Deed by each of the Escrowed Shareholders, and ASIC and ASX granting the waivers and modifications necessary to enable the Offer to proceed in accordance with the timetable).

The representations and warranties given by Veda relate to matters such as conduct of Veda, power and authorisations, information provided by Veda, financial information, information in this Prospectus, the conduct of the Offer, and compliance with laws, the ASX Listing Rules and other legally binding requirements. Veda also provides additional representations and warranties in connection with matters including in relation to its assets, litigation, non-disposal of Escrowed Shares, entitlements of third parties, tax, insurance, authorisations, eligibility for Listing and internal accounting controls.

Veda's undertakings include that it will not, during the period following the date of the Underwriting Agreement until 180 days after Shares have been issued under the Offer:

- issue any equity securities without the consent of the JLMs subject to certain exceptions. These exceptions include an issue of securities pursuant to an employee share plan as described in the Offer Documents or the issue of ordinary shares to holders of MPS as described in the Offer Documents or a proposed transaction fully and fairly disclosed in the pathfinder version of this Prospectus; or
- reduce, reorganise or otherwise alter the capital structure of Veda, or agree or announce to do any of those things, except as disclosed in this Prospectus or disclosed to the JLMs prior to the date of the Underwriting Agreement.

Indemnity

Subject to certain exclusions relating to, among other things, fraud, wilful misconduct or negligence of an indemnified party, Veda agrees to keep the JLMs and certain affiliated parties indemnified from losses suffered in connection with the Offer.

8.4.2 Summary of New Banking Facilities

VA Australia Finance Pty Limited and VA (NZ) Holdings Limited (wholly-owned subsidiaries of Veda) have executed a facility agreement for the provision of three year revolving facilities. A brief summary of the New Banking Facilities is included in Table 26.

Table 26 Summary of New Banking Facilities

$ million	Facility com -mitment	Pro forma drawn at issue of new Shares
Facility A (multi-currency revolving facility)	240.0	230.0[1]
Facility B (NZ$ dollar revolving facility)	NZ$93.0	NZ$93.0

Note:

1. Presented assuming drawn amount of A$196.1m and NZ$38.6m, with AUD/NZD exchange rate of 1.1389.

The proceeds of Facility A and Facility B will initially be used to refinance the Existing Financing and to pay for related financing and transaction advisory fees, costs and expenses arising in connection with the Offer.

The proceeds of Facility A and Facility B will then be used for working capital and other general corporate purposes of the Veda Group, including any capital expenditure and acquisitions (and related advisory fees, costs and expenses).

The facility agreement under which the New Banking Facilities will be made available contains undertakings typical for facilities of this nature. The undertakings include financial undertakings which will be tested at financial year end and financial half-year end based on the preceding 12 month period commencing 30 June 2014. Further information is set out in Section 3.4.3.

8.4.3 Relationship Deed

Following the Completion of the Offer, the PEP Shareholders will retain 63.5% of the issued share capital of Veda. All Shares offered for issue under the Offer will be issued subject to the disclosures in this Prospectus and will rank equally with each other, and with those Shares held by the PEP Shareholders.

The Independent Directors approved the Company entering into a Relationship Deed with the PEP Shareholders in November 2013 which governs the relationship between the PEP Shareholders and Veda. The Relationship Deed includes provisions for access to Veda's information and confidentiality arrangements with the PEP Shareholders. The provisions of the Relationship Deed require that the parties agree procedures for the management of conflicts of interest and appropriate use of confidential information. The PEP Shareholders retain the right, should they reduce their Shareholding, to nominate two directors to the Board while they hold at least 30% or one director to the Board while they hold at least 15% of Veda's issued share capital. Veda is also required to provide market disclosure (subject to certain conditions) to permit the PEP Shareholders to sell their Shares without the need to prepare a prospectus.

8.4.4 Executive Loan Agreements

Veda has entered into the Executive Loan Agreements with participants in its current MPS scheme (see Section 5.3.5).

All of the loans are full recourse loans. Interest on the loans will be calculated to include both a margin and a reference rate (currently 6.2% per annum), to be paid semi-annually and the loans are repayable on the earlier of 5 years, sale of the Shares, or when the individual ceases to be an employee (subject to a period to enable the employee to trade the Shares).

The loans also contain customary and usual terms having regard to Australian law for dealing with administration, variation and termination of the loans.

The Executive Shares will be subject to escrow arrangements (refer to Sections 6.7 and 8.4.5).

8.4.5 Escrow arrangements

As noted elsewhere in this Prospectus, the Escrowed Shareholders (which include the PEP Shareholders, the Management Shareholders and ICG) have entered into Escrow Deeds in relation to their Escrowed Shares. Specifically, the PEP Shareholders have entered into a voluntary escrow arrangement in relation to all of their Escrowed Shares until the date Veda's results for FY2014 are provided to ASX for release to the market. ICG has entered into a voluntary escrow arrangement in relation to all of their Escrowed Shares until the date Veda's half yearly results for FY2014 are provided to ASX for release to the market.

Management Shareholders have also entered into a voluntary escrow arrangement in relation to all of their Escrowed Shares. For all Management Shareholders all of their Shares that are held as a result of the reclassification of MPS will be escrowed until Veda's full year results for FY2014 are provided to ASX for release to the market. For Management Shareholders who are also members of the senior leadership team listed in Section 5.2, all Shares held at the Original Prospectus Date will be escrowed until the date that Veda's full year results for FY2014 are provided to ASX for release to the market and 50% of their Shares held as a result of the reclassification of MPS will be escrowed until Veda's full year results for FY2015 are provided to ASX for release to the market.

During the relevant Escrow Period, the Escrowed Shareholders may deal in any of their Escrowed Shares if the dealing arises in connection with:

- acceptance of a bona fide takeover offer for all of the Shares on issue made under Chapter 6 of the Corporations Act, provided the holders of at least half of the non-escrowed Shares have accepted the takeover offer;
- the transfer or cancellation of Shares as part of a scheme of arrangement relating to Veda under Part 5.1 of the Corporations Act; or
- a dealing required by applicable law (including an order of a court of competent jurisdiction).

The restriction on 'dealing' is broadly defined and includes, among other things, disposing of, or agreeing or offering to dispose of, the relevant securities or any legal, beneficial or economic interest in those securities, or creating, or agreeing or offering to create, any security interest in the relevant securities or any legal, beneficial or economic interest in those securities.

You should refer to Section 5.5 as to the intentions of the PEP Shareholders in relation to the Shares that will be released from voluntary escrow.

8.4.6 Options

As noted elsewhere in this Prospectus, Options will be issued to the KMP and certain other executives (see section 5.3.4). It is intended that the issue of the Options will act as a mechanism to further align the long term interests of executives with Shareholders and to facilitate the retention of those executives.

The Options will be fully vested on issue and, subject to payment of the strike 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.

All Options will lapse:

- on the date three years and six months after the IPO, or
- when an individual ceases to be an employee (subject to a period to enable the employee to exercise the Option).

Subject to certain exceptions, Options cannot be disposed of, or otherwise dealt with without the prior approval of the Board.

Where a change of control of Veda occurs, the Board may:

- bring forward the exercise date of the Options; or
- determine that the Options will be exchanged and replaced with Shares in respect of a new parent company.

The details of allocation and strike prices of the Options issued to the KMP are set out below:

	Options at $1.90 strike price	Options at $2.10 strike price
Nerida Caesar	13,500,000	11,500,000
James Orlando	1,218,165	1,037,696
Simon Bligh	2,143,974	1,826,348
Tim Courtright	1,712,799	1,459,051
John Wilson	2,055,355	1,750,858

The aggregate number of all Options at a strike price of $1.90 is 21,150,000 and at a strike price of $2.10 is 18,016,667.

8.5 Description of the Syndicate

The Joint Lead Managers to the Offer are Citi and UBS.

The Co-Managers to the Offer are CBA Equities Limited and UBS Wealth Management Australia Limited.

8.6 Insurance

Veda has a range of insurance policies in place to manage the risks of its day-to-day business and certain other activities.

These policies include professional indemnity insurance, which is held by all member companies of Veda, along with workers compensation insurance for all states and territories in which Veda has employees.

There are additional, more specific policies in place to cover other relevant business risks, including property, corporate travel and public and products liability cover.

8.7 Legal proceedings

Veda is from time to time, party to various disputes and legal proceedings incidental to the conduct of its business. As at the Original Prospectus Date, there are no legal proceedings to which Veda is a party that it believes are likely to have a material adverse impact on its future financial results and Veda is not aware of any such legal proceedings that are pending or threatened.

8.8 Taxation considerations

8.8.1 Australian taxation considerations

The following tax comments are based on the tax law in Australia in force as at the date of the Original Prospectus. Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor. During the ownership of the Shares by investors, the taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each investor's specific circumstances. Investors should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

The following information is a general summary of the Australian income tax implications for Australian resident individuals, complying superannuation entities, trusts, partnerships and corporate investors. These comments do not apply to investors that hold Shares on revenue account, investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements regime in Division 230 of the Income Tax Assessment Act 1997 which have made elections for the fair value or Reliance on Financial Reports methodologies.

8.8.2 Dividends paid on Shares

Australian resident individuals and complying superannuation entities

Dividends paid by the Company on a share will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income (some superannuation funds may be exempt in relation to Shares held to support current pension liabilities) in the year the dividend is paid, together with any franking credit attached to that dividend. Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income, such investors should be entitled to a tax refund.

To the extent that the dividend is unfranked, the investor will generally be taxed at his or her prevailing marginal rate on the dividend received with no tax offset.

Corporate investors

Corporate investors are also required to include both the dividend and associated franking credit in their assessable income.

They are then allowed a tax offset up to the amount of the franking credit on the dividend. An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit on the distribution received. This will allow the corporate investor to pass on the benefit of the franking credits to its own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund for a company but can be converted into carry forward tax losses.

Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership.

Shares held at risk

The benefit of franking credits can be denied where an investor is not a 'qualified person' in which case the investor will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person', two tests must be satisfied, namely the holding period rule and the related payment rule.

Under the holding period rule, an investor is required to hold Shares "at risk" for more than 45 days continuously (which is measured as a period of at least 45 days commencing the day after the Shares were acquired and at the latest ending on the 45th day after the Shares become ex-dividend) in order to qualify for franking benefits, including franking credits. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed $5,000.

Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the Shares at risk for the continuous 45 day period as above and, more specifically, within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the Shares become ex-dividend.

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

8.8.3 Disposal of Shares

Most Australian resident investors will be subject to Australian CGT on the disposal of the Shares. Some investors will hold Shares on revenue account, trading stock or under the Taxation of Financial Arrangements regime. These investors should seek their own advice.

An investor will derive a capital gain on the disposal of a particular Share where the capital proceeds received on disposal exceeds the CGT cost base of the Share. The CGT cost base of the Share is broadly the amount paid to acquire the Share plus any transaction/ incidental costs.

A CGT discount may be available on the capital gain for individual investors, trustee investors and investors that are complying superannuation entities broadly where the particular Shares are held for at least 12 months prior to sale. Any current year or carry forward capital losses should offset the capital gain first before the CGT discount can be applied.

The CGT discount for individuals and trusts is 50% and for complying superannuation entities is 33 1/3%. In relation to trusts, the rules are complex, but this discount may be able to be flowed up to beneficiaries of the trust.

An investor will incur a capital loss on the disposal of the particular Shares to the extent that the capital proceeds on disposal are less than the CGT reduced cost base of the Shares.

If an investor derives a net capital gain in a year, this amount is, subject to the comments below, included in the investor's assessable income. If an investor incurs a net capital loss in a year, this amount is carried forward and is available to offset against capital gains derived in subsequent years, subject in some cases to the investor satisfying certain rules relating to the recoupment of carried forward losses.

8.8.4 Tax file numbers

An investor is not required to quote their tax file number ("TFN") to the Company. However, if TFN or exemption details are not provided, Australian tax may be required to be deducted by the Company from dividends at the maximum marginal tax rate plus the Medicare levy.

An investor that holds Shares as part of an enterprise may quote its Australian Business Number instead of its TFN.

8.8.5 Stamp duty

No stamp duty should be payable by investors on the acquisition of Shares.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

8.8.6 Australian Goods and Services Tax (GST)

The acquisition, redemption or disposal of the Shares by an Australian resident (that is registered for GST) will be an input taxed financial supply, and therefore is not subject to GST.

No GST should be payable in respect of dividends paid to investors.

An Australian resident investor that is registered for GST may not be entitled to claim full input tax credits in respect of GST on expenses they incur that relate to the acquisition, redemption or disposal of the Shares (e.g. lawyers' and accountants' fees).

Investors should seek their own advice on the impact of GST in their own particular circumstances

8.9 Consents

Each of the parties referred to below (each a Consenting Party), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- Highbury Partnership Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as financial adviser to the Offer in the form and context in which it is named.
- each of Citi and UBS has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as JLM to the Offer in the form and context in which it is named;
- Allen & Overy has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation matters) to Veda in relation to the Offer in the form and context in which it is named;
- KPMG Transaction Services has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountants to Veda in relation to the Historical and Forecast Financial Information in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountants' Report in the form and context in which it is included;
- KPMG has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the auditor to Veda in the form and context in which it is named;
- Link Market Services has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Link Market Services has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to Veda;
- IBISWorld Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in relation to the inclusion of statements made by it or based on statements made by it specifically in Sections 1.3 and 2.6.1 in the form and context in which it is included; and
- each of CBA Equities Limited and UBS Wealth Management Australia Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Co-Managers in the form and context in which it is included.

No entity or person referred to in Section 8.9 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to in this Section 8.9 has not authorised or caused the issue of this Prospectus and does not make any offer of Shares.

8.10 ASIC relief and modifications

ASIC has indicated that it is prepared to grant certain relief from, and modifications to, the following provisions of the Corporations Act:

- relief so that the takeovers provisions of the Corporations Act will not apply to certain relevant interests that the Company would otherwise acquire in the Escrowed Shares by reason of the voluntary escrow arrangements in relation to those Shares described in Section 6.7;
- modification to section 707 of the Corporations Act to permit the on-sale of Shares offered and issued to institutional investors other than under the Prospectus; and
- exemption from the requirements of section 734(2) of the Corporations Act to enable the Company to communicate limited information in relation to the Offer prior to lodgement of the Prospectus with ASIC to communicate with employees and existing employee shareholders of the Company about the Offer.

8.11 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in New South Wales and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales.

8.12 Statement of Directors

This Prospectus is authorised by each Director who consents to its lodgement with ASIC and its issue.

Appendix A

Significant Accounting Policies

Basis of preparation

(A) Statement of compliance

The Financial Information in Section 3 of this Prospectus has been prepared in accordance with the requirements of the Corporations Act 2001 and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (**AASs**) adopted by the Australian Accounting Standards Board (**AASB**).

(B) Basis of measurement

The Financial Information has 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

The Financial Information is presented in Australian dollars, which is the Veda's functional currency.

Veda is a Company 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) Use of estimates and judgements

(i) Critical accounting estimates and assumptions

In preparing the consolidated 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 judgement at the date of the Veda 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

Veda is subject to tax in numerous jurisdictions. Significant judgement 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. Veda 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. Veda recognises tax assets based on forecasts of future profits against which those assets may be utilised.

Goodwill

Veda tests goodwill for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill may be impaired. The recoverable amount of each CGU is generally determined on the basis of fair value less cost to sell calculations which require 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-fax weighted average cost of capital (**WACC**).

Fair value of derivatives and other financial instruments

The fair value of derivatives is determined using valuation techniques. Veda uses its judgement to select a variety of methods and makes assumptions, or uses observable market based inputs, that are mainly based on market conditions at each balance sheet date.

Share incentive plans

The assumptions used in determining the amounts charged in Veda's income statement include judgements 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 judgements in the process of applying the Veda's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The most significant of these judgements 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 judgements 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 judgements about the value and economic life of such items. The economic lives for intangible assets are estimated at between three and five years for internal projects, which include internal use software and internally generated software, and between two and ten years for acquisition intangibles. Management has also made judgements and assumptions when assessing the economic life of acquired data, and the pattern of consumption of the economic benefits embodied in the asset.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation of the Financial Information in Section 3 of this Prospectus.

(A) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to Veda. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, Veda takes into consideration potential voting rights that currently are exercisable.

Veda measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships.

Such amounts are generally recognised in profit or loss.

Transaction costs other than those associated with the issue of debt or equity securities, that Veda incurs in connection with a business combination are expensed as incurred.

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

(ii) Subsidiaries

Subsidiaries are entities controlled by Veda. 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 Veda 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 Veda.

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 associates (equity accounted investees)

Associates are those entities in which Veda has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when Veda holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities Veda has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include Veda's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of Veda, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Veda's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that Veda has an obligation or has made payments on behalf of the investee.

(B) Foreign currency

(i) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of Veda's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Veda 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. Nonmonetary 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.

(iii) 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

Veda 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 Veda becomes a party to the contractual provisions of the instrument.

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

(iii) Cash and cash equivalents

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

(iv) Non-derivative financial liabilities

Veda 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 Veda becomes a party to the contractual provisions of the instrument.

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

Veda 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 loans and 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.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. 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

Veda 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, Veda 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. Veda makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

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 Veda. 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 and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets for the measurement of goodwill at initial recognition.

(ii) Subsequent measurement

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

(iii) Brand names

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

(iv) Computer software

Computer software comprises of computer application system software and licenses. Costs incurred in developing products or systems and costs incurred in acquiring software and 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 of materials and services, 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.

(v) Customer contracts

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

(vi) Databases

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

(vii) Research and development

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 as incurred. Development costs are capitalised under computer software and amortised from the point at which the asset is ready for use.

(viii) Customer relationships

Contractual and non-contractual customer relationships acquired as part of a business combination.

(ix) Data sets

Veda 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.

(x) 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.

(xi) 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. Data sets are depreciated on a diminishing value method. The estimated useful lives for the current and comparative years are as follows:

- brand name – indefinite useful life
- computer software – 3 – 5 years
- databases – 5 – 10 years
- customer contracts – 1 – 6 years
- capitalised development costs – 3 – 5 years
- customer relationships – 2.5 – 5 years
- data sets – 8 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Amortisation of data is determined using a diminishing value method, where 50% of the cost is amortised in the first two years, consistent with the nature of the underlying data purchased.

(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 Veda on terms that Veda would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in Veda, economic conditions that correlate with defaults.

(ii) Financial assets measured at amortised cost

Veda considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) 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 Veda uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement 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 set out in A(iii) above. 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 Veda'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 fair value less costs to sell, 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 generates 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 statements of financial position date. The quoted market price used for financial assets held by Veda is the current bid price.

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.

(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.

(H) Employee benefits

(i) Long term service benefits

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

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

(ii) Superannuation contributions

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

(iii) Share-based payment transactions

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

(I) Provisions

A provision is recognised if, as a result of a past event, Veda 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 finance cost.

(i) Lease incentives

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

(ii) Occupancy 'make-good'

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

(iii) Deferred acquisition consideration

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

(J) Revenue

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

Veda 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 Veda's activities as described below.

(i) Credit enquiry revenue

A sale is recorded at the time that an enquiry is made through the credit bureau.

(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 license fees

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

(iv) Subscription income

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.

(v) Interest income

Interest income is recognised using the effective interest rate method.

(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 costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions.

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

(M) Tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which Veda 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.

(iii) Tax exposures

In determining the amount of current and deferred tax Veda 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 judgements about future events. New information may become available that causes Veda to change its judgement 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

Veda has implemented the tax consolidation legislation. There are two tax consolidated groups in Australia and one in New Zealand.

The head entity of each tax consolidated group and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the head entity recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in Veda.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

On adoption of the Australian tax consolidation legislation the entities in each of the Australian tax consolidated groups entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the entities in the case of a default by the head entity.

The Australian entities have also entered into a tax funding agreement under which the entities of each Australian tax consolidated group fully compensate the head entity for any current tax payable assumed and are compensated by head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the head entity under the Australian tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in each entity's financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

(N) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(O) Earnings per share

Veda 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

Segment results that are reported to Veda's Board (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Appendix B
Glossary

Appendix B: Glossary

Acquisition Amortisation	upon acquisition of Veda in 2007, certain intangible assets including customer contracts, software and databases were capitalised and amortised over a five year period
AFSA	Australian Financial Security Authority
AML/CTF Legislation	*Anti-Money Laundering and Counter-Terrorism Financing Act* (2006) (Cth)
Applicant	a person who submits an Application
Application	an application to subscribe for Shares offered under this Prospectus
Application Amount or Application Monies	the amount accompanying an Application Form submitted by an Applicant
Application Form	the application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility)
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the securities exchange that it operates, as the context requires
ASX Listing Rules	the listing rules of ASX
ASX Recommendations	the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Operating Rules	the settlement operating rules of ASX
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
B2B	business to business
B2C	business to consumer
B2C & Marketing Services	a Veda business line, which includes two major divisions, Consumer B2C and Marketing Services
Board or Board of Directors	the board of directors of Veda
Broker	any ASX participating organisation selected by the Joint Lead Managers, Financial Adviser and Veda to act as a Broker to the Offer
Broker Firm Offer	the offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received a firm allocation from their Broker
CAGR	compound annual growth rate
Carhistory.com.au	a product offering within B2C & Marketing Services business line
CDO	Chief Data Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHESS	has the meaning described in Section 6.10.2
Citi	Citigroup Global Markets Australia Pty Limited
Click Revenue	generated by charging a fee each time a customer accesses Veda's products through a range of electronic distribution channels
Closing Date	the date on which the Offer is expected to close, being 3 December 2013 in respect of the Broker Firm Offer and the Personnel and Priority Offer. These dates may be varied without prior notice
Co-Managers	each of CBA Equities Limited ABN 76 003 485 952 and UBS Wealth Management Australia Limited ABN 50 005 311 937
Commercial Credit Risk or Commercial Credit Bureau	a division within Commercial Risk & Information Services business line which provides information to allow Veda's business customers to adequately assess and understand the risk associated with commercial entities and the people behind them
Commercial Risk & Information Services	a Veda business line, which includes two major divisions, Commercial Credit Risk and Commercial & Property Solutions
Commissioner	Australian Information Commissioner

Commercial & Property Solutions	a division within Commercial Risk & Information Services business line which provides business customers with information from third party data sources, as described in Section 2
Company	Veda Group Limited (ABN 26 124 306 958)
Completion of the Offer	completion in respect of the issue of Shares pursuant to the Offer
Comprehensive Reporting	the reporting of more comprehensive credit information as a result of a new Part IIIA of the Privacy Act, which is scheduled to come into effect on 12 March 2014. Comprehensive Reporting permits five new types of credit-related personal information as described in Section 2
Constitution	the constitution of Veda
Consumer Credit Risk (B2B) or Consumer Credit Bureau	a division within Veda's Consumer Risk & Identity business line which provides information to businesses to assist in assessing risk, financial viability or capacity, of prospective and existing customers who are applying for credit
Consumer Risk & Identity	a Veda business line, which provides business customers with information and decision making products to assess risks associated with credit decision making that help make informed decisions about lending to new and existing customers, identity verification and fraud prevention
Corporate Scorecard	a product offering within Commercial Risk & Information Services business line as described in Section 2
Corporations Act	Corporations Act 2001 (Cth)
Debtor IQ	a product offering within Commercial Risk & Information Services business line
Decisioning and Scoring	a product offering within Consumer Risk & Identity business line as described in Section 2
Director	a member of the Board
Dun & Bradstreet or D&B	Dun & Bradstreet, Inc.
EBIT	for a relevant period, operating profit before interest expense, tax, abnormal and extraordinary items in that period
EBITDA	for a relevant period, operating profit before interest expense, tax, depreciation, amortisation and abnormal and extraordinary items in that period
Eligible Employees	Australian resident permanent employees of Veda as at 5.00pm (Sydney time) on 11 November 2013
Enterprise Value	the sum of market capitalisation of Veda at the Offer Price and pro forma net debt as at 30 June 2013
Escrow Deed	each escrow deed between Veda and the Escrowed Shareholders
Escrow Period	• for the PEP Shareholders, the period commencing on the date Veda is admitted to the official list of ASX and continuing until the date that Veda's full year results for FY2014 are provided to ASX for release to the market; • for all Management Shareholders, Shares that are held as a result of the reclassification of MPS will be escrowed for the period commencing on the date Veda is admitted to the official list of ASX and continuing until the date that Veda's full year results for FY2014 are provided to ASX for release to the market; • for Management Shareholders who are also members of the senior leadership team listed in Section 5.2, all Shares held at the Original Prospectus Date will be escrowed until the date that Veda's full results for FY2014 are provided to ASX for release to the market and 50% of their Shares held as a result of the reclassification of MPS will be escrowed until the date that Veda's full year results for FY2015 are provided to ASX for release to the market; and • for ICG, the period commencing on the date Veda is admitted to the official list of ASX and continuing until the date that Veda's half year results for FY2014 are provided to ASX for release to the market

Escrowed Shareholders	the holders of the Escrowed Shares which include the PEP Shareholders, Management Shareholders and ICG as set out in Section 8.4.5
Escrowed Shares	• for the PEP Shareholders, all of their existing Shares at Listing and the Shares issued on exercise of their Warrants held at Listing; • for the Management Shareholders, the Shares held as a result of reclassification of their MPS; • for the Management Shareholders who are also members of the senior leadership team listed in Section 5.2, all of their Shares held at the Original Prospectus Date and Shares held as a result of reclassification of their MPS; and • for ICG, all the Shares issued on exercise of their Warrants held at Listing
Executive Loan Agreements	the agreements between Veda and key management of Veda as described in Section 5.3.4
Executive Loan Recipients	the key executives listed in Section 5.3.4 and other executives who are recipients of loans under the Executive Loan Agreements
Executive Shares	Shares issued (or to be issued by Veda) in connection with the Executive Loan Agreements
Existing Financing	the existing financing arrangements as described in Section 3.4.3
Existing Shareholders	those Shareholders who hold Shares on the Original Prospectus Date, being the PEP Shareholders, the Management Shareholders and other current Shareholders
Experian	Experian Australia Pty Limited
Exposure Period	the period specified in section 727(3) of the Corporations Act, being a minimum period of seven days after the Original Prospectus Date, during which an Application must not be accepted. ASIC may extend this period to no more than 14 days after the Original Prospectus Date
Financial Adviser	Highbury Partnership Pty Limited (ABN 14 162 169 502/AFSL 434566)
Financial Information	the financial information described as Financial Information in Section 3
Forecast Financial Information	the forecast financial information described as Forecast Financial Information in Section 3
Fraud and Identity Solutions	a product offered within Consumer Risk & Identity business line as described in Section 2
FTE	full time employee
Group	Veda and each related body corporate of Veda
GST	Goods and Services Tax
ICG	entities related to Intermediate Capital Group plc
IDMatrix	a product offering within Consumer Risk & Identity business line as described in Section 2
IHPL	Infocredit Holdings Pte Limited
Independent Director	means each of Helen Nugent AO, Bruce Beeren, Diana Eilert and Peter Shergold AC
Institutional Investors	investors who are: • persons in Australia who are wholesale clients under section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act; or • institutional investors in certain other jurisdictions, as agreed by Veda and the Joint Lead Managers, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which Veda is willing in its discretion to comply), and • provided that in each case such investors are not in the United States

Institutional Offer	the invitation to Institutional Investors under this Prospectus to acquire Shares as described in Section 6.4
International	a Veda segment and business line comprising operations in New Zealand, Asia and the Middle East as described in Section 2
Inivio	Veda's marketing services business
IPO	initial public offering
Joint Lead Managers or JLMs	Citi and UBS
KMP or key management personnel	Nerida Caesar, James Orlando, Simon Bligh, Tim Courtright and John Wilson
KPMG Transaction Services	KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Limited
Land Titles	a product offered within Commercial Risk & Information Services business line as described in Section 2
Listing	admission of Veda to the official list of ASX
Management Shareholders	current management employees of Veda who hold MPS or existing Shares
Marketing Services	a division within B2C & Marketing business line which provides data and analysis to marketers to support customer acquisitions, retention and cross-selling
Mezzanine Preference Notes	the mezzanine preference notes issued by Veda to the Mezzanine Preference Note holders as described in Section 6.1.5
MLGPE	Merrill Lynch Global Private Equity Fund
MPS	management performance shares issued by Veda
My Credit File	a product offered within B2C & Marketing Services business line as described in Section 2
NCCP	National Consumer Credit Protection Act 2009 (Cth)
New Banking Facilities	the new banking facilities as described in Section 3.4.3
New Zealand Stock Exchange or NZX	the stock exchange operated by NZX Limited
Non-Executive Director	a member of the Board of Directors who does not form part of Veda's management
NLAT	net loss after tax
NPAT	net profit after tax
NTD	National Tenancy Database
NYSE	New York Stock Exchange
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
Offer	the offer of Shares under this Prospectus
Offer Price	$1.25 per Share
Option	An option over a Share
Original Prospectus	the Prospectus issued by Veda dated 18 November 2013, which was lodged with ASIC on that date and is replaced by this Prospectus
Original Prospectus Date	the date on which a copy of the Original Prospectus was lodged with ASIC, being 18 November 2013
PEP Advisory	PEP Advisory III Pty Limited (ABN 64 118 469 097)

PEP Shareholders	Pacific Equity Partners Fund III (Australasia) Pty Limited as trustee for Pacific Equity Partners Fund III (Australasia) Unit Trust (incorporated in Australia), Eagle Coinvestment Pty Limited as trustee for Pacific Equity Partners Fund III Co-Investment Trust A (incorporated in Australia), Eagle Coinvestment Pty Limited as trustee for Pacific Equity Partners Fund III Co-Investment Trust B (incorporated in Australia), Eagle Coinvestment Pty Limited as trustee for Pacific Equity Partners Fund IV Co-Investment Trust (incorporated in Australia), Pacific Equity Partners Fund III (Australasia) Pty Limited as trustee for Pacific Equity Partners Supplementary Fund III (Australasia) Unit Trust (incorporated in Australia), Pacific Equity Partners Fund III L.P (established in Jersey), Pacific Equity Partners Fund IV (Australasia) Pty Ltd as trustee for Pacific Equity Partners Fund IV (Australasia) Unit Trust (incorporated in Australia), Pacific Equity Partners Fund IV L.P (established in Jersey), Pacific Equity Partners Supplementary Fund III L.P (established in Jersey) and PEP Investment Pty Limited (incorporated in Australia), being the funds, advised or managed by Pacific Equity Partners Pty Limited, which are existing investors in Veda.
Personnel and Priority Offer	the Offer of Shares to certain employees of Veda as described in Section 6.5 and investors nominated by Veda located in Australia
PPSR	Personal Property Securities Register
Privacy Act	Privacy Act 1988 (Cth)
Pro Forma Historical Financial Information	the financial information described as Pro Forma Historical Financial Information in Section 3
Prospectus	this document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	the date on which a copy of this Prospectus was lodged with ASIC, being 25 November 2013
Relationship Deed	the relationship deed described in Section 8.4.3
Secure Sentinel	a product offering within B2C & Marketing Services business line as described in Section 2
Settlement	settlement of the Offer
Share	a fully paid ordinary share in the capital of Veda
Share Registry	Link Market Services Limited (ABN 54 083 214 537)
Shareholder	a holder of Shares
Shareholding	a holding of Shares
SMEs	small and medium sized enterprises, typically defined by the Australian Government as businesses with less than 200 employees
Successful Applicant	an Applicant or Institutional Investor who is issued Shares under the Offer
Trading History	a product in Commercial Risk & Information Services business line
UBS	UBS AG, Australia Branch
Underwriting Agreement	the underwriting agreement described in Section 8.4.1
Veda	Veda Group Limited (ABN 26 124 306 958) (formerly named VA Australia Holdings Limited) and its subsidiaries, as the context requires
Veda Offer Information Line	• within Australia: 1800 628 703; or • outside Australia: +61 1800 628 703, and in each case, open from 8.30am to 5.30pm (Sydney time) Monday to Friday during the Offer period
VedaCheck	an online data portal offered within Commercial Risk & Information Services business line as described in Section 2
VedaScore	a product offered within B2C & Marketing Services business line as described in Section 2

Verify	a product offered within Consumer Risk & Identity business line as described in Section 2
Warrant holders	the holders of the Warrants, being ICG and the PEP Shareholders
Warrants	the warrants over Shares issued by Veda to the Warrant holders as described in Section 6.1.5
XML	Extensible Markup Language
Your Credit & Identity	a product offering within B2C & Marketing Services business line as described in Section 2
YoY	year on year

Corporate Directory

ISSUER'S REGISTERED OFFICE

Veda Group Limited
Level 15, 100 Arthur Street
North Sydney, NSW, 2060, Australia

FINANCIAL ADVISER

Highbury Partnership Pty Limited
Level 29, Chifley Tower, 2 Chifley Square
Sydney, NSW, 2000, Australia

JOINT LEAD MANAGERS

Citigroup Global Markets Australia Pty Limited
Citigroup Centre, 2 Park Street
Sydney, NSW, 2000, Australia

UBS AG, Australia Branch
Level 16, Chifley Tower, 2 Chifley Square
Sydney, NSW, 2000, Australia

CO-MANAGERS

CBA Equities Limited
Ground Floor, Tower 1, 201 Sussex Street
Sydney, NSW, 2000, Australia

UBS Wealth Management Australia Limited
Level 16, Chifley Tower, 2 Chifley Square
Sydney, NSW, 2000, Australia

AUSTRALIAN LEGAL ADVISER

Allen & Overy
Level 25, 85 Castlereagh Street
Sydney, NSW, 2000, Australia

INVESTIGATING ACCOUNTANT

KPMG Transaction Services, a division of KPMG
Financial Advisory Services (Australia) Pty Limited
10 Shelley Street
Sydney, NSW, 2000, Australia

AUDITOR

KPMG
10 Shelley Street
Sydney, NSW, 2000, Australia

SHARE REGISTRY

Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW, 2000, Australia

VEDA OFFER INFORMATION LINE

Within Australia
1800 628 703
Outside Australia
+61 1800 628 703

CORPORATE WEBSITE

http://www.veda.com.au

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applied intelligence