iSENTIA

PROSPECTUS

FOR THE OFFER OF 139.0 MILLION SHARES IN iSENTIA GROUP LIMITED AT $2.04 PER SHARE

iSentia Group Limited (ACN 167 541 568)

MACQUARIE Joint Lead Manager

UBS Joint Lead Manager

Important Information

Offer

This document (Prospectus) is issued by iSentia Group Limited ACN 167 541 568 (Company) for the purpose of Chapter 6D of the Corporations Act 2001 (Cth) (Corporations Act). This Prospectus contains an invitation for you to apply for fully paid ordinary shares in the Company (Shares) that will be issued by the Company in its initial public offering (Offer). Refer to Section 7 of this Prospectus for further information.

At the Prospectus Date (defined below), the Company had one Share on issue and had not traded. Following settlement of the Offer (Settlement), the Company will acquire all of the issued capital of iSentia Holdings Pty Limited ABN 68 144 573 795 (iSentia Holdings). Refer to Section 7 for further information.

In this Prospectus, references to 'iSentia' relating to any period prior to Settlement refer to iSentia Holdings and its subsidiaries, while those relating to any period after Settlement refer to the Company and its subsidiaries.

Lodgement and Listing

This Prospectus is dated 19 May 2014 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date (Prospectus Date).

The Company will apply to ASX Limited ABN 98 008 624 691 (ASX) within seven days after the Prospectus Date for admission of the Company to the official list of ASX (Official List) and quotation of its Shares on ASX (Listing). Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry Date

This Prospectus expires on 19 June 2015, the date which is 13 months after the Prospectus Date (Expiry Date), and no Shares will be issued on the basis of this Prospectus after the Expiry Date.

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 and particular needs (including financial and tax issues) of any prospective investor. Cooling-off rights do not apply to an investment in Shares under the Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, in considering the prospects of iSentia, you should consider the best estimate assumptions underlying the Forecast Financial Information (as defined in Section 4.1) and sensitivities associated with that information set out in Sections 4.2.3 and 4.7, respectively, and the risk factors that could affect iSentia's business, financial condition and results of operations, respectively. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Shares. Some of the key risk factors that should be considered by prospective investors are set out in Sections 1.4 and 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Disclosing entity

Once admitted to the Official List, the Company will be a disclosing entity for the purpose of the Corporations Act and as such will be subject to regular reporting and disclosure obligations under the Corporations Act and the official listing rules of ASX (Listing Rules). Refer to Sections 6.4 and 7 for further information.

Exposure Period

The Corporations Act prohibits the Company from processing applications for Shares under this Prospectus (Applications) in the seven day period after lodgement of this Prospectus with ASIC (Exposure Period). This Exposure Period may be extended by ASIC by up to a further seven days. The purpose of 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 the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

During the Exposure Period, this Prospectus will be made available to Australian residents, without the Application Forms, at the Company's website, www.isentia.com.

Disclaimer and forward-looking statements

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 the directors of the Company (Directors) or any other person in connection with the Offer. You should rely only on information contained in this Prospectus. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

This Prospectus contains forward-looking statements which are statements that may be identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. Certain statements, beliefs and opinions contained in this Prospectus, particular those regarding the possible or assumed future financial or other performance of iSentia, industry growth or other trend projections are or may be forward-looking statements. In addition, consistent with customary market practice in securities offerings in Australia, Forecast Financial Information has been prepared and included in this Prospectus in Section 4.7. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the Prospectus Date, are expected to take place (including the key assumptions set out in Section 4.7).

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and Company management. The Forecast Financial Information and the forward-looking statements should therefore be read in conjunction with, and are qualified by reference to, Sections 4.3 and 4.7 and other information in this Prospectus. The Directors cannot and do 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. The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, other than to the extent required by law.

This Prospectus, including the industry overview in Section 2, uses market data, industry forecasts and projections. The Company has obtained significant portions of this information from market research prepared by third parties. There is no assurance that any of the forecasts contained in the reports, surveys and research of such third parties that are referred to in this Prospectus will be achieved. The Company 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 in Section 5.

As set out in Section 7, it is expected that the Shares will be quoted on ASX initially on a deferred settlement basis.

To the extent permitted by law, each of the Company, Link Market Services Limited ABN 54 283 214 537 (Share Registry) and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the iSentia Offer Information Line, by a Broker or otherwise.

Statements of past performance

This Prospectus includes information regarding the past performance of iSentia. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial information presentation

All references to FY11, FY12, FY13, FY14 and FY15 appearing in this Prospectus are to the financial years ended or ending (as relevant) 30 June of the applicable year, unless otherwise indicated. All references to 1HFY14 and 1HFY15 appearing in this Prospectus are to the six month periods ended or ending (as relevant) 31 December within the applicable financial year, unless otherwise indicated (e.g. 1HFY14 relates to the six month period to 31 December 2013).

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

Section 4 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 4.2.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

The Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Directors. The Forecast Financial Information presented in this Prospectus is unaudited. 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 Historical Financial Information (as defined in Section 4.1).

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 4.

Unless otherwise stated or implied, all pro forma data in this Prospectus gives effect to the pro forma adjustments referred to in Section 4.3.

Readers should be aware that certain financial data included in this Prospectus is 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of iSentia. The non-IFRS financial information does not have standardised meanings prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial information determined in accordance with Australian Accounting Standards. Readers are cautioned, therefore, not to place undue reliance on any non-IFRS financial information or ratio included in this Prospectus.

Financial and non-financial data is as at 31 December 2013, unless otherwise stated or implied.

Prospectus availability

A hard copy of the Prospectus is available free of charge during the Offer period to any person in Australia by calling the iSentia Offer Information Line on 1800 250 297 (toll free within Australia) or +61 1800 250 297 (if you are eligible to participate in the Offer and are calling from outside Australia) between 8.30am and 5.30pm (Sydney Time), Monday to Friday.

This Prospectus is also available in electronic form to Australian residents on the Company's website, www.isentia.com. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia. Hard copy and electronic versions of this Prospectus are generally not available to persons in other jurisdictions.

Applications

Applications for Shares may only be made during the Offer period on the Application Form included in, or accompanying, this Prospectus in its hard copy form, or in its soft copy form which must be downloaded in its entirety from www.isentia.com, together with an electronic copy of this Prospectus (Application Form). Applicants under the Chairman's List Offer must apply electronically at www.isentia.com. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is included in, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus. Refer to Section 7 for further information.

Privacy

By completing an Application Form, you are providing personal information to the Company through the Share Registry, which is contracted by the Company to manage Applications. The Company, and the Share Registry on its behalf, may collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included in the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included in the Share register if you cease to be a Shareholder.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

→ the Share Registry for ongoing administration of the Share register;

→ the Joint Lead Managers in order to assess your Application;

→ printers and other companies for the purpose of preparation and distribution of documents and for handling mail;

→ market research companies for the purpose of analysing the Shareholder base; and

→ legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

You may request access to your personal information held by or on behalf of the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry as follows:

Telephone: 1800 250 297 (toll free within Australia)
+61 1800 250 297 (outside Australia)

Address: Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000.

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, contact the Company or the Share Registry if any of the details you have provided change.

Investigating Accountant's Report on the Financial Information and financial services guide

The provider of the Investigating Accountant's Report on the Financial Information has provided Australian Retail Investors with a financial services guide in relation to its independent review under the Corporations Act. The Investigating Accountant's Report and accompanying financial services guide are provided in Section 8.

Photographs and diagrams

Photographs and diagrams used in this Prospectus 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 or, on Completion of the Offer will be, owned by the Company. 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 as at the Prospectus Date.

Company website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred to in the sources contained in this Prospectus, is incorporated in this Prospectus by reference.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus, unless specified otherwise, have the meaning given in the Glossary. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney Time.

Unless otherwise stated or implied, references to dates or years are calendar year references.

Questions

If you have any questions about how to apply for Shares, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser. Instructions on how to apply for Shares are set out in Sections 1.7 and 7 of this Prospectus and on the back of each Application Form. Alternatively, please contact the iSentia Offer Information Line on 1800 250 297 (toll free within Australia) or +61 1800 250 297 (outside Australia) between 8.30am and 5.30pm Sydney Time, Monday to Friday (Business Days only).

This Prospectus is important and should be read in its entirety.

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THE OFFER

Total number of Shares to be issued under the Offer	**139.0 million**
Number of Shares to be held by the Quadrant Funds after the Offer[1]	**50.0 million**
Number of Shares to be held by Management Shareholders after the Offer[1]	**9.8 million**
Total number of Shares on issue at Completion of the Offer	**200.0 million**
Offer Price	**$2.04 per Share**
Gross proceeds of the Offer	**$283.5 million**
Gross proceeds of the Offer payable to the Current Owners	**$169.3 million**
Market capitalisation at the Offer Price[2]	**$408.0 million**
Enterprise Value at the Offer Price[3]	**$456.0 million**
Enterprise Value at the Offer Price/pro forma consolidated FY15 forecast EBITDA[4]	**11.0x**
Offer Price/pro forma consolidated FY15 forecast NPATA per Share[5]	**15.0x**
Implied FY15 forecast dividend yield at the Offer Price[6]	**3.3%**

1 The Shares to be held by the Quadrant Funds and some of the Shares to be held by Management Shareholders will be subject to voluntary escrow arrangements, as described further in Section 7.8. Management Shareholders comprise current members of iSentia's senior management and staff, including John Croll, iSentia's Chief Executive Officer (CEO), and Nimesh Shah, iSentia's Chief Financial Officer (CFO). The Quadrant Funds, the Management Shareholders and certain other investors, being the Current Owners, currently collectively own all of the share capital in iSentia Holdings.

2 Calculated as the total number of Shares on issue following the Offer multiplied by the Offer Price.

3 Enterprise Value is calculated as the Company's indicative market capitalisation, based on the Offer Price, plus pro forma net debt on Completion of the Offer.

4 The Enterprise Value/EBITDA multiple is calculated as the Enterprise Value divided by pro forma forecast consolidated EBITDA for FY15. This multiple represents a valuation metric that may enable prospective investors to assess the valuation of comparable businesses before the impact of depreciation, amortisation and different capital and taxation structures.

5 NPATA is defined as net profit after tax before acquired amortisation (after tax), which includes the uplift in value of acquired software as a result of the Current Shareholders' acquisition of iSentia in July 2010. iSentia's management believes NPATA is an important measure of the underlying earnings of the business due to the number of acquisitions during the historical period which has resulted in increased amortisation, which represents a non-cash charge.

6 Implied dividend yield is calculated as the implied dividend per Share based on the midpoint of the Company's target dividend payout ratio range of 40% to 60% of pro forma forecast FY15 NPATA, divided by the Offer Price. The payment of a dividend by the Company is at the discretion of the Directors and will be a function of a number of factors, including general business conditions, the operating results and financial condition of iSentia, future funding requirements, compliance with debt facilities, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant. 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. For more information on the Company's dividend policy, see Section 4.9.

IMPORTANT DATES

Prospectus Date	**Monday, 19 May 2014**
Broker Firm Offer open	**Tuesday, 27 May 2014**
Broker Firm Offer close (Closing Date)	**Tuesday, 3 June 2014**
Issue of Shares (Completion of the Offer)	**Thursday, 5 June 2014**
Expected commencement of trading on ASX (on a deferred settlement basis)	**Thursday, 5 June 2014**
Expected mailing of holding statements	**Tuesday, 10 June 2014**
Shares expected to begin trading on a normal settlement basis	**Wednesday, 11 June 2014**

Note: This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Sydney Time. The Company, with the prior written consent of the Joint Lead Managers, reserves the right to vary any and all of the above dates and times without notice (including, subject to The Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. No cooling-off rights apply to the Offer. The admission of the Company to the Official List and the commencement of quotation of the Shares is subject to confirmation from ASX.

HOW TO INVEST

- Applications for Shares can only be made by completing and lodging the Application Form included in or accompanying this Prospectus.
- Instructions on how to apply for Shares are set out in Sections 1.7 and 7 of this Prospectus and on the back of the Application Form.

CHAIRMAN'S LETTER

Dear Investor,

On behalf of the directors of iSentia Group Limited, it is my pleasure to invite you to read this Prospectus and to become a shareholder in the Company.

iSentia operates a market-leading Software-as-a-Service (SaaS) business that provides many of the world's leading organisations with time-critical and highly relevant media intelligence to assist them to make more informed and timely business decisions. This service is underpinned by iSentia's proprietary software and systems that capture, enrich and interpret data from over 5,500 mainstream media outlets, 55,500 online news sources and 3.4 million user-generated content sources (e.g. Facebook, Twitter and Weibo) in real-time, to alert iSentia's clients to what is being said about their organisations, competitors and industry as the "news breaks".

iSentia delivers this information over a number of proprietary SaaS platforms, including its market-leading Mediaportal platform which provides clients with a cloud-based workspace to inform, organise and report on media intelligence across their organisation. Every day, iSentia's platforms are used to deliver information, reports and alerts to industry leaders, company directors, senior executives and government ministers within iSentia's 5,000-plus Asia-Pacific (APAC) client base[1] which includes 92% of the world's leading brands[2] including Microsoft, Nike, Coca-Cola and Samsung. Using the SaaS platforms and client relationships, iSentia offers a suite of market-leading value-added services (VAS), including social media monitoring and analysis services, to provide detailed business insights, analysis and tools to better develop and execute clients' strategies.

iSentia is the APAC media intelligence industry market leader with 28% revenue share[3] (almost five times greater than that of its nearest competitor). iSentia boasts the leading share of the ANZ market, providing services to 87% of the companies constituting the S&P/ASX 100 Index. iSentia also has leading positions in a number of key Asian markets including the Philippines, Malaysia, Indonesia, Thailand, Singapore and Vietnam and an emerging presence in Greater China (including mainland China and Hong Kong). This market leadership is supported by over 1,100 employees who provide an in-market presence in 18 offices across APAC and the delivery of services in 12 different languages.

iSentia has a strong financial track record and benefits from a capital expenditure-light, high cash flow business with strong predictability of revenues. iSentia's product and services platform, which has a largely fixed cost base, is highly scalable and enables iSentia to generate high incremental profit margins from additional software and services sold. This provides the Company with an attractive platform to benefit from the continued market growth within APAC where media intelligence services are expected to grow at a compound annual growth rate (CAGR) of 13.7% from 2013 to 2016, and particularly strong growth in the online and social media segment which is expected to grow at 30.0% CAGR over the same period[3]. The Company forecasts it will achieve revenue, EBITDA and NPATA growth at a CAGR of 10.0%, 34.3% and 43.6% respectively from FY13 to FY15.

On Completion of the Offer, successful Applicants will become shareholders in the Company. Investors in the Offer are expected to hold 69.5% of the Shares on issue, the Quadrant Funds will hold 25.0% of the Shares on issue, and Management Shareholders will hold 4.9% of the Shares on issue, in each case, on Completion of the Offer. The Company will seek admission to the Official List of, and quotation of its Shares by, ASX.

This Prospectus contains detailed information about the Offer, the industry in which iSentia operates, and its financial and operating performance. As with other businesses, iSentia is subject to a range of risks including the loss or deterioration of relationships with content suppliers, disruptions to information technology infrastructure, limits on continued access to content, the reduction in the volume of print media content, loss of existing clients and failure to attract and retain new clients, adverse changes in market structure, loss of key management personnel and increased use in self-service monitoring models, as well as competition from other media intelligence agencies. The risks associated with investing in the Company are detailed in Sections 1.4 and 5. It is important that you read this Prospectus 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.

Yours sincerely,

Doug Flynn
Chairman

1 As at 31 March 2014.

2 Interbrand, 'Best Global Brands 2013', September 2013.

3 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

1 INVESTMENT OVERVIEW

1. INVESTMENT OVERVIEW

1.1 INTRODUCTION

TOPIC	SUMMARY
What is iSentia?	iSentia operates a market-leading Software-as-a-Service (SaaS) business that provides many of the world's leading brands, companies, agencies, industry bodies and governments with media intelligence services to assist them to make more informed and timely business and communications decisions. iSentia's service to over 5,000 clients is underpinned by its proprietary software and systems and is delivered to its clients over a number of cloud-based SaaS platforms, including iSentia's market-leading Mediaportal platform. Using the SaaS platforms and client relationships, iSentia offers a suite of market-leading value-added services (VAS) including social media insights and analysis, customised media reports and bespoke media contact databases. Having operated for over 30 years, iSentia is the APAC media intelligence industry market leader with 28% revenue share[4] (almost five times greater than that of its nearest competitor). iSentia boasts the leading share of the ANZ market providing services to 87% of the companies constituting the S&P/ASX 100 Index[5] , leading positions in a number of key Asian markets including the Philippines, Malaysia, Indonesia, Thailand, Singapore and Vietnam and an emerging presence in Greater China. This market leadership is supported by over 1,100 employees who provide an in-market presence in 18 offices across APAC, real-time content delivery from over 5,500 mainstream media outlets, 55,500 online news sources and 3.4 million user-generated content sources, and the delivery of services in 12 different languages. *For more information, see Section 3.*
What is the industry in which iSentia operates?	iSentia operates in the media intelligence industry which is centred around the development of software and systems that capture, enrich, interpret and analyse data from mainstream, online and social media sources. The main components are: → **Media monitoring**, which is the use of software and other systems to capture, enrich, search and relevance-match specific brands, topics, opinions or issues across extensive media content sources to gather relevant information to inform and alert clients; → **Social media monitoring and analysis**, which involves the use of software to capture, enrich and interpret tens-of-millions of social media interactions/conversations in real-time across social media sources, and extract client-relevant information and insights; → **Media measurement and analysis**, which utilises software algorithms and subject matter experts to deliver quantitative and qualitative insights to assist clients in understanding the effectiveness of their communications, media and marketing strategies; → **Contact management**, services which assist clients to more effectively develop and execute their communications strategies to ensure communications are reaching the relevant media influencers and audiences; and → **Media release distribution**, which includes online tools and services to distribute news and messages to selected news or industry media. Media intelligence products and services are considered to be business-critical and increasingly non-discretionary and are used by companies, agencies, industry bodies and governments for a diverse range of purposes such as brand and reputation management, improved marketing and advertising campaign effectiveness, and strategic business and competitor positioning analysis. *For more information, see Section 2.*

4 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

5 As at 31 March 2014.

TOPIC	SUMMARY
Why is the Offer being conducted?	The Offer is being conducted to: → provide the Company with a liquid market for its Shares and an opportunity for others to invest in Shares; → provide iSentia with financial flexibility and access to capital markets to pursue growth opportunities; → fund repayment of the iSentia Holdings Shareholder Loans and, in part, of iSentia's existing debt facilities and to fund payment of the costs of the Offer; → fund the payment for the purchase by iSentia Pty Limited of the remaining non-controlling interests in iSentia Brandtology Pte Ltd (Brandtology)[6] and iSentia Group Sdn. Bhd. (MediaBanc), companies in respect of which iSentia previously acquired majority control; and → provide iSentia with the benefits of an increased profile that arises from being a listed entity. The Offer also allows Current Owners to realise all or, in some cases (including the Quadrant Funds), part of their investment in iSentia Holdings by funding the cash component of the consideration for the purchase by the Company of all of the iSentia Holdings Shares under the Sale Deed. ***For more information, see Sections 7, 9.4 and 9.6.1.***

1.2 KEY FEATURES OF iSENTIA'S BUSINESS MODEL

TOPIC	SUMMARY
How does iSentia generate its income?	iSentia generates income by providing the following products and services to its clients: → **SaaS platforms:** iSentia has developed a number of innovative hosted SaaS platforms, such as its flagship Mediaportal, that provide clients with access to time-critical and highly relevant media information as well as tools to analyse and report on media intelligence. Clients typically purchase these SaaS platforms on a subscription fee model with contract terms of at least one year; and → **VAS:** iSentia offers a suite of market-leading VAS offerings that further assist clients to make more informed and timely business and communications decisions. Clients can purchase many of iSentia's VAS offerings at an incremental subscription fee to the SaaS platform subscription, and for other VAS offerings clients can directly purchase customised insight reports and pay for projects and campaigns undertaken. iSentia benefits from significant operating leverage with a cost base which is largely fixed in nature, meaning incremental revenue can deliver high incremental margins. This results in iSentia experiencing margin expansion as it grows its revenues as illustrated by the expected increase in iSentia's pro forma EBITDA margin from 21.7% in FY11 to 33.2% in FY15. ***For more information, see Section 3.***

6 In this Prospectus, if the context requires, Brandtology also refers to a service provided by iSentia via the Brandtology subsidiary.

1. INVESTMENT OVERVIEW

TOPIC	SUMMARY
Who are iSentia's clients?	Every day, iSentia's platforms are used to deliver information, reports and alerts to industry leaders, company directors, senior executives and government ministers of over 5,000 organisations across a diverse range of industries in APAC. Among iSentia's clients are 92% of the world's leading brands[7] such as Microsoft, Nike, Coca-Cola and Samsung, and 87% of the companies constituting the S&P/ASX 100 Index. As at March 2014, approximately 55% of iSentia's clients (by number) were Australian accounts, with approximately 13% NZ accounts and the remaining 32% of accounts in Asia. In terms of client mix, approximately 74% of iSentia's clients are corporate (by number), 12% media agency, and 14% government and government-related. The average tenure of iSentia's top 50 clients is over 11 years[8], which reflects the importance of iSentia's software and services to its clients and iSentia's focus on product innovation and client service. iSentia's client base is highly diversified, with no single client contract accounting for more than 1.5% of pro forma revenue in FY13. In addition, as most clients choose to automatically renew their contracts on an annual basis, iSentia benefits from a high portion of highly predictable revenue. ***For more information, see Section 3.1.3.***

7 Interbrand, 'Best Global Brands 2013', September 2013.

8 As at 31 December 2013.

TOPIC	SUMMARY
What is iSentia's growth strategy?	In the last three years, iSentia has demonstrated earnings growth driven largely by a combination of the four growth strategies outlined below. iSentia's management aims to continue to grow the business in this manner, as well as through other opportunities which may arise. **1. Annual SaaS price increases and increasing client spend** iSentia has experienced increased client spend driven by take-up of many of its VAS offerings. As at 31 March 2014, each of iSentia's VAS offerings was purchased by approximately 15% (or less) of its ANZ clients highlighting the potential growth opportunity that remains. iSentia's management believes that there is significant further potential to leverage its existing client relationships to increase client spend underpinned by: → the exponential growth in social media use; → the increasing relevance of its VAS offerings to address the needs of marketing channels within clients' organisations; → iSentia's continued integration of its SaaS and VAS products and platforms; and → annual price increases. **2. Increasing client penetration in the high-growth Asian market** iSentia has achieved a market-leading position with 28% revenue share in APAC[9] (almost five times greater than that of its nearest competitor), in a market that is forecast to grow at a CAGR of 13.7% from 2013 to 2016, having grown at a CAGR of approximately 16.0% from 2009 to 2013[10] . iSentia plans to continue to expand into this high-growth region supported by an in-market presence in 18 offices across APAC (including over 600 full-time equivalent employees across Asia) with services in 12 different languages. Although being the clear market leader in the region, iSentia estimates that it currently services only approximately 25% of its target clients in South-East Asia. iSentia's ability to attract new clients in Asia is expected to accelerate with releases of iSentia's more advanced and market-leading SaaS platforms (e.g. Mediaportal) in certain Asian markets.

9 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

10 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.; 2009 to 2013 CAGR is adjusted for foreign exchange (FX) movements between 2012 and 2013.

TOPIC	SUMMARY
	3. Continued product innovation by iSentia's in-house development teams iSentia has a demonstrated track record of in-house product development and innovation, having developed a number of its market-leading suite of SaaS and VAS offerings. iSentia continues to expand and enhance its platforms and services suite, with current initiatives that include integrating iSentia's localised Asian platforms into Mediaportal. This integration is anticipated to support increased client spend as well as the acquisition of new clients in Asia, and also provides iSentia with increased opportunities to promote hosted analytical tools and integrated VAS offerings. In addition, iSentia is developing an innovative 'media influencer' database product (to analytically determine a particular media commentator's level of market influence) and 'media story analysis' (to enable clients to analyse the participants and influencers in a selected media story). **4. Strategic acquisitions of geographic coverage, software and content capabilities** iSentia has a history of successfully sourcing and integrating strategic acquisition and bolt-on opportunities. These acquisitions have provided iSentia with additional geographic, software and content capabilities to provide its clients a complete, full-service media intelligence solution within APAC. Strategic acquisitions have also generated significant synergies due to the operating leverage inherent in iSentia's scalable, largely fixed cost platform and has meant that many of iSentia's strategic acquisitions have had a payback period of less than two years. iSentia's management continues to evaluate additional acquisition and bolt-on opportunities to further enhance its leadership in APAC and integrate additional product capabilities. ***For more information, see Section 3.5.***
Does iSentia have any debt facilities?	On Completion of the Offer, iSentia will have approximately $65.0 million of third-party debt facilities (drawn to approximately $54.6 million)[11] and $7.0 million ($3.7 million as per the 31 December 2013 pro forma balance sheet) of cash and equivalent balances. This represents approximately 1.2x pro forma net debt to FY15 pro forma EBITDA and provides for a level of gearing which the Board believes to be conservative given the business' historical performance and relatively predictable revenue and strong cash flows. ***For more information, see Section 4.***
How does iSentia expect to fund its operations?	iSentia is currently profitable and highly cash generative. Accordingly, iSentia expects to fund its operations, and any interest payments and debt repayments on its debt facilities, from its operating cash flows. ***For more information, see Section 4.***

11 iSentia's estimated drawn debt amount of $54.6 million includes capitalised borrowing costs of approximately $0.5 million which have been netted off the total amount.

TOPIC	SUMMARY
What is iSentia's pro forma historical and forecast financial performance?	The Financial Information presented below is a summary only and should be read in conjunction with the more detailed discussion of the Pro Forma Historical Financial Information and the Forecast Financial Information in Section 4, including the assumptions, management discussion and analysis and sensitivity analysis, as well as the risk factors set out in Section 5. A reconciliation of the pro forma forecast and statutory forecast income statements is provided in Section 4.3.3.

Summary Financial Information[1]

	PRO FORMA HISTORICAL			PRO FORMA FORECAST	
$ MILLION	FY11	FY12	FY13	FY14	FY15
Revenue	92.8	103.9	103.0	109.1	124.4
EBITDA	20.1	22.8	22.9	30.2	41.3
EBITA[2]	17.5	19.5	19.1	26.2	37.1
NPAT	1.2	7.8	7.0	11.9	20.1
NPATA[3]	10.4	13.3	12.8	18.3	27.2

1 Readers should be aware that certain financial data included in this Prospectus, such as EBITDA, EBITA, EBIT and NPATA are 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The Company believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of iSentia. Readers are cautioned not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

2 EBITA means earnings before interest, FX gains and losses, remeasurement of financial liabilities, taxation and amortisation of acquired intangibles, which includes the uplift in value of acquired software as a result of the Current Shareholders' acquisition of iSentia in July 2010.

3 NPATA means net profit after tax before acquired amortisation (after tax), which includes the uplift in value of acquired software as a result of the Current Shareholders' acquisition of iSentia in July 2010. The acquired amortisation adjustment to NPAT is the after-tax effect of the amortisation of acquired software and the amortisation of acquired client-related items. iSentia's management believes NPATA is an important measure of the underlying earnings of the business due to the number of acquisitions during the historical period which has resulted in increased amortisation, which represents a non-cash charge.

For more information, see Section 4.

What is the Company's dividend policy?	Subject to future business conditions and the future cash flow requirements of iSentia, the Directors intend to target a dividend payout ratio in the range of 40% to 60% of NPATA. Assuming a FY15 result consistent with the Forecast Financial Information, iSentia currently intends to pay a half-year and full-year dividends in respect of FY15 of 6.8 cents per Share in aggregate, based on the midpoint dividend payout ratio of 50%, FY15 NPATA of $27.2 million and total Shares on issue immediately after Completion of the Offer of 200.0 million.

For more information, see Section 4.9.

1.3 KEY STRENGTHS

TOPIC	SUMMARY
Market-leading proprietary software	iSentia has a dedicated in-house product development team that provides the capability to continually develop and enhance iSentia's suite of software and services in anticipation of evolving client requirements and market trends. Over the past decade, iSentia has developed market-leading proprietary systems and software across two broad categories: → **Real-time content search and alerting:** systems and processes that enable real-time capture, advanced enrichment, search and interpretation of vast amounts of content to identify relevant information in order to keep clients fully informed. iSentia's proprietary search and content software is then layered with human verification and context analysis, performed by iSentia's production teams, to provide an additional filter for accuracy and relevance. Based on the results of client surveys and feedback, the media information iSentia sends to its clients is considered accurate and relevant to the clients' requirements on average over 99% of the time; and → **Innovative information access, analytics and reporting platforms:** platforms to provide clients with access to relevant information across all media types and the ability to customise and manage their reports and analytics on internet-connected desktop, laptop, tablet and smartphone devices. In particular, iSentia's flagship Mediaportal is a cloud-based integrated solution that enables clients to access their relevant information across all media devices, be alerted to breaking news and issues, visualise and report on their communications strategy effectiveness, and seamlessly purchase VAS offerings such as iSentia's media contacts database, Connect. In addition to Mediaportal, iSentia has market-leading solutions designed for marketing professionals including complex social media analytics tools to conduct in-depth analysis and extract insights from social media information. iSentia's management believes that it would take significant resources to replicate its proprietary software. In the last five years, iSentia has invested over $50 million in research and development (R&D) as measured by R&D eligible expenditures under the Australian Government's R&D tax incentive program. In recognition of iSentia's global excellence in software development, iSentia's Mediaportal offering was awarded the esteemed CODiE award in 2014 for Best Media & Information Monitoring Solution. ***For more information, see Section 3.***
Leading social media monitoring and analysis software and services	Driven by the exponential growth in social media news and commentary, where there are currently over five billion pieces of content shared daily on Facebook and over 500 million 'tweets' posted every day on Twitter, social media has become an increasingly critical consideration in organisations' business and communications strategies. iSentia offers its clients a suite of market-leading social media VAS offerings including social media monitoring and analysis services accessed through Mediaportal, enhanced social media analysis through BuzzNumbers and Brandtology, and social media strategy and creative execution through Two Social. These leading services are enabled by iSentia's proprietary technologies that drive the specialised ability to process and analyse vast volumes of complex social media data to provide clients with sophisticated real-time insights relevant to their business. iSentia is the market-leading provider of social media intelligence services within APAC[12] and is attractively positioned to capitalise on the growing need for social media intelligence solutions in the region which is forecast to grow at a 30.0% CAGR between 2013 and 2016[12]. In addition, iSentia is well positioned to leverage its online and social media analysis capabilities and content repositories to benefit from the rapidly growing 'big data' trend, where the analysis of big data is increasingly becoming a basis of greater competition and growth. ***For more information, see Sections 2.7 and 3.***

12 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

1. INVESTMENT OVERVIEW

TOPIC	SUMMARY
Leading market position in ANZ	iSentia is the market-leading provider of media intelligence software and services in ANZ with over 3,400 corporate, agency and government clients. iSentia recently acquired AAP's media monitoring business, following which iSentia has approximately 90% revenue share of the ANZ media monitoring market[12] and provides services to 87% of the companies constituting the S&P/ASX 100 Index. iSentia continues to observe substantial growth opportunities to up-sell its enhanced Mediaportal platform and VAS offerings to its ANZ client base. iSentia has seen strong adoption of many of its VAS offerings; however, significant potential remains with each of iSentia's VAS offerings purchased by approximately 15% (or less) of the its ANZ client base as at 31 March 2014. iSentia believes that this potential has been enhanced by the AAP acquisition. ***For more information, see Section 3.***
Leading market positions in a number of high-growth Asian markets	iSentia is the APAC media intelligence industry leader with 28% revenue share[12] (almost five times greater than that of its nearest competitor) and over 600 full-time equivalent employees across Asia, including local sales teams with in-depth local market knowledge and relationships in all its key markets. iSentia is the only multi-country, multi-segment media intelligence provider in APAC in an industry where most providers address only a single segment and country, or a couple of segments and countries at best[12]. The APAC media intelligence industry is expected to grow at a CAGR of 13.7% from 2013 to 2016, having grown historically at a CAGR of approximately 16.0% from 2009 to 2013[13]. Given its market-leading position in APAC, iSentia's management believes that the Company is well placed to capitalise on this growth, as it has done historically, with iSentia's Asian revenue having grown at a CAGR of 78.0% over FY11 to FY13 to now represent approximately 25% of Group revenues. iSentia estimates that it currently services only approximately 25% of target clients in South-East Asia. iSentia believes that many of these target clients perform their media intelligence through in-house capabilities. With the emerging media complexity and prominence of online and social media, iSentia believes that it is becoming necessary for many of these organisations to outsource their media intelligence to ensure a timely and highly relevant response to breaking news or social media events. iSentia's management also continues to evaluate additional acquisition and bolt-on opportunities to further enhance its software and services and to extend its leadership in the high-growth Asian region. ***For more information, see Section 3.***

12 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

13 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014; 2009 to 2013 CAGR is adjusted for FX movements between 2012 and 2013.

TOPIC	SUMMARY
Depth and breadth of content and copyright relationships	iSentia has strong relationships with content providers, content aggregators and copyright collection societies, built through the development of long-standing, mutually beneficial licence agreements. These established relationships with key publishers provide iSentia with an efficient supply of content, including direct digital feeds of more than 700 newspapers and magazines titles. iSentia currently captures, enriches and interprets data from over 5,500 mainstream media outlets, 55,500 online news sources and 3.4 million user-generated content sources across 12 languages in real-time, representing one of APAC's most extensive databases of media content. To highlight the breadth of iSentia's content sources, iSentia monitors: → approximately 2.6 million print articles every month and delivers these to clients; → approximately 1.3 million online news articles every month; → approximately eight million social media posts every day; and → over 1,750 television and radio programs every day (with iSentia's teams producing more than 12,500 broadcast summaries every day on request from clients), translating to 100 stories per second being processed 24 hours a day, 365 days a year. ***For more information, see Section 3.***
Sustainable competitive advantage	iSentia has a sustainable competitive advantage as a result of its commercial, scale and knowledge capabilities, including: → the development of in-house capability and the significant historical investment in proprietary systems and software (including multi-lingual capability and advanced search technologies); → a market-leading position in APAC driving significant scale advantages, including lower unit costs of content aggregation and analysis; → a non-discretionary product, software and services offering, often delivered under time-critical circumstances; → a market-leading breadth and depth of content and supplier relationships delivering broad coverage of rich content to clients in real-time and in 12 languages. This includes the ability to capture, enrich and interpret many sources of difficult-to-get content that iSentia's competitors do not currently access; → superior client service with 16 dedicated account management teams in the ANZ market and nine account management teams in Asia with in-depth local market knowledge. These teams ensure that clients are alerted to breaking news and media issues as they arise, and respond to client queries in a timely manner; and → a highly diversified and loyal client base of over 5,000 clients, with no single client contract accounting for more than 1.5% of pro forma revenue in FY13 and the majority of iSentia's revenue contracted on a rolling basis. The average tenure of iSentia's top 50 clients is over 11 years (as at 31 December 2013). ***For more information, see Section 3.***

TOPIC	SUMMARY
Scalable model with high operating leverage	iSentia's cost base is largely fixed in nature, resulting in relatively high operating leverage which enables iSentia to generate high incremental profit margins from additional software and services sold to clients. This is expected to contribute to a continued increase in iSentia's pro forma EBITDA margins, from 21.7% in FY11 to 27.6% in FY14 and 33.2% in FY15. In addition, continued development of iSentia's SaaS platform, Mediaportal, also provides the ability to add new products and services, as well as new clients, at high margins. This includes integration opportunities that may arise through additional acquisition and bolt-on opportunities. ***For more information, see Sections 3 and 4.***
Strong cash flow conversion	iSentia has a capital-light model, with the majority of platform development and other costs taken as operating expenditure instead of capital expenditure. This results in relatively strong cash flow conversion, with historically over 80% of EBITDA converted to net cash flow from operations after capital expenditure (before tax and interest). ***For more information, see Sections 3 and 4.***
Highly experienced management team	Led by CEO John Croll, who has been active in the media intelligence industry for over 30 years and CEO of iSentia since 1999, iSentia has a highly experienced and awarded management team with a depth of local and industry-relevant experience across APAC. Over the past three years in particular, the current management team has proven its ability to execute its growth strategy to expand in Asia and develop enhancements to the SaaS platform through Mediaportal and high value services through social media, insights, analysis and media databases in iSentia's VAS offerings. The current management team has also demonstrated its ability to integrate several strategic acquisitions and extract associated revenue and cost synergies. ***For more information, see Section 3.***

1.4 KEY RISKS

TOPIC	SUMMARY
Relationships with content suppliers and copyright collection societies	The loss or deterioration of iSentia's relationships with content providers and copyright collection societies, or an inability to renew contractual arrangements with such parties, may have an adverse effect on iSentia's future financial performance. ***For more information, see Section 5.2.1.***
Disruptions to information technology infrastructure	If iSentia's information technology network is compromised for any reason or iSentia's redundancy infrastructure and systems prove insufficient, iSentia's ability to reliably service its clients may be compromised, which in turn may have an adverse impact on iSentia's future financial performance. ***For more information, see Section 5.2.2.***
Investment in product development and maintenance	iSentia may not be successful in developing new products, or its existing products may become obsolete and less marketable (including due to technological advances by competitors which iSentia is unable or not permitted to replicate), which may have an adverse effect on iSentia's future financial performance. ***For more information, see Section 5.2.3.***

TOPIC	SUMMARY
Competition	iSentia faces competitive pressures on its ability to achieve strong and sustainable earnings margins. Competitors, existing and new, developing superior business models or capabilities could result in increased pressure on iSentia's ability to maintain its position in the media intelligence industry and/or its current earnings margins. iSentia's future financial performance or position could be adversely affected if increased competitive pressures mean that it is unable to retain existing clients or attract new ones. ***For more information, see Section 5.2.4.***
Loss of key management personnel	The loss of key management personnel may adversely affect iSentia's future financial performance. ***For more information, see Section 5.2.5.***
Maturity of print media	The volume of content from print news sources in ANZ has declined in recent years, which has reduced the volume of relevant print news stories for iSentia's clients. If the volume of content declines further (e.g. because of further reductions in journalist numbers by print media publishers), and if iSentia is unable to offset this decline with online content and its other current and or future software and services, iSentia's future financial performance could be adversely affected. ***For more information, see Section 5.2.6.***
Self-service offerings	iSentia's future financial performance could be affected by clients adopting standardised, low-cost, self-service media intelligence offerings. ***For more information, see Section 5.2.7.***
Continued access to content on similar terms and regulatory change	If content providers impose onerous terms for accessing subscription-based content, or move their content behind digital paywalls without providing access to iSentia, iSentia's future financial performance may be adversely affected. There is a risk that regulation is introduced that restricts iSentia's access to, or use of, content generated using social media. Such changes could have an adverse effect on iSentia's future financial performance or position. ***For more information, see Section 5.2.8.***
Third-party intellectual property infringements	iSentia has a comprehensive compliance process that seeks to ensure it does not infringe third-party intellectual property rights (including copyright). Notwithstanding this, iSentia may be subject to claims from time to time that it has infringed a third-party's intellectual property rights. Resolving these claims may require iSentia to change the nature of its procurement of information and service delivery or increase iSentia's costs of doing business, which in turn could adversely affect its future financial performance. ***For more information, see Section 5.2.9.***
Integration of acquired businesses and execution of new acquisitions	Businesses acquired by iSentia, either during the last three years or in the future, could consume a disproportionately large proportion of management time and attention during integration, and the acquisitions may fail to meet the strategic objective of generating the anticipated improvement in financial performance. Any future proposals to expand by acquisition may be affected by factors outside of iSentia's control (including without limitation, commercial or regulatory changes), which may result in there being limited or unsuitable acquisition opportunities at the relevant time. ***For more information, see Section 5.2.10.***

1. INVESTMENT OVERVIEW

TOPIC	SUMMARY
Movements in exchange rates	In FY13, iSentia derived approximately 25% of its revenue and incurred a significant proportion of its costs from its activities outside Australia including in New Zealand, the Philippines, Malaysia, Indonesia, Thailand, Singapore and Greater China. Accordingly, iSentia's Australian dollar-denominated results are exposed to FX rate fluctuations with respect to the currencies of those nations. As iSentia's business activities expand in Asia and, over time, come to represent an increasing percentage of profit, commensurate FX rate risk may arise in terms of results, performance and cash flows when expressed in Australian dollar-denominated terms. ***For more information, see Section 5.2.11.***
Trading and liquidity in Shares and Quadrant's interest	There can be no guarantee that an active market in the Shares will develop. There may be relatively few potential buyers or sellers of the Shares on ASX at any given time. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid for their Shares under the Offer. In addition, following Listing, it is expected that the Quadrant Funds will hold 25.0% of the Shares on issue, which may impact Share liquidity. Conversely, following release from escrow, Shares held by the Quadrant Funds will be able to be freely traded on ASX. A significant sale of Shares by the Quadrant Funds, or the perception that such sales have occurred or might occur, could adversely affect the price of Shares. ***For more information, see Section 5.3.2.***

For more detail on the risks referred to above and for information on additional risks which may adversely impact the future operating and financial performance of iSentia and the value of its Shares, see Section 5.

1.5 DIRECTORS AND KEY MANAGEMENT

TOPIC	SUMMARY
Who are the directors of the Company?	→ Douglas Flynn, Independent Non-Executive Chairman → John Croll, CEO → Pat O'Sullivan, Independent Non-Executive Director → Fiona Pak-Poy, Independent Non-Executive Director → Dr Geoff Raby, Independent Non-Executive Director ***For more information, see Section 6.1.***
Who are the key members of iSentia's management?	→ John Croll, CEO → Nimesh Shah, CFO and Company Secretary → Joe De Battista, Chief Information Officer → Sean Smith, Chief Executive, Australia → Cameron Buckley, Chief Executive, Asia → Lane Cipriani, Chief Product Officer ***For more information, see Section 6.2.***

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1.6 SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

TOPIC	SUMMARY
Who are the Current Owners and what will be their interest in the Company at Completion of the Offer?	(see table below)

CURRENT OWNERS	iSENTIA HOLDINGS SHARES HELD PRIOR TO THE OFFER (%)	iSENTIA HOLDINGS SHARES HELD PRIOR TO THE OFFER (MILLION)	SHARES HELD AT COMPLETION OF THE OFFER (%)	SHARES HELD AT COMPLETION OF THE OFFER (MILLION)
Quadrant Funds	86.0%	31.0	25.0%	50.0
Management Shareholders[1]	11.6%	4.2	4.9%	9.8
Other investors[1]	2.4%	0.9	0.6%	1.2
Investors in the Offer	–	–	69.5%	139.0
Total	**100.0%**	**36.0**	**100.0%**	**200.0**

1 Excludes any Shares in which Management Shareholders or other investors may acquire an interest as part of the Offer at the Offer Price.

For more information, see Sections 6 and 7.

What significant benefits and interests are payable to Directors and other persons connected with the Company?

KEY PEOPLE	INTEREST OR BENEFIT
Management Shareholders	Sale of iSentia Holdings Shares under Sale Deed Ownership of Shares on Listing Remuneration
Quadrant and Quadrant Funds	Sale of iSentia Holdings Shares under Sale Deed Ownership of Shares on Listing
Non-Executive Directors	Directors' fees
Advisers and other service providers	Fees for services

Certain Directors intend to apply for an aggregate $330,000 worth of Shares under the Chairman's List Offer. Members of iSentia's management team may also apply for Shares under the Offer.

For more information, see Sections 6, 7 and 9.4.

Will any Shares be subject to restrictions on disposal following Completion of the Offer?

Yes. The Quadrant Funds, along with John Croll (and his associated entities) and Nimesh Shah, will enter into voluntary escrow arrangements.

The Quadrant Funds will be prevented from disposing of any of the Shares it holds on Completion of the Offer from the date of the Company's admission to the Official List to the date that the Company's results for FY15 are released to ASX, subject to certain exceptions set out in Section 7.8. One of those exceptions will permit the Quadrant Funds to dispose of up to 25% of its escrowed Shares (in one or more transactions) at least 10 Business Days after both of the following conditions have been satisfied:

- the Company's annual results for the half ending 31 December 2014 have been released to ASX (the date of such release being the Relevant Date); and
- the Company VWAP on each trading day comprising the Company VWAP Period is at least 20% higher than the Offer Price.

The Company VWAP on any trading day prior to the Relevant Date is not relevant to determining whether the exception is available.

Mr Croll (and his associated entities) and Mr Shah will be prevented from disposing of all of the Shares they hold on Completion of the Offer from the date of the Company's admission to the Official List to the date that the Company's results for FY15 are released to ASX and, in relation to half of the Shares they hold on Completion of the Offer, for an additional period concluding on the date that the Company's results for FY16 are released to ASX, in each case, subject to certain exceptions set out in Section 7.8.

For more information, see Sections 6 and 7.

1. INVESTMENT OVERVIEW

1.7 OVERVIEW OF THE OFFER

TOPIC	SUMMARY
What is the Offer?	The Offer is an invitation to apply for 139.0 million new Shares that will be issued by the Company. The Offer is expected to raise approximately $283.5 million. The Shares to be issued under the Offer will represent 69.5% of the Shares on issue on Completion of the Offer. ***For more information, see Section 7***

What are the key Offer statistics?

Total number of Shares to be issued under the Offer	139.0 million
Number of Shares to be held by the Quadrant Funds after the Offer[1]	50.0 million
Number of Shares to be held by Management Shareholders after the Offer[1]	9.8 million
Total number of Shares on issue at Completion of the Offer	200.0 million
Offer Price	$2.04 per Share
Gross proceeds of the Offer	$283.5 million
Gross proceeds of the Offer payable to the Current Owners	$169.3 million
Market capitalisation at the Offer Price[2]	$408.0 million
Enterprise Value at the Offer Price[3]	$456.0 million

1 These Shares will be subject to voluntary escrow arrangements, as described further in Section 7.8.

2 Calculated as the total number of Shares on issue following the Offer multiplied by the Offer Price.

3 Enterprise Value is calculated as the Company's indicative market capitalisation, based on the Offer Price, plus pro forma net debt on Completion of the Offer.

For more information, see Section 7 and Key Offer details on page 2.

What are the key investment metrics?

Enterprise Value at the Offer Price/pro forma consolidated FY15 forecast EBITDA[1]	11.0x
Offer Price/pro forma consolidated FY15 forecast NPATA per Share[2]	15.0x
Implied FY15 forecast dividend yield at the Offer Price[3]	3.3%

1 The Enterprise Value/EBITDA multiple is calculated as the Enterprise Value divided by pro forma forecast consolidated EBITDA for FY15. This multiple represents a valuation metric that may enable prospective investors to assess the valuation of comparable businesses before the impact of depreciation, amortisation and different capital and taxation structures.

2 NPATA means net profit after tax before acquired amortisation (after tax), which includes the uplift in value of acquired software as a result of the Current Shareholders' acquisition of iSentia in July 2010. The acquired amortisation adjustment to NPAT is the after-tax effect of the amortisation of acquired software and the amortisation of acquired client-related items. iSentia's management believes NPATA is an important measure of the underlying earnings of the business due to the number of acquisitions during the historical period which has resulted in increased amortisation, which represents a non-cash charge.

3 Implied dividend yield is calculated as the implied dividend per Share based on the midpoint of the Company's target dividend payout ratio range of 40% to 60% of pro forma forecast FY15 NPATA, divided by the Offer Price. The payment of dividends by the Company, if any, is at the complete discretion of the Directors and subject to law. The decision as to whether or not a dividend will be paid is subject to a number of considerations which include the general business environment, the operating results, the cash flows and the financial position of iSentia, capital requirements, regulatory restrictions and any other factors the Directors may consider relevant. 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 and this indicative implied yield is not a forecast. For more information on the Company's dividend policy, see Section 4.9.

For more information, see Section 7 and Key Offer Statistics on page 2.

TOPIC	SUMMARY
Who is the Company?	iSentia Group Limited is a recently incorporated public company established to be the holding company of iSentia from Completion of the Offer. ***For more information, see Section 7.***

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TOPIC	SUMMARY
What will happen on Completion of the Offer?	On Completion of the Offer, the Company will: → acquire iSentia by completing the acquisition of all iSentia Holdings Shares under the Sale Deed. This includes applying part of the proceeds of the Offer towards payment to the Current Owners and issuing Shares to them, as described in Section 9.4; and → issue new Shares to investors under the Offer. ***For more information, see Section 7.***
Who is the issuer of the Prospectus?	The Company is the issuer of this Prospectus and the Shares, and will acquire iSentia Holdings under the Sale Deed. ***For more information, see Sections 7 and 9.4.***
Who owns iSentia now?	iSentia Holdings is the current holding company of iSentia. As at the Prospectus Date, the majority of iSentia Holdings Shares are owned by the Quadrant Funds. The balance of the iSentia Holdings Shares are currently owned by the Management Shareholders and certain other investors. ***For more information, see Section 7.1.***
Will the Shares be quoted on ASX?	Yes. The Company will apply to ASX for its admission to the Official List of, and quotation of its Shares by, ASX (which is expected to be under the code 'ISD') within seven days after the Prospectus Date. ***For more information, see Section 7.***
How is the Offer structured?	The Offer comprises: → the Retail Offer, consisting of the: — Broker Firm Offer, which is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate; and — Chairman's List Offer to selected investors who have received a Chairman's List Invitation; and → 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. No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares. ***For more information, see Section 7.***
Is the Offer underwritten?	The Offer is fully underwritten by the Joint Lead Managers. ***For more information, see Sections 7.7 and 9.5***
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, the Chairman's List Offer and the Institutional Offer was determined by the Company and the Joint Lead Managers. With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among eligible retail clients. The allocation of Shares among Applicants in the Chairman's List Offer and the Institutional Offer was determined by the Company and the Joint Lead Managers. ***For more information, see Section 7.***

1. INVESTMENT OVERVIEW

TOPIC	SUMMARY
Is there any brokerage, commission or stamp duty payable upon Application?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer. *For more information, see Section 7.*
What are the tax implications of investing in the Shares?	The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest in the Offer. For more information, see Sections 7 and 9.10.
What is the minimum and maximum Application size under the Offer?	The minimum Application under the Broker Firm Offer is $2,000 worth of Shares. The minimum Application size under the Chairman's List Offer is $2,000 worth of Shares. The Company and the Joint Lead Managers reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for. In addition, the Company and the Joint Lead Managers reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) in the Retail Offer which are for more than $100,000 worth of Shares. There is no maximum value of Shares that may be applied for under the Retail Offer. *For more information, see Section 7.*
How can I apply?	You may apply by completing a valid Application Form included in or accompanying the Prospectus, or available for download for Applicants in Australia at www.isentia.com. Applicants under the Chairman's List Offer should follow the instructions on how to apply in their personalised invitation. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable. *For more information, see Section 7.*
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be mailed to successful Applicants by standard post on or about 10 June 2014. *For more information, see Section 7.*
Can the Offer be withdrawn?	The Company 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. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer. *For more information, see Section 7.*
Where can I find out more information about this Prospectus or the Offer?	Call the iSentia Offer Information Line on 1800 250 297 (toll free within Australia) or +61 1800 250 297 (outside Australia) between 8.30am to 5.30pm Sydney Time, Monday to Friday (Business Days only). If you are unclear in relation to any matter or are uncertain as to whether iSentia is a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest. *For more information, see Section 7.*

2 INDUSTRY OVERVIEW

2. INDUSTRY OVERVIEW

2.1 INTRODUCTION

iSentia is the leading media intelligence company in the Asia-Pacific region operating across Australia, New Zealand and Asia. This Section 2 provides an overview of the APAC media intelligence industry in which iSentia operates, and discusses key industry dynamics and trends.

2.2 WHAT IS MEDIA INTELLIGENCE?

iSentia operates in the media intelligence industry which is centred around the development of software and systems that capture, enrich, interpret and analyse data from mainstream, online and social media sources to provide business-critical media intelligence to assist clients to make more informed and time-critical business and communications decisions and execute their media strategies.

Media content sources include newspapers, magazines, journals, television, radio, online and social media sources. Online and social media sources are rapidly increasing in audience reach and relevance and include online news websites, industry blogs and forums, as well as social media offerings including Facebook, Twitter, Weibo (Twitter's equivalent in China), Instagram, LinkedIn, and YouTube.

The main components of media intelligence are discussed in Section 2.2.1.

2.2.1 Market segments

2.2.1.1 Media monitoring[16]

Media monitoring is the use of software and other systems to capture, enrich, search and relevance-match specific brands, topics, opinions or issues across extensive media content sources to gather relevant information to inform and alert clients. Media monitoring has evolved from print media press clipping services, through broadcast radio and television media, to now monitoring online information. The delivery of media monitoring offerings has also evolved to be delivered through SaaS platforms that are accessible 24 hours a day, seven days a week on internet-connected desktop, laptop, tablet and smartphone devices.

iSentia provides media monitoring services through its SaaS platforms, as discussed in Sections 3.2.2.

2.2.1.2 Social media monitoring and analysis

Social media monitoring and analysis involves the use of software to capture, enrich and interpret tens-of-millions of social media interactions/conversations from sources including Facebook, Twitter, Weibo, Instagram, YouTube, LinkedIn, YouTube, blogs and forums in real-time to extract client-relevant information and insights.

Social media monitoring and analysis provides qualitative and quantitative insights into consumer and other key stakeholder sentiment to allow business professionals including senior executive, corporate communications, public relations and marketing professionals to enhance their business decisions and marketing campaigns.

iSentia provides social media monitoring and analysis services through its integrated VAS offerings, accessed using iSentia's SaaS platforms as discussed in Section 3.2.3.

2.2.1.3 Media measurement and analysis

Media measurement and analysis utilises software algorithms and subject matter experts to deliver quantitative and qualitative insights to assist clients in understanding the effectiveness of their communications, media and marketing strategies.

iSentia provides media measurement and analysis services through iSentia's integrated VAS offerings as discussed in Section 3.2.3.

2.2.1.4 Contact management

Contact management services assist clients to more effectively develop and execute their communications strategies. This focuses on identifying influential mainstream, online and social media contacts to ensure communication is reaching the relevant media influencers and audiences to maximise message effectiveness. This is typically done via extensive media contact databases that can typically be filtered by geography, industry relevance, publication, role (e.g. editor, blogger) and circulation to identify and target the relevant audiences.

iSentia provides contact management services through its integrated VAS offerings, led by the Connect offering, and accessed using Mediaportal, as discussed in Section 3.2.3.

2.2.1.5 Media release distribution

Media release distribution includes tools and services to distribute news and messages to selected news or industry media. This can include online and fee-based news wire services where a media intelligence provider hosts a repository of media releases to enable search engine visibility. Some media intelligence providers also offer additional services including tools to assist in preparing written, graphical and recorded multimedia communications in a manner which is easier for key influencers to utilise in the preparation of their stories.

iSentia provides media release distribution services, led by the Connect and Newsboost offerings, through its integrated VAS offerings as discussed in Section 3.2.3.

16 In this Prospectus, media monitoring explicitly excludes social media monitoring and analysis which is discussed in Section 2.2.1.2.

2.3 WHO USES MEDIA INTELLIGENCE?

Media intelligence products and services are considered business-critical and are used by companies, agencies, industry bodies and governments for a diverse range of purposes such as brand and reputation management, improved marketing and advertising campaign effectiveness, and strategic business and competitor positioning analysis.

Media intelligence products and services were once purchased predominantly by the public relations and corporate communications functions within corporate and government clients, with the information and insights generated then typically distributed across an organisation. Today, media intelligence products and services are increasingly being purchased by business professionals across clients' organisations for a diverse array of purposes such as marketing and investor relations functions. This wider adoption of products and services is largely being driven by:

- the emergence of online and social media, which has provided a channel for consumers, employees and other industry participants to express their opinions and feedback regarding a client's or competitor's operations, brand and products. These opinions can be valuable data for business and marketing professionals in assessing brand and product positioning, and evaluating the success of marketing campaigns;
- the industry trend associated with marketers transitioning from purely 'paid' media (e.g. advertising) to 'owned' and 'earned' media. Organisations and their brands are increasingly moving more towards 'owned' media created and controlled by the company (e.g. company blog, company YouTube channel, and company Facebook page) and 'earned' media where the company and the public share the company's communication, thus creating conversations and consumer feedback. This trend is creating an enhanced need for marketing professionals to use media intelligence products and services to monitor these conversations to gain valuable insights as well as protect and promote the organisation's brand image. This is discussed further in Section 2.7; and
- in the case of investor relations, there are emerging regulatory requirements in some markets (including Australia) for publicly-listed companies to actively monitor the online and social media presence of their organisation, including the company's website, Facebook, Twitter and LinkedIn pages.

2.4 ASIA-PACIFIC MARKET SIZE AND GROWTH

2.4.1 Historical market size and growth

The APAC media intelligence industry has exhibited strong historical growth to generate total industry revenue of US$344.0 million in 2013[17]. As illustrated in Figure 1, after adjusting for FX rate movements between 2012 and 2013, the revenue of the APAC market has grown at a four-year CAGR of approximately 16.0% from 2009 to 2013[17]. This has been underpinned by growth across all core components of the APAC media intelligence industry[17]:

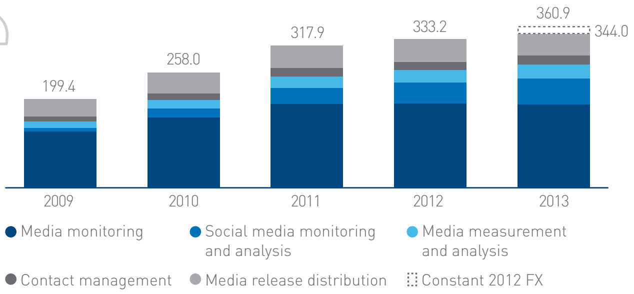
- **Media monitoring** which accounts for over half of APAC media intelligence revenue has experienced strong historical growth with a four-year CAGR of 10.3% from 2009 to 2013. This growth has been driven by the Asian region which has experienced a four-year CAGR of 16.1% from 2009 to 2013, which compares to the more established ANZ region with a four-year CAGR of 4.2% (similar to that of the more established markets of the Americas and Europe, Middle East and Africa (EMEA));
- **Social media monitoring and analysis** has experienced very strong historical growth with a four-year revenue CAGR of 61.7% from 2009 to 2013, and has become the second-largest area of media intelligence spend in APAC;
- **Media measurement and analysis** has experienced strong historical growth with a four-year revenue CAGR of 20.2% from 2009 to 2013, but is still in its relative infancy in the region;
- **Contact management** has experienced strong historical growth with a four-year revenue CAGR of 13.9% from 2009 to 2013. Similar to media measurement and analysis, the contact management component of the APAC media intelligence industry appears embryonic, with a limited range of offerings. In 2013, the contact management component represented 6% of industry revenue, which is in contrast to the Americas and EMEA where this component represents approximately 12.5% of industry revenue[18]; and
- **Media release distribution** has experienced historical growth with a four-year revenue CAGR of 5.2% from 2009 to 2013. This industry component is relatively established with providers in many of the key APAC countries.

17 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014; US$360.9 million 2013 APAC market revenue adjusted for constant 2012 FX; the 2013 APAC media intelligence industry revenue was US$344.0 million if 2013 FX is assumed, representing a 14.6% four-year CAGR from 2009 to 2013.

18 Burton-Taylor International Consulting LLC, 'Public Relations Information & Software Global Share & Segment Sizing 2013', April 2013.

2.4.1 Historical market size and growth (cont)

Figure 1: Asia-Pacific media intelligence industry revenue (US$ million)

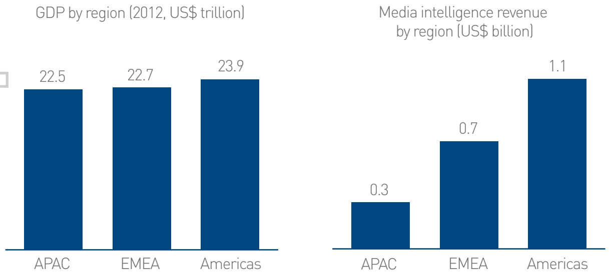


Source: Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

Note: US$360.9 million 2013 industry revenue adjusted for constant 2012 FX; the 2013 APAC media intelligence industry revenue was US$344.0 million if 2013 FX is assumed.

The media intelligence industry in APAC has exhibited materially higher growth rates than those for the Americas and EMEA which have exhibited a three-year revenue CAGR of 7.5% and 4.9%, respectively, from 2009 to 2012 – revenue in APAC grew at a three-year CAGR of 18.7% over the same period. This higher growth in APAC is indicative of the APAC media intelligence industry being less developed than the industries in the Americas and EMEA. Figure 2 highlights that although the gross domestic product (GDP) of APAC, the Americas and EMEA is similar[19], APAC media intelligence revenue is significantly lower than that in the Americas and EMEA, which had 2012 revenues of US$1.1 billion and US$0.7 billion respectively[20]. As such, the Company believes that there is significant further growth potential for the media intelligence industry in APAC relative to that of the more established Americas and EMEA regions.

Figure 2: GDP (US$ trillion) vs. media intelligence industry revenue (US$ billion) by region



Source: World Bank; OECD; Burton-Taylor International Consulting LLC, 'Public Relations Information & Software Global Share & Segment Sizing 2013', April 2013.

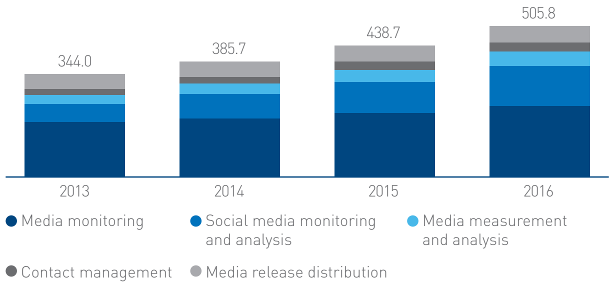
Note: Americas and EMEA media intelligence industry revenue is for 2012, APAC media intelligence industry revenue is for 2013.

2.4.2 Forecast market size and growth

The APAC media intelligence industry is forecast to grow at a revenue CAGR of approximately 13.7% from 2013 to 2016 as illustrated in Figure 3. Similar to historical trends, all market segments are expected to grow over this period, with social media monitoring and analysis expected to provide the most significant growth driver with forecast growth at a revenue CAGR of 30.0% from 2013 to 2016[21].

The growth potential in the APAC media intelligence industry, highlighted in Section 2.4.1, is expected to be driven by a combination of an increased number of organisations in Asia using external providers of media intelligence services (many of these organisations currently utilise in-house/in-sourced or low-cost alternatives), and growth in the scope and depth of media intelligence services sought and acquired by existing and new clients. Key industry dynamics and trends are further discussed in Section 2.7.

Figure 3: Asia-Pacific media intelligence forecast industry revenue (US$ million)



Source: Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

Note: 2013 industry revenue of US$344.0 million assumes 2013 FX which is more relevant for analysis of future periods.

19 Regional GDP based on World Bank regional segmenting; data sourced from World Bank national accounts and OECD national accounts.

20 Burton-Taylor International Consulting LLC, 'Public Relations Information & Software Global Share & Segment Sizing 2013', April 2013.

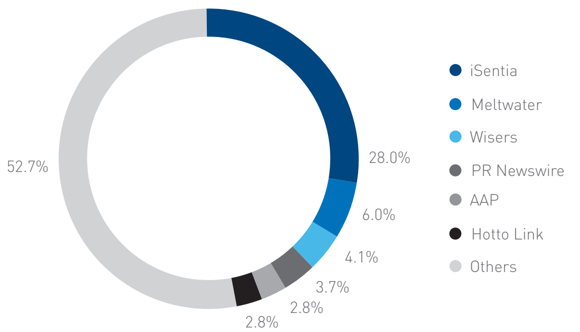
21 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

2.5 ASIA-PACIFIC MARKET SHARE

The APAC media intelligence industry is comprised of only a limited number of participants of scale. As seen in Figure 4, iSentia is the APAC market leader with 28.0% revenue share[22] (greater than five times that of the nearest competitor) and stands out as the only multi-country, multi-segment media intelligence provider in an industry where most providers address only a single segment and country, or a couple of segments and countries at best.

Meltwater is APAC's second-largest media intelligence provider with 6.0% revenue share. It provides low-cost, web-based media monitoring, analytics and social media offerings. Other providers operating in APAC include Wisers, UBM/PR Newswire, AAP[23], and a number of other smaller single country focused agencies.

Figure 4: Asia-Pacific media intelligence industry share by revenue (2013)



Source: Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014. iSentia adjusted to include AAP's media monitoring revenue; all unlabelled segments comprise revenue share of less than 2.5%.

2.5.1 ANZ market share

With over 3,400 clients, iSentia is the leading SaaS provider of media intelligence services in ANZ. Following the acquisition of AAP's ANZ media monitoring business which completed in February 2014, iSentia has approximately 90% revenue share of the ANZ media monitoring market[24] and services 87% of the companies in the S&P/ASX 100 Index.

2.6 KEY MARKET PARTICIPANTS

There are a number of participants in the global market for media intelligence with iSentia holding a market-leadership position in APAC (as noted in Section 2.5). iSentia has achieved this market position through providing:

- integrated SaaS platforms with a deep value-added capability combined with a high level of client service. In comparison to that of some providers, iSentia's product, software and services offering extends beyond a relatively basic keyword 'alerts' service, to being an integrated SaaS platform incorporating insights, analytics, contact management and media release distribution capabilities;
- a multi-country presence throughout most of APAC, in comparison to many providers in the region that are focused on one or two countries; and
- multi-segment content coverage that extends across mainstream, online and social media, in comparison to many other providers that focus on one media type.

22 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014; iSentia share includes the media monitoring revenue for AAP following the AAP Acquisition.

23 Following iSentia's acquisition of AAP's ANZ media monitoring business, AAP's key services include news services, editorial production outsourcing, media analysis and media release distribution.

24 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

2.6 KEY MARKET PARTICIPANTS (CONT)

Table 1 provides an overview of iSentia's key market participants.

Table 1: Key market participants

COMPANY	KEY GEOGRAPHIES	APAC MARKET SHARE[25,26]	KEY OFFERINGS	COMMENTS
iSentia	ANZ, Asia	28.0%	Media monitoring, social media monitoring and analysis, measurement and analysis, contact management, and media release distribution	— Full-service media intelligence provider — Leading APAC provider — One of APAC's most extensive databases of mainstream, online and social media content — Proprietary systems and software (including multi-lingual capability) — Refer to Section 3 for business overview
Meltwater	US headquartered with operations currently focused on Americas and EMEA	6.0%	Media monitoring, social media monitoring and analysis, measurement and analysis	— Low-cost, do-it-yourself offering — Small Asian presence — Priorities in social media development and SaaS platforms
Wisers	Greater China (including Hong Kong and Taiwan)	4.1%	Media monitoring, social media monitoring and analysis, measurement and analysis	— A leading Greater China provider — Offering also includes social media monitoring — Monitors approximately 8,000 content sources
UBM/PR Newswire	Americas-focused	3.7%	Media release distribution	— Media and business-to-business communications — Leading global PR vendor — Parent company, UBM, is publicly-listed in the UK
Australian Associated Press (AAP)	ANZ	2.8%	Media release distribution	— Owned by News Corporation Australia, Fairfax Media and Seven West Media — Key focus on editorial, business and publishing solutions — No social media offering — Recently sold its media monitoring business to iSentia
Hotto Link	Japan	2.8%	Social media monitoring and analysis	— Japan's largest social data and social media analytics provider — Self-service alerts model — Recently listed on the Tokyo Stock Exchange
Korea Newswire	Korea	2.5%	Media release distribution	— Commercial news agency service to Korean media and internet portals
Esha Media Research	India	1.4%	Media monitoring	— Primarily mainstream media monitoring with ancillary reporting services
Dow Jones Insight/ Factiva	Asia, Americas and EMEA	1.2%	Media monitoring	— Owned by News Corporation — Online self-service news archive with alerts functionality — Mainstream and online media content coverage
Radian6 (owned by Salesforce)	Asia, Americas and EMEA	0.9%	Social media monitoring and analysis, measurement and analysis	— Owned by Salesforce with ability to be integrated into wider Salesforce platform — Predominantly a social media monitoring platform aimed at large companies — Also offers insights from third-party partners

25 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

26 CIC market share representative for social media monitoring and analysis only.

COMPANY	KEY GEOGRAPHIES	APAC MARKET SHARE	KEY OFFERINGS	COMMENTS
CIC (owned by Kantar Media/WPP)	China	0.8%[26]	Social media monitoring and analysis, measurement and analysis	— A leading social media business intelligence provider in China — Utilises its own patent-pending technology — Also offers mainstream and online media offerings — Owned by Kantar Media, a WPP company
Google Alerts	Global offering	n.a.	Media monitoring, social media monitoring	— Self-service offering that provides email alerts of relevant Google content (based on user queries). Alerts can sometimes be delayed by a number of hours and/or days — Aggregation services only

Beyond the participants listed in Table 1, there are a number of media intelligence providers whose operations are focused on the more developed Americas and EMEA markets which are outside of iSentia's APAC focus. These agencies include Kantar Media (owned by WPP), Cision, Gorkana Group, NASDAQ OMX, Vocus, Business Wire and Marketwired.

There are also several self-service digital offerings which largely cater to less-sophisticated users of media intelligence products and services. These self-service providers, such as Google Alerts, typically only provide aggregation services of select online media sources, and generally provide lower levels of coverage and service with inconsistency in the timing of alerts.

In addition, the growth in social media has seen the emergence of specialist social media intelligence providers including BuzzNumbers and Brandtology (both owned by iSentia and discussed in Section 3.2), Radian6 (acquired by Salesforce), Sysomos (acquired by Marketwired/OMERS Private Equity), HootSuite (funded by OMERS Ventures), Brandwatch, and Topsy (acquired by Apple in December 2013). Similar to media monitoring, self-service offerings such as TweetDeck are being adopted but only offer limited tools to interpret, filter or manage the vast amounts of data, a large quantity of which may be irrelevant.

2.7 KEY INDUSTRY DYNAMICS AND TRENDS

The APAC media intelligence industry is in an ongoing period of growth and development, as the wider media landscape continues to evolve and become increasingly more complex with the growth in prominence of online and social media.

Two key current and expected industry dynamics and trends are the continued growth of online and social media (see Section 2.7.1) and the shift from 'paid' media to 'owned' and 'earned' media (see Section 2.7.2). These industry trends are serving as key catalysts that have further accelerated the growth of the media intelligence industry and are leading to other emerging trends which include:

→ the growing number of media intelligence applications in response to the emergence of online and social media (see Section 2.7.3);

→ the shift to outsourcing of media intelligence services in Asia (see Section 2.7.4);

→ the complexity of the media landscape driving demand for advanced single SaaS platform technologies (see Section 2.7.5);

→ an increasingly crowded media landscape leading to a growing need for specialist contact management and media release distribution solutions (see Section 2.7.6); and

→ the growth in tools and capabilities to interpret 'big data'[27] (see Section 2.7.7).

27 'Big data' is the term for a collection of data sets so large and complex that it becomes difficult to process using on-hand database management tools or traditional data processing applications.

2.7.1 Continued growth of online and social media

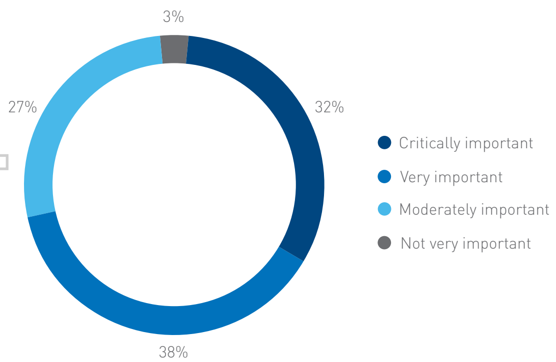
A key dynamic in the media intelligence industry is the continued growth of online and social media. This includes the growth in prominence of several social media platforms including Facebook, Twitter, Weibo, Instagram, LinkedIn, YouTube, blogs and forums, and a number of other Asian country-specific social media platforms. The use of these platforms is highlighted in a number of metrics, including:

- 1.6 billion users of social networks in 2013 representing nearly one in four people in the world[28];
- 777 million users of social networks in 2013 in APAC, forecast to grow to 1.2 billion users in 2017[29];
- social network user penetration in APAC estimated to be 19.7% of total population in 2013, forecast to grow to 30.2% in 2017[29];
- 1.2 billion unique monthly active users of Facebook, including 368 million monthly active users in Asia[30]; and
- one billion unique monthly active users of YouTube[31] and 712 million and 500 million unique monthly active users of Chinese social media networks Qzone and Weibo respectively[32].

The growth in prominence of online and social media has resulted in significant demand from clients for media intelligence products and services to monitor and analyse this online and social media. Figure 5 highlights this trend, with 70% of respondents in a recent AMEC survey stating social media measurement is 'critically important' or 'very important' to the future success of their business[33].

Figure 5: Importance of social media measurement

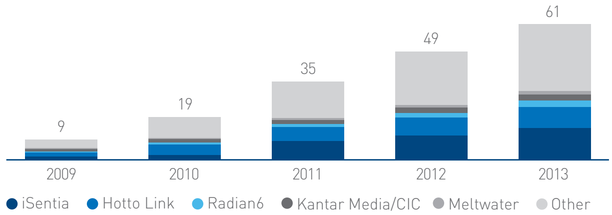
Survey question: How important is social media measurement to the future success of your business?



Source: AMEC International Business Insights Study 2013, October 2013.

The APAC media intelligence industry has benefited from this trend as exhibited by the significant historical growth in social media monitoring and analysis with a four-year revenue CAGR of approximately 61.7% from 2009 to 2013 as illustrated in Figure 6 and discussed in Section 2.4.1[34].

Figure 6: Asia-Pacific social media monitoring and analysis revenue (US$ million)



Source: Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

2.7.2 Shift from 'paid' media to 'owned' and 'earned' media

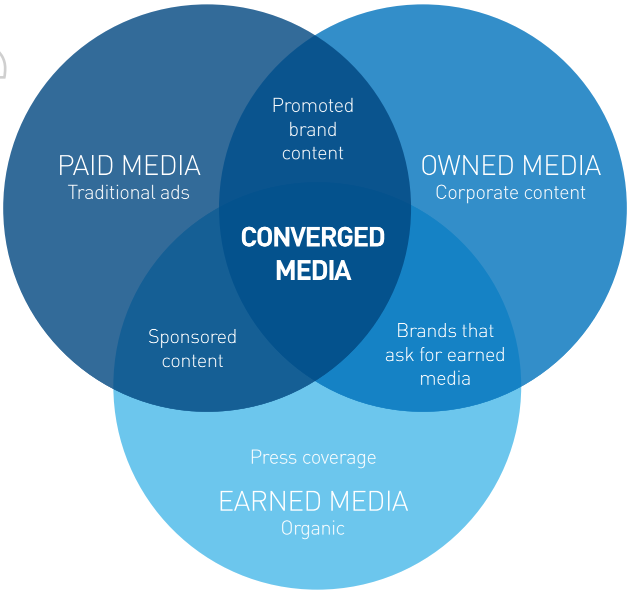
Communications and marketing professionals in the past have typically used distinct media channels to promote their brands, products and services. These distinct media channels include:

- 'paid' media, such as television and radio advertisements, online banner advertisements and search engine marketing, typically used to raise brand awareness;
- 'owned' media, whereby communications are carried out through corporate assets such as blogs, the company's website or the company's YouTube channel; and
- 'earned' media, which has extended from public relations activity and editorial coverage to online word of mouth, reviews and social media updates through Facebook, Twitter, Weibo and WeChat in China.

However, these media channels are converging as consumers increasingly access and discuss information about brands, products and services through shared social media platforms, forums and company websites, among others. This is displayed in Figure 7.

28 eMarketer Journal 19 November 2013.
29 eMarketer Journal 'Worldwide Social Network Users: 2013 Forecast and Comparative Estimates', June 2013.
30 Facebook 10-K Annual Report, for quarterly period ending 31 December 2013.
31 YouTube company website 'statistics' page, March 2014.
32 Business Insider 'Social Media Census 2013', October 2013.
33 AMEC International Business Insights Study 2013, October 2013; AMEC is the International Association for Measurement and Evaluation of Communication.
34 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

Figure 7: The convergence of 'paid', 'owned' and 'earned' media



Source: Altimeter Group, 'The Converged Media Imperative: How Brands Must Combine Paid, Owned & Earned Media', July 2012.

This convergence is creating a significant opportunity for communications and marketing professionals, as an audience can be reached directly and be engaged in a brand, product and service. It is also creating a threat and complexity as the organisation can lose control of a marketing campaign as consumers provide their direct feedback on social media platforms, which is subsequently providing increased demand for media intelligence services and solutions. This is leading clients to require:

- an integrated SaaS platform that provides access to information across all 'earned' and 'owned' media from mainstream, online and social media sources;
- real-time alerts across all media so clients can reduce the loss of control and be engaged in the social media discussion;
- tailored databases to understand the influencers in the media agenda and connect with the right people to inform the discussion across 'earned' media; and
- insights that measure marketing and communication campaigns activities, effectiveness and return on investment across the different media channels.

2.7.3 Growing number of media intelligence applications in response to the emergence of online and social media

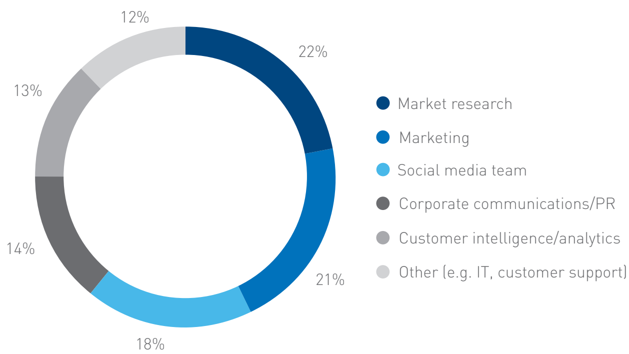
As discussed in Section 2.3, the number of media intelligence applications is increasing. This is attributable, in part, to the growth in prominence of online and social media (as discussed in Section 2.7.1) and the shift from 'paid' media to 'owned' and 'earned' media (as discussed in Section 2.7.2) which has provided a channel for consumers to express their immediate opinions and feedback regarding a client or competitor's brand and products. Some emerging applications include:

- Marketing: iSentia can extract valuable data and analytics regarding the consumer response to a new marketing initiative, which the client can then use to adapt their strategy as needed. In addition, using data-driven methodologies, iSentia provides insights into which market commentators and media sources are most influential, and therefore relevant for a marketing team to focus resources on;
- Human resources: iSentia can monitor publicly available social media posts about the organisation and its activities to listen to what its employees may be saying in social media; and
- Investor relations: iSentia can assist organisations' investor relations functions to meet regulatory requirements in some markets to actively monitor the online and social media presence of an organisation including the company website, and Facebook, Twitter and LinkedIn pages.

Figure 8 highlights the growing importance of social media to business functions within organisations. These functions have differing uses of media intelligence services; for example, corporate marketing and market research functions typically seek to extract valuable consumer data and analytics, which differ from corporate communications functions which are typically more focused on brand image and reputation.

Figure 8: Corporate social media positioning within their organisations

Survey question: Which category best describes the group you work for within your company?



Source: Forrester Research, Inc., 'The State of Social Intelligence', 2012; the surveyed findings above are provided by the users of social media (for business purposes), and reflect where those social media users are positioned within the company.

2.7.4 Shift to outsourcing of media intelligence services in Asia

The APAC media intelligence industry remains relatively under-penetrated when compared with that for the Americas and EMEA (as outlined in Section 2.4)[34]. A key contributor to this under-penetration and constrained industry growth is the propensity for organisations within the Asian region to in-source their media intelligence capabilities to internal corporate communications roles and functions. As seen in the overall APAC media intelligence industry growth highlighted in Section 2.4, there has been an increase in adoption of outsourced media intelligence solutions in APAC, particularly in Asia.

The continued growth in prominence of online and social media, in particular, is serving as a catalyst for the adoption of outsourced media intelligence services within the region to provide fast, reliable information and verification of themes and messages. This trend is further supported by two underlying dynamics which significantly increase the difficulty and complexity associated with an in-sourced solution in Asia:

- many clients in Asia operate across multiple countries with different languages; and
- the Asian market in particular supports a different social media ecosystem, with local social sites being key providers (e.g. over 500 million monthly active users of Qzone and Weibo)[35].

2.7.5 Complexity of the media landscape driving demand for advanced single SaaS platform technologies

As the media landscape continues to grow increasingly more complex with the growth in prominence of online and social media, the media intelligence industry has sought to address clients' demand for advanced SaaS platform technologies that:

- save time and enable deeper analysis by delivering the full suite of media intelligence product and service offerings on a single integrated platform with a single media view across mainstream, online and social media;
- provide user access over a cloud-based platform accessible on internet-connected desktop, laptop, tablet and smartphone devices; and
- provide tools to allow clients to readily perform their own customised analysis of media content in order to facilitate the relevance of these products and services for marketing, investor relations and other professionals who are increasingly adopting these services within organisations (as discussed in Sections 2.3 and 2.7.3).

Notably, in this transition to single platform delivery, some media intelligence providers have been able to capture greater spend from clients as well as transition to a more predictable subscription-centric revenue model.

2.7.6 Growing need for specialist contact management and database solutions

Contact management and media release distribution solutions also continue to be growth segments, with organisations finding it increasingly difficult to reach key media contacts in a crowded and fragmented media landscape. This has seen the growing need for organisations to utilise media intelligence providers' contact databases to enable targeted distribution of client news and messages to specific journalists, key influencers and outlets to make their corporate communications more effective and influential. Figure 9 highlights how traditional in-house media relations methods are becoming less effective due to their limited ability to reach online and social media influencers.

35 Business Insider, 'Social Media Census 2013', October 2013.

Figure 9: Traditional in-house media relations practices are becoming less effective

TRADITIONAL MEDIA RELATIONS METHODS AND ACTIVITIES	ABILITY TO REACH TRADITIONAL MEDIA INFLUENCERS	ABILITY TO REACH ONLINE AND SOCIAL MEDIA INFLUENCERS
Telephone	✓	× (rarely possible)
Email	✓ (major method)	• (very large database, difficult to track)
Media news release	✓ (major method)	• (very large database, difficult to track)
Media information kit	✓	×
Interview	✓ (major method)	×
News conference	✓	× (most do not attend)
Invitation to event	✓	× (most do not attend)
Entertainment	✓	× (rarely attend)

Notably, clients are also seeking to leverage contact management tools to access social media commentators to seed content into appropriate forums in order to maximise subsequent high-visibility mainstream media coverage; for example, clients may target certain online blog commentators to enhance the prospect that their media release is picked up in nightly television news coverage or in the national newspaper the next morning.

2.7.7 Growth in tools and capabilities to interpret 'big data'

There is an increasing volume of detailed information being captured by organisations, driven by a number of reasons including the rise of online and social media sources. This presents significant potential for the media intelligence industry to provide sophisticated analysis tools and capabilities to assist in extracting valuable insights from this 'big data' repository that would otherwise be too costly for organisations to process and examine. According to a survey conducted in 2012, approximately 93% of executives believed that their organisation was losing revenue at an average rate of 14% annually as a result of not being able to fully leverage the information they collected, and believed that a new generation of tools could provide the intelligence to convert their 'big data' deficiencies into opportunities[36]. Media intelligence providers, such as iSentia, are particularly well placed in this regard given their real-time access to key content sources, development capabilities to offer enhanced 'big data' analysis solutions and existing client relationships to whom they already provide relevant content and analysis capabilities.

36 Oracle, 'From Overload to Impact: An Industry Scorecard on Big Data Business Challenges', July 2012.

3 BUSINESS OVERVIEW

3.1 OVERVIEW

3.1.1 Introduction

iSentia operates a market-leading Software-as-a-Service business that provides many of the world's leading brands, companies, agencies, industry bodies and governments with time-critical and highly relevant media intelligence to assist them to make more informed and timely business and communications decisions, including strategies to protect, cultivate or enhance brand reputation and image.

This service is underpinned by iSentia's proprietary software and systems that capture, enrich and interpret data from mainstream, online and social media sources, to alert its clients to what is being said about their organisations, competitors and industry as the 'news breaks'.

iSentia delivers this information over a number of proprietary SaaS platforms, including its market-leading Mediaportal platform which provides clients with a cloud-based workspace to inform, organise and report on media intelligence and includes customisable reporting and analytics tools to allow business professionals to readily inform their organisations. In addition, iSentia offers a suite of market-leading VAS offerings including social media monitoring and analysis services, quantitative and qualitative insight media reports and bespoke media contact databases.

Founded in 1982, iSentia has grown to become APAC's media intelligence industry market leader with 28% revenue share[37] (almost five times greater than that of its nearest competitor). iSentia has the leading share of the ANZ market, providing services to 87% of the companies constituting the S&P/ASX 100 Index. iSentia also has leading positions in a number of key Asian markets including the Philippines, Malaysia, Indonesia, Thailand, Singapore and Vietnam and an emerging presence in Greater China. This market leadership is supported by over 1,100 employees who provide an in-market presence in 18 offices across APAC and the delivery of services in 12 different languages.

For 2010, 2011, 2012 and 2013, iSentia has been the world's most awarded media intelligence company by the peak international industry body, AMEC[38]. iSentia has won over 19 AMEC awards, including the AMEC President's Award to CEO John Croll for services to the industry. iSentia has won industry recognition for the best use of communications management across not-for-profit, business-to-business, public sector, single event and social media innovation categories. In 2014, iSentia was awarded the CODiE award by SIIA[39], for global excellence in software development in the Media & Information Monitoring Solutions category.

37 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

38 AMEC is the International Association for the Measurement and Evaluation of Communication – the global trade body and professional institute for agencies and practitioners who provide media evaluation and communication research. AMEC currently has more than 120 members in 41 countries worldwide.

39 SIIA is the Software and Information Industry Association – the principal trade association for the software and digital content industries. The SIIA CODiE Awards are the only peer-reviewed awards program in the content, education and software industries.

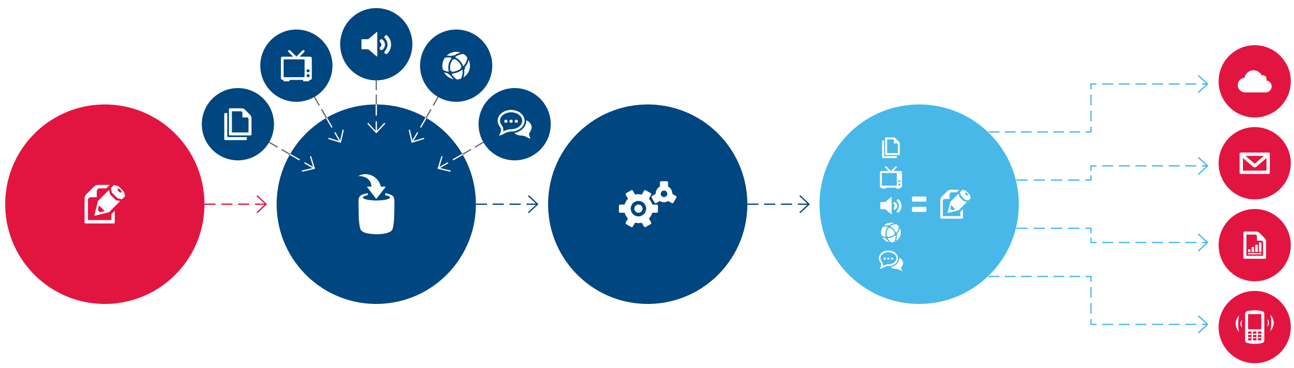
3. BUSINESS OVERVIEW

3.1.2 Business model

3.1.2.1 Overview

iSentia generates its income from the provision of its SaaS platforms and VAS offerings to over 5,000 clients in APAC. Clients typically purchase one of iSentia's SaaS platforms which provide clients with access to time-critical and highly relevant media information as well as tools to analyse and report on media intelligence. An overview of iSentia's SaaS platform adoption and use is given in Figure 10 and discussed further in Section 3.4.

Figure 10: iSentia's business model



CLIENT BRIEF

- iSentia helps the client build a definition of what they need to know, with experts translating their interests into complex search criteria
- Serviced by **local account management teams**, refined over the life of the relationship

CONTENT CAPTURE

iSentia platforms gather content in **12 languages** from more than:

- **5,500** mainstream media outlets
- **55,000** online news articles per month
- **3.4 million** user-generated sources

100 stories per second being processed, 24 hours a day, 365 days a year

CONTENT ENRICHMENT

iSentia uses a combination of proprietary and licensed technology and data to enrich the content. iSentia extracts named entities, spokespeople, quotations, messages, topics and images.

The enriched content helps our clients:

- see the entire extent of their reach: **syndication**
- understand the key sources to engage: **sentiment**
- provide internal benchmarking tools: **$ value metrics**
- target the critical influencers: **influence**

INFORMATION RELEVANCE

- iSentia's combination of **account team knowledge**, **search technology** and **expert analysts** support an unique solution in the market:

Very high coverage relevance across all media types

INFORMATION ACCESS

- iSentia offers **24x7 access** to coverage and analysis through a combination of cloud-based platforms, expert human services, alerts and value-added services
- **Business critical** information accessible to 'c-suite' and all business leaders

Clients typically purchase iSentia's SaaS platforms on a subscription fee model with contract terms of at least one year. In Asia, media information is packaged into the SaaS platform subscription fee, whereas in ANZ the payment model for media information varies, and traditionally includes clients who have part of their payment based on the scope of their search terms and the volume of relevant media information delivered to them over the SaaS platform each month.

iSentia offers a suite of market-leading value-added software and services that further assist clients to make more informed and time-critical business and communications decisions. Clients can purchase many of iSentia's VAS offerings at an incremental subscription fee to the SaaS platform subscription fee including social media monitoring and analysis platforms, Connect media databases and Newsboost online newsrooms. For other VAS offerings, such as Brandtology (social media insights and analysis of campaign effectiveness) and Two Social (social media strategy and execution), clients can directly purchase customised insight reports and pay for projects and campaigns undertaken.

Figure 11: iSentia's product and services platform

Figure 11 provides an overview of iSentia's product and services platform and how iSentia's SaaS platforms and VAS offerings build upon each other and inter-relate. Further information on the specific product and service offerings highlighted below is provided in Section 3.2.

To deliver this integrated media intelligence solution to its clients, iSentia has developed a differentiated set of proprietary capabilities (many of which are discussed further in Sections 3.3 and 3.4) including:

- content capture, enrichment and analysis capabilities, with iSentia's proprietary software and systems sourcing real-time content from over:
  - 5,500 mainstream media outlets such as newspapers, radio stations, television channels;
  - 55,500 online news sources such as The Guardian, The Wall Street Journal and The Sydney Morning Herald websites, The Huffington Post and Crikey; and
  - 3.4 million user-generated content sources, three of the largest being Facebook, Twitter and Weibo;
- customisable service delivery capabilities, including its Mediaportal SaaS platform which provides flexible, on-demand client access; and
- direct sales force and client service capabilities, with over 250 sales and service personnel with direct and local market relationships with most of iSentia's 5,000-plus clients. iSentia provides a differentiated level of client support underpinned by sales processes and account management with 16 dedicated account management teams in the ANZ market and nine teams in Asia. In addition, iSentia's account management teams are supported by specialist divisions including media analysts and social media experts to ensure that clients are alerted to breaking news and media issues as they arise, and respond to client queries in a timely manner.

Given these capabilities are largely fixed cost in nature and highly scalable, iSentia has relatively high operating leverage, meaning it can generate high incremental profit margins from additional software and services sold to clients. This results in iSentia experiencing margin expansion as it grows its revenues as illustrated by the expected increase in iSentia's pro forma EBITDA margin from 21.7% in FY11 to 33.2% in FY15.

3.1.2.2 How iSentia has evolved

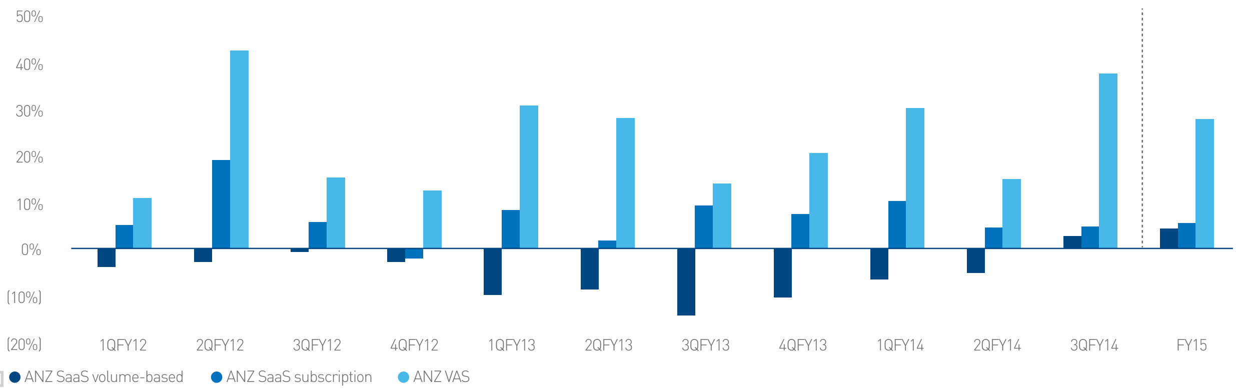
From early success as Australia's leading mainstream media monitoring business, iSentia has significantly developed its capabilities to capture and deliver a broad mix of content including the growing prominence of online news and social media. This development includes the launch of Mediaportal in early 2005 – an integrated SaaS platform that, through ongoing advancements, remains the cornerstone of iSentia's media intelligence offering. Additional capabilities have been developed and acquired through iSentia's APAC expansion strategy from 2006 to 2010 before iSentia was itself acquired by Quadrant, Management Shareholders and other investors in 2010. iSentia has since made further acquisitions of capabilities and clients, including BuzzNumbers in Australia and Brandtology in South-East Asia, reflecting iSentia's ambition to integrate the worlds of mainstream, online and social media delivered through SaaS platforms.

In FY13, iSentia transitioned further to a SaaS subscription fee model in response to newspaper publishers restructuring their journalism functions and increasing syndication of news stories that resulted in a 'step-change' reduction in the number of unique client-relevant news articles.

The Company also restructured its internal content production processes by reducing headcount and removing processes associated with the capture and enrichment of media sources that were less profitable. At the same time, iSentia experienced significant increased competitive pressure from AAP's ANZ media monitoring business which had a less advanced offering and competed aggressively on price. This aggressive price competition led AAP's ANZ media monitoring business into a loss-making position and iSentia acquired the business in February 2014 and integrated its clients into Mediaportal.

The combination of these one-off events resulted in iSentia's ANZ revenues being impacted during FY13 and 1QFY14. Figure 12 highlights the specific impact on iSentia's SaaS volume-based revenues during FY13, which have since stabilised during the first three quarters of FY14. The most recent 3QFY14 growth rates also highlight the growth achieved across all three ANZ revenue lines, and provide support to the Company's growth rate forecasts for FY15.

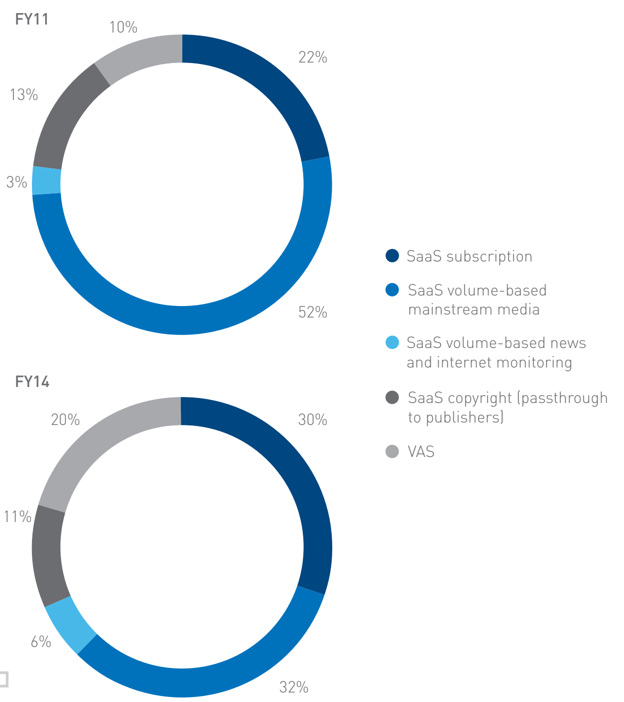
Figure 12: iSentia's quarterly ANZ SaaS volume-based, SaaS subscription and VAS revenue change (vs. pcp) and growth forecast for FY15



Note: The above growth rates exclude growth associated with AAP's ANZ media monitoring business. iSentia's SaaS volume-based revenues relate to ANZ clients who pay month-by-month for the volume of relevant media information delivered to them over a SaaS platform (in addition to a subscription fee).

During this period, iSentia also continued to develop its market-leading SaaS platforms and integrated many of its VAS offerings (including Connect media contacts database and social media monitoring and analysis services) onto its flagship Mediaportal platform. This has underpinned iSentia's continued growth in SaaS subscription and VAS revenues and, as seen in Figure 13, has led to a transitioning of its revenue mix towards SaaS subscription and VAS revenues and away from iSentia's SaaS volume-based revenues. Going forward, iSentia's management is actively looking to offer its ANZ clients the option to package their volume-based media information spend into their SaaS platform subscription fee so that the clients are charged on a fully fixed fee basis. This can be attractive to clients as it enables them to better predict their monthly spend with iSentia.

Figure 13: iSentia pro forma revenue mix FY11 and FY14



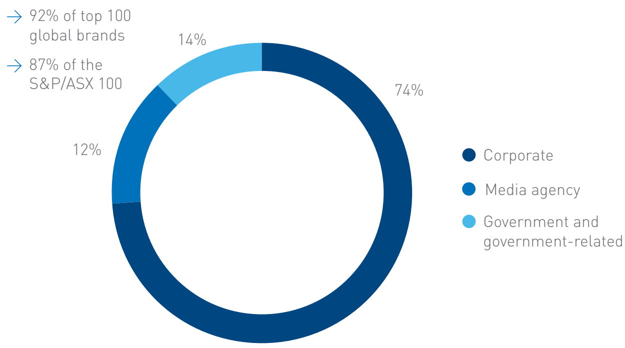
Note: SaaS pay-per-use includes copyright fees charged by publishers which are passed through directly to clients.

3.1.3 Clients

iSentia serves companies, agencies, industry bodies and governments across a diverse range of industries in APAC. Among iSentia's 5,000-plus clients are 92% of the world's leading brands such as Microsoft, Nike, Coca-Cola, Samsung, ExxonMobil, HSBC, Pfizer, Procter & Gamble and Unilever, and 87% of the companies in the S&P/ASX 100 Index including Commonwealth Bank of Australia, Westpac, Myer, Qantas, Telstra, Woolworths and Rio Tinto.

As at March 2014, approximately 55% of iSentia's clients (by number) were Australian accounts, with approximately 13% New Zealand accounts and the remaining 32% of accounts in Asia. In terms of client mix, approximately 74% of iSentia's clients are corporate (by number), 12% media agency, and 14% government and government-related.

Figure 14: iSentia client mix



The average tenure of iSentia's top 50 clients is over 11 years as at 31 December 2013[40], which reflects the importance of iSentia's software and services to its clients and the focus on product innovation and client service. iSentia's client base is highly diversified, with no single client contract accounting for more than 1.5% of pro forma revenue in FY13. In addition, as most clients choose to automatically renew their contracts on an annual basis, iSentia benefits from a high portion of highly predictable revenue.

A significant proportion of iSentia's clients are consumer and market-focused brand names, and are engaged by public relations and corporate communications functions to protect and enhance their brand and image. As the media landscape grows increasingly more complex, largely driven by the growth in prominence of online and social media, iSentia has seen this level of direct client engagement expand beyond public relations and corporate communications divisions, with iSentia experiencing growth in its social media products such as Brandtology and Two Social which are tailored to address some of the needs of marketing and other professionals within clients' organisations.

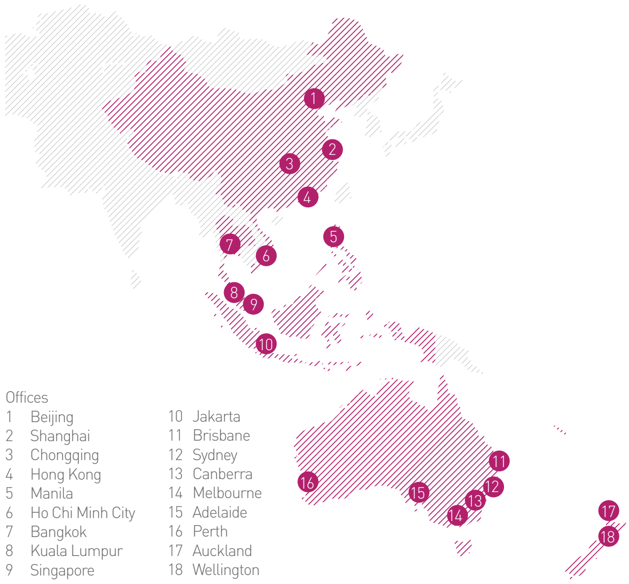
On average, iSentia's ANZ clients spend approximately $26,000 per annum. iSentia segments its clients based on client spend and has dedicated teams, systems and processes to address each of these segments. Of iSentia's 3,400-plus ANZ clients approximately 1,300 are considered to be iSentia's premium clients who spend greater than $10,000 per annum with iSentia. Within this premium segment are sub-segments relating to clients who spend in excess of $100,000 per annum. The average annual client spend in Asia is less than that in ANZ, and in FY13 was approximately $13,000 per annum.

40 Pre-acquisition of the clients and other select assets of AAP's ANZ media monitoring business (AAP Acquisition).

3.1.4 Geographic reach and offices

iSentia currently operates in 10 regions across APAC from 18 offices in key metropolitan cities, and employs over 1,100 full-time equivalent professionals (with approximately 55% of these employees based in Asia).

Figure 15: iSentia's geographic reach and offices

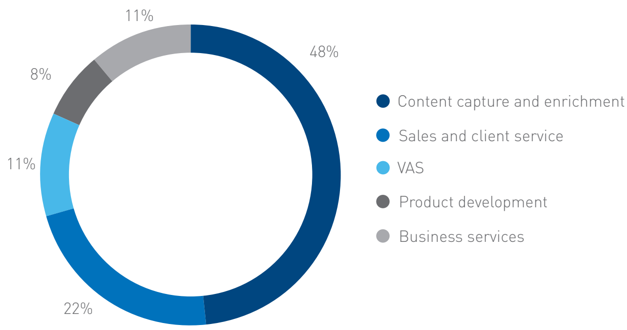


	ANZ	ASIA
Offices	8	10
Clients (February 2014)	3,400+	1,600+
Pro forma revenue contribution	FY13: $84.3 million	FY13: $18.6 million

- **Content capture and enrichment:** The majority of iSentia's employees are focused on ensuring iSentia offers one of the leading databases of media information in APAC – capturing, filtering, analysing and delivering clients highly relevant, and often difficult-to-get, publicly available content from over 5,500 mainstream media outlets, 55,500 online news sources and 3.4 million user-generated content sources. The content capture and enrichment function leverages iSentia's proprietary and third-party software and systems to do this efficiently, and iSentia is keenly focused on employing productivity improvements where available (e.g. 'voice to text' for broadcast content capture). Content capture and enrichment staff also overlay human verification and context analysis to ensure that the media information supplied to clients is filtered for additional accuracy and relevance.
- **Sales and client service:** A key differentiating factor for iSentia is its client service. iSentia provides excellent client service through a team of over 250 direct sales and service employees with in-depth local market knowledge and relationships across all key markets, to provide a strong network to service client needs. These sales and client service teams are responsible for ensuring that clients are alerted to breaking news and media issues as they arise, responding to client queries in a timely manner and gathering relevant news and information sources.
- **Value-added services (VAS):** iSentia's VAS team is responsible for iSentia's VAS offerings, including social media monitoring and analysis, insights reports, Connect and Newsboost. This includes staff who are responsible for analysing news media coverage, providing social media insights and producing standard and customised quantitative and qualitative reports for clients as well as experts who deliver tailored strategic and in-depth analysis for clients.
- **Product development:** iSentia has a highly experienced in-house product development team who actively enhance iSentia's existing SaaS and VAS product suite, as well as develop new products to meet evolving client requirements.
- **Business services:** iSentia is also supported by various business services employees who are responsible for administration, finance, human resources, information technology (IT), marketing and communications, and business process functions.

Figure 16 outlines iSentia's employees by function.

Figure 16: iSentia's employees by function (as at 31 March 2014)



iSentia recognises that its people are a major asset and its ability to attract, develop and retain personnel is important to the growth of the business. The scale and reach of iSentia's business provide wide ranging career opportunities for team members and further support iSentia's ability to continue to attract and retain skilled and talented employees.

3.2 PRODUCT AND SERVICE OFFERINGS

3.2.1 Overview

iSentia provides time-critical and highly relevant media information and analysis to assist clients to make more informed and timely business and communications decisions. iSentia does this by providing its client offering through two integrated services – SaaS platforms and VAS product suite. Figure 17 summarises the key products and services iSentia offers within each of these two integrated services.

Figure 17: iSentia product and service offering overview

PRODUCT/SERVICE	OVERVIEW	REGION(S) SOLD	TYPICAL PRICING MODEL
SaaS platforms			
Mediaportal	Proprietary cloud-based integrated communications workflow; see Section 3.2.2.1	ANZ, Asia	Subscription model[41]
Media Alert	Customised alerts of relevant media coverage and information access; see Section 3.2.2.2	ANZ, Asia	As above for Mediaportal
Ads e-Library	Advertising online repository; see Section 3.2.2.3	Asia	Subscription (content typically packaged into subscription fee)
Slice Media	Do-it-yourself media monitoring platform; see Section 3.2.2.4	ANZ	Pre-paid with top-up
VAS			
BuzzNumbers	Social media monitoring and analysis and campaign analysis; see Section 3.2.3.1	ANZ	Subscription and per engagement
Mediaportal social media integrated offering	Social media monitoring and analysis; see Section 3.2.3.2	ANZ, Asia	Subscription model
Brandtology	Advanced social media monitoring and analysis, campaign insights and reports; see Section 3.2.3.3	Asia	Subscription and per engagement
Two Social	Customised social media strategy and execution; see Section 3.2.3.4	ANZ	Subscription and per engagement
Insight Reports – Media Analysis	Quantitative and qualitative assessment of media coverage; see Section 3.2.3.5	ANZ, Asia	Subscription and per report
Insight Reports – Media Coverage	Quantitative summary of media coverage; see Section 3.2.3.5	ANZ, Asia	Per report
Connect	Mediaportal's media contacts database and media release distribution; see Section 3.2.3.6	ANZ	Subscription, with pay per use assisted news distribution
Newsboost	Media release sharing site and online newswire; see Section 3.2.3.6	ANZ	Subscription

Currently, iSentia's software and services in Asia, including News e-Library (described in Section 3.2.2.1) and Brandtology (described in Section 3.2.3.3), leverage iSentia's broad content sources and are largely accessed by clients on independent platforms. However, development is well advanced to integrate iSentia's multiple country offerings within Asia onto the Mediaportal platform, with full multi-lingual language support expected to launch in FY15. This development is expected to provide a single platform for multinational clients to monitor, analyse and report on media coverage in multiple APAC markets. iSentia also plans to develop a journalist portal and media contacts management and distribution solution for Asia on the Connect service (described in Section 3.2.3.6), with launch planned within 12 months.

Further detail regarding each of iSentia's offerings is provided below.

41 In ANZ, in addition to the SaaS platform subscription fee, traditionally clients have paid for their mainstream and online media information based on the scope of their search terms and the volume of relevant media information delivered to them over the SaaS platform each month.

3.2.2 SaaS platforms

Software-as-a-Service (SaaS) platforms

3.2.2.1 Mediaportal

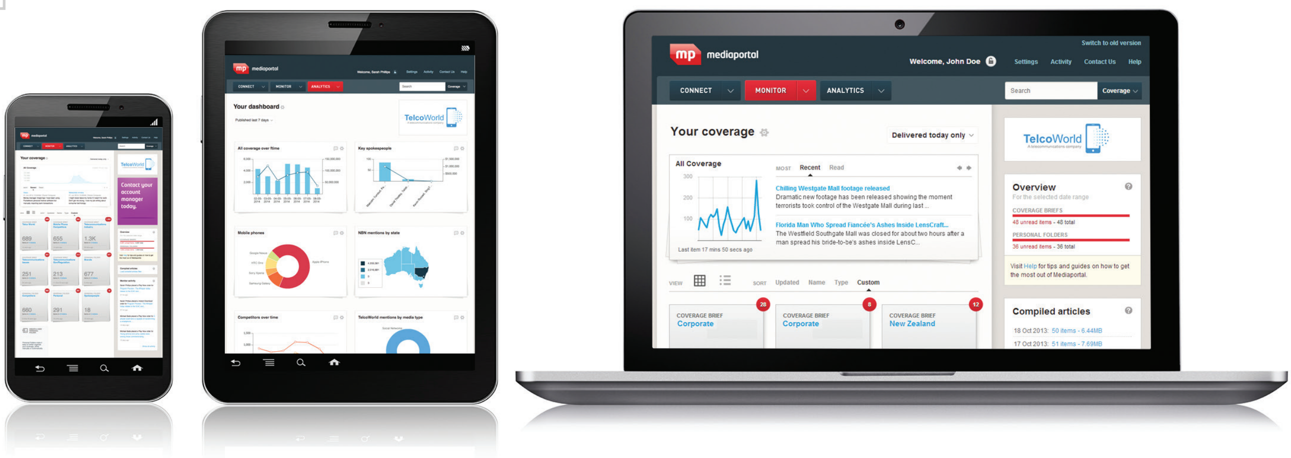
Mediaportal is iSentia's proprietary flagship communications platform that provides clients with a cloud-based workspace to inform, organise and report on media intelligence and includes customisable reporting and analytical tools. Mediaportal provides access to time-critical and highly relevant tailored mainstream and online media information that has been searched and filtered to the client's specific brief and information needs. Mediaportal is driving the transition of clients to a subscription service fee model that enables seamless adoption of iSentia's VAS offerings, which are increasingly being integrated and hosted on the platform.

Mediaportal's key client benefits include:

- **Monitoring:** Mediaportal keeps clients informed with up-to-the-minute and multi-region news, views and issues relevant to their organisation. Users access iSentia's compelling depth, breadth and quality of mainstream media and online news coverage, or filter to highlight specific media sources, and then produce an executive report in a few clicks. Users can also create shared coverage folders and receive email alerts and Rich Site Summary (RSS) feeds, as well as monitor activity of other users within the client's organisation;
- **Analytics and reporting:** Mediaportal provides self-service dashboards and tools to enable clients to measure and report on the effectiveness of their communications performance across all media and in real-time. The customisable and interactive dashboard provides fast and intuitive access to metrics, topics, competitor tracking, industry segments, geographies, share of media voice and other metrics conveyed through analytics charts, visualisation and customisable professional reports; and
- **Platform for integration of additional VAS:** Mediaportal provides the platform for clients to seamlessly add-on iSentia's integrated social media monitoring and analysis products, as well as its Connect and Newsboost VAS offerings. This provides for a market-leading solution that presents clients with a fully-integrated, whole-of-media monitoring solution.

Mediaportal is used by more than 4,500 unique visitors per day across ANZ, as well as being offered in parts of South-East Asia and Hong Kong. Mediaportal is accessible anytime on internet-connected desktop, laptop, tablet and smartphone devices.

In South-East Asia, iSentia offers a region-specific SaaS platform called News e-Library, which allows clients to access mainstream and online news coverage for a single fixed monthly subscription fee. Similar to Mediaportal, News e-Library provides self-service dashboards and tools to enable clients to measure and report on the effectiveness of their communications performance across all media and in real-time. Clients can also perform analytics and reporting and insights relating to their communications coverage, competitors and their industry of operation. iSentia currently offers its News e-Library offering through an independent portal; however, development has started to integrate the content and features of this service into the wider Mediaportal SaaS platform (as described in Section 3.3).



3.2.2.2 Media Alert

iSentia's Media Alert offering delivers timely and extensive 'push' alerts of clients' media coverage sourced from iSentia's media monitoring service. Media Alert is highly customisable to accommodate different client information needs and device formats. Clients can choose to receive any combination of mainstream and online media coverage in a variety of delivery formats, including email alerts and SMS alerts.

Over eight million 'push' alerts are delivered annually through iSentia's Media Alert platform. Media Alert includes 'buy now' print clip and online news and internet headlines linked to a PDF or text clip with optional clip extracts, as well as relevant broadcast (and transcript) content files.

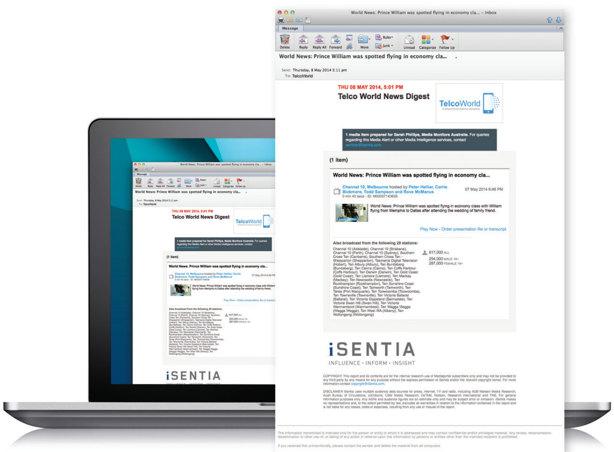
3.2.2.3 Ads e-Library

iSentia's Ads e-Library online portal provides clients with access to unlimited downloads of television, radio and print advertisements to enable clients to plan and undertake creative and strategic assessments of their brand. Clients can monitor their advertising campaigns, as well as campaigns of their competitors, to gain valuable insights and actionable data to assist in positioning future campaigns.

In many South-East Asian countries, Ads e-Library has a database of at least seven years of advertisement data. Ads e-Library's clients are comprised mainly of advertising agencies and corporate marketing divisions.

3.2.2.4 Slice Media

iSentia offers do-it-yourself, credit card-based media monitoring to its ANZ clients through its Slice Media monitoring service. With access to the iSentia monitoring content, Slice Media offers clients a simplified, lower-cost, lower-service monitoring solution where clients manage their own monitoring criteria.



Slice Media's lower-cost model does not provide clients with access to reporting, analytics or media engagement tools. Intelligence delivered to Slice Media clients includes circulation, article size, and audience demographic data.

3.2.3 Value-added services (VAS)

3.2.3.1 BuzzNumbers

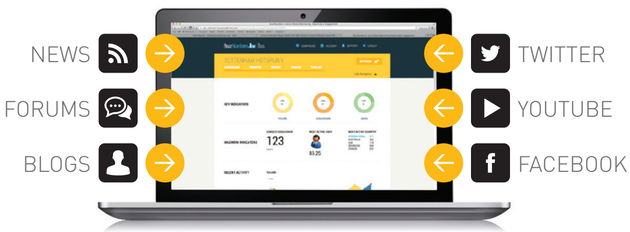
BuzzNumbers is iSentia's social media monitoring and analysis service that also provides real-time social media measurement reporting, social engagement features and insights driven by clients and end-user online conversations. BuzzNumbers' software is specifically designed to be highly scalable and real-time, and can process millions of publicly available social media posts across social networks (e.g. Facebook and Twitter), forums, blogs, and video and image sharing sites. In the case of Twitter, the BuzzNumbers platform will typically capture, filter, and deliver relevant content to clients within seconds of the original Twitter 'tweet' being posted. The BuzzNumbers engine monitors the leading social media sites including Facebook, Twitter, Instagram, LinkedIn and YouTube and blogs and forums to examine what is being said about clients, their industry and competitors, as well as highlighting potential opportunities[42]. BuzzNumbers uses proprietary social media content capture and filtering software and expertise to overlay key metrics including influence, ranking and geographic relevance.

As social media grows increasingly important to brands and brand image, BuzzNumbers empowers its clients (including marketing and other functions within organisations) to use social media to deliver key business objectives through intuitive research, reporting and engagement tools driven by patented algorithms. BuzzNumbers clients are also supported by a team of experienced and dedicated social media experts.

Through the success of BuzzNumbers and Brandtology (described in Section 3.2.3.3), iSentia is the market-leading provider of social media intelligence within APAC in a market where revenue has grown at 61.7% CAGR from 2009 to 2013 and is forecast to grow at 30.0% CAGR from 2013 to 2016[43].

42 Note that BuzzNumbers, as well as all iSentia's other social listening platforms and feeds, only monitor public information.

43 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.



3.2.3.2 Mediaportal social media integrated offering

Leveraging the proprietary social media content capture and filtering software and expertise of BuzzNumbers, iSentia has developed social media capabilities that are integrated into Mediaportal to create a 'single complete platform view' across mainstream, online and social. This was launched in March 2014, and has seen strong early take-up among iSentia's existing Mediaportal client base in ANZ.

3.2.3.3 Brandtology

Brandtology is iSentia's Asia-focused social media insights service that helps clients manage their brand, competitors and market. iSentia leverages its proprietary software to extract, process and categorise data from a large volume of social media platforms and sites to assist clients formulate business strategies and manage marketing and communications campaigns with accuracy, engagement and speed.

Supported by iSentia's social media researchers and client engagement teams, Brandtology clients are delivered daily, weekly and monthly reports that provide relevant insights and analytics on social media trends, solutions and strategic issues, along with real-time emails that alert clients to spikes in social media activity and consumer conversations. Clients are also able to access an online dashboard, available on all devices, to review social media activity, metrics and trends.

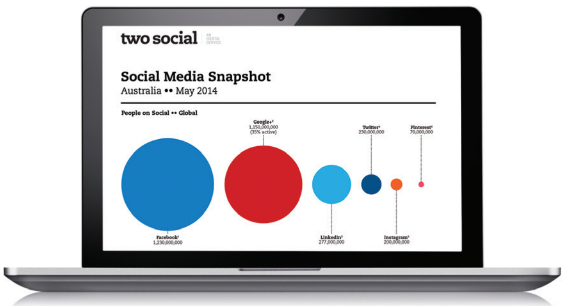
Brandtology utilises proprietary software and social media channel crawlers to monitor 120 million posts per month and 67,000 industry-specific channels.

3.2.3.4 Two Social

iSentia's award winning social media creative agency, Two Social, assists clients to understand the numerous applications surrounding social media through managing clients' social media engagement and approaching social media holistically within the broader digital and online context.

Two Social assists with customised strategy formulation and implementation through offering the following solutions:

- digital and social media strategy in developing a strategic engagement platform, through auditing social media posts to inform clients of risks, challenges or opportunities;
- social media channel planning and management to assist clients to plan the correct channel and application strategy using detailed demographic and targeted data to achieve their desired objectives;
- digital and social media content creation to assist clients in determining their content requirements, to then create audio, video, image and written content before managing the dissemination of and engagement with that content through core applications;
- social media community management where Two Social manages and monitors the activity of social media communities to assist clients in proactively engaging with an audience through social media; and
- intelligent social media monitoring and analysis of key social media metrics (e.g. reach, 'share of voice', themes, geographic overlay of activity, content tone) to produce intelligent reporting for its clients. Two Social also offers bespoke campaign-based reporting determined individually by each client.



3.2.3.5 Insights Reports

iSentia's customised 'media analysis reports' leverage its extensive media monitoring coverage and research methodologies to include an in-depth quantitative and qualitative assessment of clients' media coverage. The reports include an assessment of favourability of coverage across clients' interest areas, as well as an assessment of how effectively their messages are being communicated. iSentia can provide the reports around key events, including following a major announcement or during a crisis, all to deliver meaningful insights to drive enhanced communication decisions.

iSentia's 'media coverage reports' also leverage the content sourced from its media monitoring services to provide metrics that enable clients to plan and evaluate performance across mainstream, online and social media. Using the CARMA methodology described below, these reports provide an objective and quantitative summary of key findings with customised visualisation options available for product, brand, topic or spokesperson. The reports also enable clients to track and manage issues, benchmark against key competitors, identify editorial 'share of voice', and gain insights into corporate or brand image and reputation to provide an additional framework for the development of strategically sound and effective communications strategy.

iSentia also offers its clients access to 'daily briefings reports' to provide a customised snapshot of the previous day's key media coverage delivered first thing in the morning. 'Daily briefings reports' are prepared for senior executives and are customised to meet the client's needs and visual identity and are delivered in a variety of device-friendly formats including MS Word documents and rich emails.

CARMA

To complement its Insight Reports, iSentia is the exclusive APAC licensee of CARMA, a globally renowned research methodology. CARMA provides customised analysis that captures the nuances of all forms of media coverage (e.g. tone, bias, sarcasm, context) and enables iSentia to combine human-based research expertise with innovative software.

3.2.3.6 Connect and Newsboost

Connect is one of APAC's most detailed and up-to-date media contacts databases covering print, radio, television, online and social media influencers. The database can be filtered by location, region, industry and media type, and includes social media activity, related roles, circulation, editorial/broadcast data and topics of interest. iSentia provides detailed access and profiles of approximately 30,000 ANZ media contacts and 1.5 million international media contacts. Connect is accessed through Mediaportal which enables clients to promote their news and media releases to key media contacts and influencers within their industry.

News and media releases can also be posted to Newsboost. Newsboost is iSentia's cloud-based online newsroom service that amplifies clients' news and messages, boosts brand awareness, and helps to build new followers and social media connections through integrated social media network sharing features. Newsboost enables clients to create eye-catching digital newsrooms and media releases in minutes with images, video and links through user-friendly publishing tools. Newsboost also provides features that help journalists, bloggers and other media commentators to keep informed of breaking news and ideas across a range of topics through customised searches, 'follow Newsroom' options, RSS feeds, and email alerts.

iSentia is currently developing an 'iSentia influencer score' that allows clients to determine each media contact's level of influence in their industry, utilising data-based measures of audience reach, message dissemination and more across a range of approximately 1,200 topics.

For personal use only

3.3 PROPRIETARY SYSTEMS AND SOFTWARE INNOVATION

3.3.1 Overview

Over the past decade, iSentia has developed considerable proprietary systems and software to enable iSentia to deliver market-leading software and services to its clients, including investing over $50 million in R&D as measured by R&D eligible expenditures under the Australian Government's R&D tax incentive program[44]. iSentia plans to continue to develop and integrate innovative new technologies to expand and enhance its product and service offering and make its platform more valuable and accessible to its clients across APAC.

Driven by the increasing opportunities to innovate as a result of technological advances, iSentia remains focused on developing its product and service offering to provide clients with a complete view of their communications strategy. Over the past decade, iSentia has developed innovative proprietary systems and software across two broad categories:

- **Real-time content search and alerting:** bespoke designed and built systems and processes that enable real-time content capture, advanced search and content analysis of vast amounts of content to filter the 'noise' and identify relevant information in order to keep clients fully informed. iSentia's proprietary search and content software is then layered with human verification and context analysis, performed by iSentia's production teams, to provide an additional filter for accuracy and relevance. This human verification process is a key client service offering and helps to differentiate iSentia from many other providers in the media intelligence industry. Based on the results of client surveys and feedback, the media content iSentia sends to its clients is considered accurate and relevant to the clients' requirements on average over 99% of the time; and
- **Innovative information access, analytics and reporting platforms:** iSentia has developed SaaS platforms to provide clients with 24-hour access to relevant information across all media types and the ability to customise and manage their reports and analytics on internet-connected desktop, laptop, tablet and smartphone devices. In particular, iSentia's flagship Mediaportal is a cloud-based integrated solution that enables clients to access their relevant information across all media devices, create and publish reports and messages, be alerted to breaking media issues, visualise and report on their communications strategy effectiveness, and seamlessly purchase VAS offerings such as iSentia's media contacts database Connect. In addition to Mediaportal, iSentia has market-leading solutions designed for marketing professionals including complex social media analytics tools to conduct in-depth analysis and extract insights from social media information.

iSentia's Mediaportal (plus Newsboost) offering was awarded the esteemed CODiE award by SIIA, for global excellence in software development (Best Media & Information Monitoring Solution category). This award recognises Mediaportal among the wider information industry's best products, technologies and services created by or for media, publishers, and information services providers, and serves to validate the market-leading work of iSentia's software and product development team.

3.3.2 Intellectual property

iSentia develops its platforms using a combination of proprietary internally developed, and licensed third-party, software and technologies. Where required, the software is specifically designed to be highly scalable and fast, as demonstrated in BuzzNumbers' social media monitoring engine which can process millions of social media posts across social networks (e.g. Facebook and Twitter), forums, blogs, and video and image sharing sites. In the case of Twitter, the BuzzNumbers platform will typically capture, filter, and deliver relevant content to clients within seconds of the original Twitter 'tweet' being posted.

Importantly, iSentia owns all intellectual property associated with the in-house software that supports its developed platforms, including the design, processes, algorithms and code. Commodity service offerings (e.g. email and collaboration tools) have and will continue to be outsourced, allowing iSentia's core information technology team to focus on key development projects.

3.4 CONTENT AND KEY COPYRIGHT ARRANGEMENTS

3.4.1 Overview

iSentia's clients want to be informed about relevant media topics and conversations as soon as they occur. A key strength of iSentia is its ability to deliver time-critical, highly relevant, high quality media information and business intelligence from over 5,500 mainstream media outlets, 55,500 online news sources and 3.4 million user-generated content sources, representing one of APAC's most extensive databases of print, broadcast, online and social media. To highlight the breadth of iSentia's content sources, iSentia monitors:

- approximately 2.6 million print articles every month and delivers these to clients;
- approximately 1.3 million online news articles every month;
- approximately eight million social media posts every day; and
- over 1,750 television and radio programs every day (with iSentia's teams producing more than 12,500 broadcast summaries every day on request from clients),

translating to 100 stories per second being processed 24 hours a day, 365 days a year.

44 iSentia has historically benefited from a low effective tax rate as a result of significant R&D expenditure eligible for the R&D tax offset under the R&D tax incentive program.

In order to address its key Asian markets, iSentia has developed an in-market capability to monitor media outlets in 12 languages, including those with complex character sets such as Chinese.

In addition to its significant in-house content acquisition throughout APAC, iSentia can also access mainstream media content from third-party content providers in India, Japan, Taiwan and South Korea, and other required markets globally. Once the third-party sourced content is acquired and disseminated into iSentia's systems, it is processed similarly to the internally captured content.

In order to access content, iSentia has secured licensing agreements with third-party content providers including many of the leading publishers, broadcasters and online sources. Although the details differ by region and content provider, typically these agreements specify:

- the terms under which iSentia pays the provider for the use of content. Payment terms are typically in the form of a pay-per-use fee, a fixed fee, or a combination of both;
- the duration for which the relevant content can be used by iSentia and retained by clients. Depending on the region, content provider and type of content, the duration can range from 30 days to indefinitely; and
- other terms and conditions governing the use of content in iSentia's products and services, such as the applicable territory and means of distribution.

iSentia has strong relationships with content providers, aggregators and copyright collection societies, built through the development of long-standing, mutually beneficial licence agreements and a recognition that iSentia respects and values third-party intellectual property rights. As a result, iSentia has been able to extend its relationships with key publishers into the efficient supply of content. iSentia is extending this collaborative approach to new content publishers including Twitter and Weibo, having developed relationships directly with key social networks and their licensed content providers to allow iSentia access to content as soon as it is created.

3.4.2 Content production process

iSentia aggregates content from mainstream, online and publicly available social media sources. After capturing the content from its deep database of media sources, iSentia utilises its combination of proprietary and licensed software and technologies to enrich the content (e.g. adding author details, online metrics, target demographic) and sort for relevance against the client's monitoring requirements. Captured content is processed, enriched, and matched to client briefs within minutes, or within seconds for social media networks such as Twitter. Content is then delivered to clients through the range of available delivery methods on iSentia's SaaS platforms.

iSentia's content production process is largely automated with human verification applied to broadcast and press content. This human verification process is a key strength of iSentia's client service offering as it helps to ensure clients receive time-critical and relevant media information, as highlighted in the results of client surveys and feedback that reveal the media content iSentia sends to its clients is considered accurate and relevant to the clients' requirements on average over 99% of the time.

iSentia uses some third-party data aggregators to supplement its media collection. For instance, a proportion of iSentia's online and social media content is sourced from publicly available direct feeds provided by Moreover, DataSift and Gnip. Moreover is a third-party aggregator that collects online news and some social content, enabling iSentia to provide a link to the relevant content to its clients. DataSift and Gnip offer similar capabilities in aggregating real-time and historical data from thousands of sources including Twitter, Weibo, Facebook, Tumblr, blogs and forums into a single platform. This platform provides for a single application programming interface and unified data format across the world's social networks, news and other data sources. Both DataSift and Gnip are authorised by Twitter to distribute content on its behalf. In China, iSentia has a similar relationship with Weibo for access and distribution of its content.

DataSift and Gnip typically charge for the number of queries iSentia submits and the volume of content returned. Therefore, content costs are proportional to iSentia's client use of social media intelligence services.

iSentia also sources online and social media content through:

- internal crawlers that extract content from a site at regular intervals;
- content that is pushed from a site to iSentia through an RSS feed as soon as the publisher releases content;
- specific key words submitted to third-party search engines (including Google News, Google Blogs and Baidu News); and
- third-party crawler websites.

3.4.3 Copyright

iSentia's business involves the supply of the copyright-protected work of third-parties, including publishers and broadcasters, which necessitates working closely with copyright owners on clients' behalf. For further detail on iSentia's compliance with copyright law, see Section 9.7.

Content delivered to clients typically attracts copyright fees payable to publishers (or copyright collection societies on their behalf). iSentia typically passes copyright fees charged by publishers through directly to clients and this revenue is captured under SaaS.

3.4.4 Paywalls

The decline in advertising revenue has prompted an increase in the prevalence of paywalls on publisher websites in an effort to monetise content. This has impacted iSentia, and the media intelligence industry, in the following ways:

- users/organisations can no longer self-monitor these paywalled online news sources without purchasing subscriptions, which many are reluctant to do because of the potentially limited relevance of the content; and
- media intelligence agencies, including iSentia, who have access to press content under contractual arrangements with publishers, must now negotiate access to paywalled content from the same suppliers.

iSentia also does not 'prospect' for articles which are behind a paywall, and is actively involved in negotiations with various online news publishers to access and distribute paywalled content. iSentia is currently negotiating agreements with key content providers and does not anticipate paywalls to represent a material threat to its media intelligence business.

3.5 GROWTH DRIVERS AND STRATEGY

In the last three years iSentia has demonstrated earnings growth driven largely by a combination of:

- annual SaaS price increases and increasing client spend through social media, insights and other VAS offerings (see Section 3.5.1);
- increasing client penetration in the high-growth Asian market offerings (see Section 3.5.2);
- continued product innovation by iSentia's in-house development teams offerings (see Section 3.5.3); and
- strategic acquisitions of geographic coverage, software and content capabilities offerings (see Section 3.5.4).

iSentia's management aims to continue to grow the business with a combination of these four strategies, as well as through other opportunities which may arise.

3.5.1 Annual SaaS price increases and increasing client spend through social media, insights and other VAS offerings

iSentia has developed a market-leading suite of value-added software and services that further assist clients to make more informed and time-critical business and communications decisions. Currently, the majority of iSentia's clients are subscribed to a SaaS platform service. In contrast, the ANZ client take-up rate of at least one VAS offering is at least 25% of clients. This includes iSentia's Connect and Newsboost offerings, which are purchased by approximately 15% of ANZ clients, and BuzzNumbers and Insight Reports, each of which is only purchased by approximately 5% and 0% to 10% of iSentia's ANZ client base, respectively. In Asia, the take-up of iSentia's suite of VAS offerings is lower than that in Australia.

Given this relatively low level of VAS take-up within its client base, iSentia's management believes that there is significant further potential to leverage its existing client relationships to increase client spend underpinned by:

- the exponential growth in social media news and commentary, where there are currently over five billion pieces of content shared daily on Facebook and over 500 million 'tweets' posted every day on Twitter. This has resulted in social media becoming an increasingly critical consideration in organisations' business and communications strategies, driving the need and willingness for clients to purchase online and social media monitoring solutions;
- the growth in use of social media driving increased two-way communications between organisations and stakeholders, broadening the applications for media intelligence services (e.g. for marketing strategies). This presents a significant opportunity for iSentia given that marketing teams within organisations typically have a separate and larger budget than the public relations and corporate communications clients that iSentia had historically addressed. To illustrate iSentia's success in its marketing function channel strategy, iSentia's social media client base in Asia is currently comprised of close to 50% marketing clients;
- iSentia's continued integration of key VAS offerings into Mediaportal, including Connect in 2013 and social media monitoring tools in March 2014; and
- scheduled annual price increases of approximately 5%.

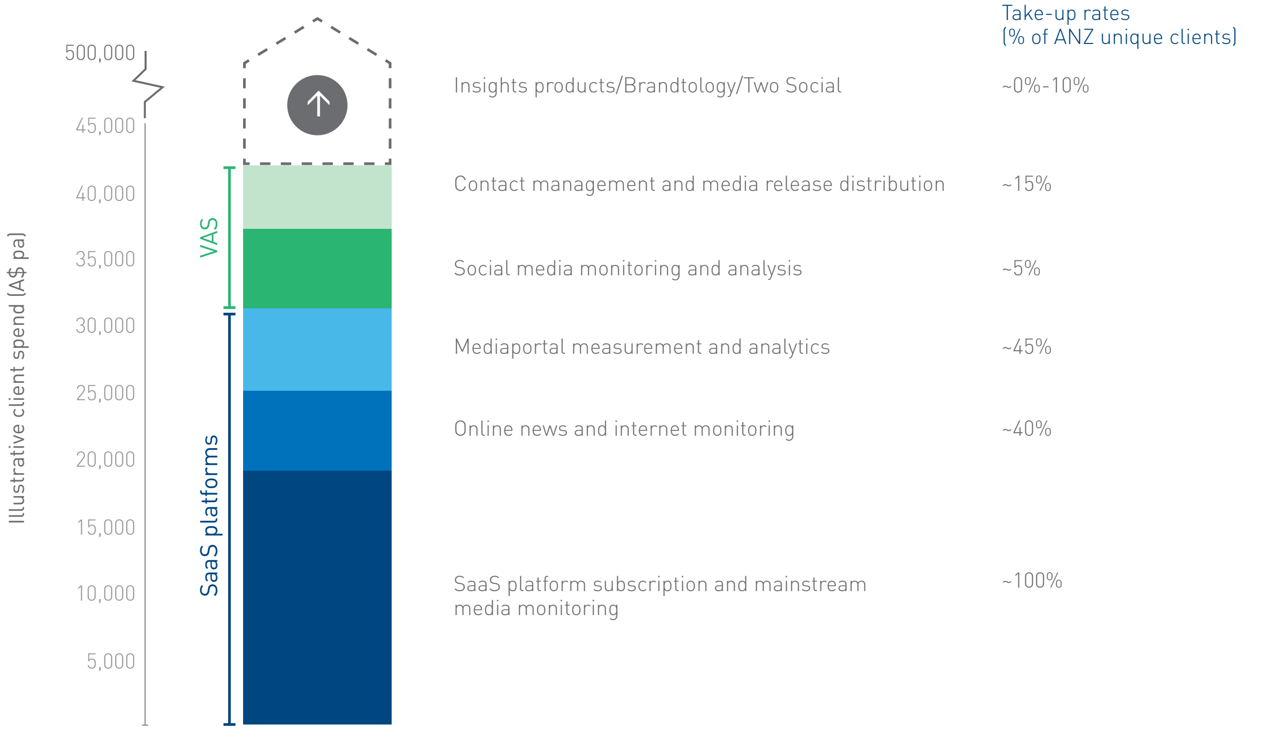
The translation of this demand has been seen in an increased demand for these media intelligence services with:

- APAC market growth for social media monitoring and analysis of 61.7% revenue CAGR from 2009 to 2013[45]; and
- a recent third-party survey highlighting that 70% of survey respondents believe social media measurement is either 'critically important' or 'very important' to the future success of their business. This can be expected to translate into increased spend for these services as highlighted by another survey conducted in December 2012 by Burton-Taylor International Consulting LLC which stated that approximately 60% of respondents estimated that their budget spending on social media monitoring and engagement tools would be 'up' in the next 12 months, and only 4% estimating that it would be 'down' with the remainder of respondents estimating that spending would be 'flat'.

45 Burton-Taylor International Consulting LLC, 'Asia-Pacific Media Intelligence Market', January 2014.

Figure 18 presents an illustrative cumulative ANZ client spend from SaaS and VAS product take-up and current take-up rates as a percentage of ANZ clients. The cumulative client spend presented in Figure 18 is purely illustrative and is not based on a particular case study of an actual client, but rather provides an approximate depiction of the ANZ per client revenue opportunity from up-selling the SaaS and VAS products.

Figure 18: iSentia's illustrative cumulative ANZ client spend and take-up rates (A$/year)

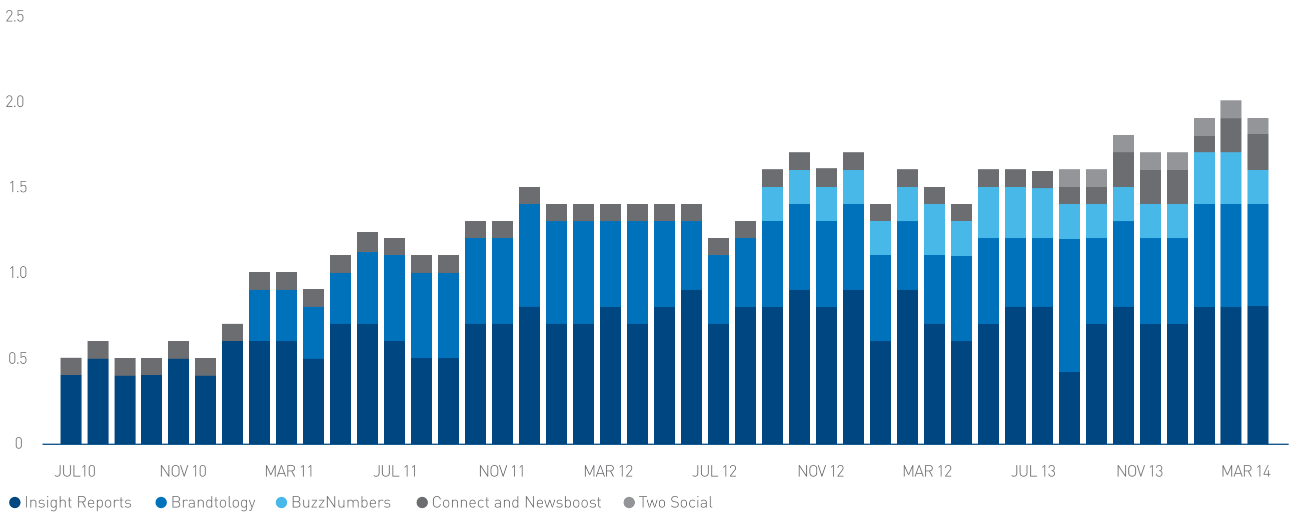


- At an entry level, a client may take a Media Alert service with mainstream media content for an illustrative $19,000 per year spend.
- The addition of online news and internet monitoring capabilities, adopted by approximately 40% of iSentia's ANZ client base, increases yearly client spend to approximately $25,000 per year.
- The conversion of a base subscription client (e.g. Media Alert subscription) to Mediaportal increases illustrative yearly client spend by $6,000 to $31,000 based on an additional fee for the Mediaportal SaaS platform including additional SaaS-based information management, reporting and data analytics platforms and workflow solutions.
- The addition of a social media monitoring and analysis platform, which is adopted by approximately 5% of clients in ANZ, increases illustrative yearly client spend by $6,000 to a total spend of $37,000 per year.
- The addition of a contact management and media release distribution service (e.g. Connect and Newsboost) increases illustrative yearly client spend by $4,000 to $41,000 per year.
- Although not presented in Figure 18, there are additional VAS offerings which iSentia provides including Insight Reports, Brandtology and Two Social which would significantly further increase client spend if adopted, with approximate typical yearly spend for each of these products of $50,000 to $500,000.

Figure 19 displays iSentia's monthly revenue for its VAS offerings from July 2010 and demonstrates how iSentia has benefited from an almost-four fold growth in monthly VAS revenue as VAS offerings are developed and/or acquired and integrated into iSentia's wider offering. VAS revenue is currently growing at a year-on-year growth rate of greater than 20%, with social media revenue (Brandtology, BuzzNumbers and Two Social) growing at greater than 40% year-on-year and Connect and Newsboost revenue growth at greater than 95% year-on-year.

Given the scalability and relatively high operating leverage of the business (as discussed in Section 3.1.2), iSentia can benefit from generating high incremental profit margins from additional client spend through these VAS up-selling opportunities. To capitalise on these up-selling opportunities, driven by ongoing development, iSentia has improved its client service levels through aligning its sales structure with its client service structure, which comprises local and industry-based teams who have detailed knowledge of their clients' industries. iSentia has also grown the local salesforce in key markets to increase sales visibility, and has invested in comprehensive client relationship management tools. These measures are expected to drive higher value SaaS and VAS sales to target clients.

Figure 19: iSentia's monthly VAS revenue (A$ million)

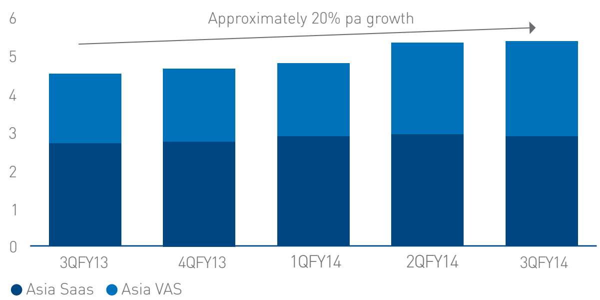


3.5.2 Increasing client penetration in the high-growth Asian market

iSentia has achieved a market-leading position in the Asian media intelligence industry, including a leading position in the Philippines, Malaysia, Indonesia, Thailand, Singapore and Vietnam, and an emerging presence in Greater China. The APAC market for media intelligence services is expected to grow at a CAGR of 13.7% from 2013 to 2016, having grown historically at a CAGR of approximately 16.0% from 2009 to 2013. With a leading 28% revenue share in APAC, iSentia aims to continue to expand into this high-growth region. This growth strategy is supported by iSentia's in-market sales teams and marketing campaigns, existing extensive coverage and breadth and depth of mainstream, online and social media content captured, enriched and interpreted within the region, and the planned launch of iSentia's market-leading Mediaportal SaaS platform into the Asian markets.

Figure 20 illustrates iSentia's quarterly SaaS and VAS revenue growth in Asia. This growth is purely organic, and highlights iSentia's accelerating growth in the Asian region following the full integration of MediaBanc in December 2011 and the rebranding of iSentia globally to consolidate all business divisions (including MediaBanc and Brandtology) and associated brands under a unified global iSentia operating structure and brand name.

Figure 20: Quarterly Asia organic revenue (A$ million)

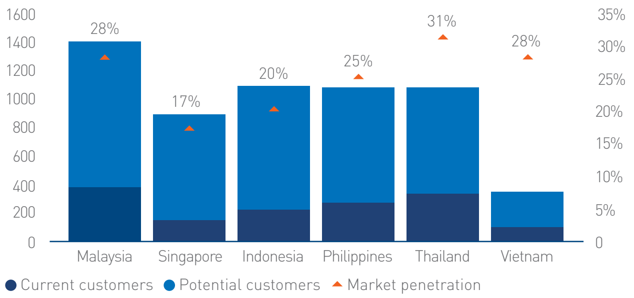


Note: The quarterly revenue displayed above represents time periods of organic growth where no acquisitions were made in Asia.

Further, iSentia's production systems identify potential clients to whom it has relevant content to deliver software and services. Through these systems, iSentia estimates that it currently services only approximately 25% of its target clients in South-East Asian countries (in aggregate across the region) for whom it can readily provide highly relevant media intelligence[46], with many of those potential clients understood to be performing their media intelligence through in-house capabilities. iSentia's management believes that with the emerging media complexity and prominence of online and social media, it is becoming necessary for organisations to outsource their media intelligence to professional services such as iSentia, to ensure a timely and highly relevant response to breaking news or social media events. This increased level of complexity is particularly significant for many of iSentia's clients in Asia who seek to monitor multiple mainstream, online and social media sources across multiple languages and geographies in real-time.

Figure 21 outlines iSentia's analysis of its under-penetrated market opportunity within South-East Asia.

Figure 21: iSentia South-East Asian opportunity



Note: The above represents SaaS platform product, software and services only. iSentia's estimate of its potential client base includes those clients that are analysed to attribute 20 or more direct article mentions per month.

3.5.3 Continued product innovation by iSentia's in-house development teams

iSentia's in-house product development teams provide the capability to continually develop and enhance its suite of software and services in anticipation of client requirements and market trends. For example, iSentia's current Mediaportal SaaS platform, as outlined in Section 3.2.2.1, is being developed on an ongoing basis in anticipation of the business and technological needs iSentia observes among its clients. Recent and current developments in relation to the Mediaportal SaaS platform include:

- development of BuzzNumbers' social media capture and filtering software tools for Mediaportal to provide clients with a fully integrated news and social media monitoring and analytics service;
- enhancement of the Mediaportal monitoring product to provide clients with a broader view of the direction, momentum and commentators of an emerging or historical media story, analysed according to the client's subjects of interest ('media story analysis');
- enhancement of the Mediaportal Connect offering with 'media influencer' industry lists and rankings to provide up-to-the-minute rankings based on analysis of iSentia's news and social media coverage data stream and 'big data' capabilities; and
- support for media coverage monitoring, search and analytics in a variety of languages, to promote expansion of the Mediaportal platform across Asia which is anticipated to drive additional sales to Asian clients, as well as providing iSentia with increased opportunities to promote hosted analytical tools and integrated VAS offerings.

These development initiatives are highlighted in Figure 22, and demonstrate iSentia's proven track record in developing and integrating new software and services.

3.5.4 Strategic acquisitions of geographic coverage, software and content capabilities

iSentia has a history of successfully sourcing and integrating strategic acquisition and bolt-on opportunities including, more recently, Brandtology, MediaBanc, BuzzNumbers, Two Social and AAP's ANZ media monitoring business. These acquisitions have provided iSentia with additional geographic, software and content capabilities to provide to its clients a complete, full-service media intelligence solution within APAC. Figure 23 provides an overview of iSentia's recent key acquisitions, with many of these strategic acquisitions having a payback period of less than two years.

iSentia's most recent bolt-on transaction is the acquisition of the clients and other select assets of AAP's ANZ media monitoring business, which was completed in February 2014 and, following completion, iSentia has readily integrated the businesses. Due to iSentia's existing scale and capabilities, it has been able to integrate AAP's ANZ media monitoring clients onto its existing SaaS platforms for a marginal increase in cost, but delivering high incremental margin. The AAP Acquisition also provides additional revenue opportunities for iSentia to cross-sell to the integrated clients who do not currently have a complete social media monitoring solution and other VAS offerings that iSentia promotes.

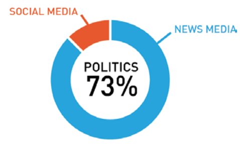
iSentia's management continues to evaluate additional acquisition and bolt-on opportunities to further enhance its leadership in Asia and integrate additional product capabilities.

46 iSentia's estimate of its potential client base includes those clients that are analysed to attribute 20 or more direct article mentions per month.

Figure 22: iSentia's platform development

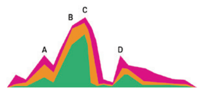
'MEDIA INFLUENCER' LISTS

- Proprietary in-house developed algorithms that determine a particular commentator's influence across hundreds of topics
- Up-to-the-minute rankings based on real-time analysis of iSentia's complete coverage data set



'MEDIA STORY ANALYSIS'

- Proprietary, automated analysis enabling clients to see a high level view of a developing or historical issue or broader story (e.g. see graphic on right)
- Illustrates who is participating and influencing the media conversation and emerging trends
- Identifies and reports on the impact of the client's own media activities on the story



85 product development full-time equivalents

Figure 23: iSentia's acquisition and integration timeline

Opportunities for further geographic expansion—e.g. India, Taiwan, Japan, South Korea

Further capability enhancement—e.g. expansion of content pool, margin improvement, "closing gaps" in current market leading position

1 Acquisition of AAP New Zealand completed in December 2013.

4 FINANCIAL INFORMATION

4.1 INTRODUCTION

The financial information contained in this Section 4 includes:

- pro forma historical financial information of iSentia, which comprises:
  - the pro forma historical consolidated income statements of iSentia for the financial years ended 30 June 2011 (FY11), 30 June 2012 (FY12) and 30 June 2013 (FY13) and for the half year ended 31 December 2013 (1HFY14), together with a reconciliation to the statutory income statement for each year and the historical income statement for the half year (refer to Section 4.3);
  - the pro forma historical consolidated statements of cash flows of iSentia for FY11, FY12, FY13 and 1HFY14 (refer to Section 4.5); and
  - the pro forma historical consolidated balance sheet of iSentia as at 31 December 2013, together with a reconciliation to the historical balance sheet as at 31 December 2013 (refer to Section 4.4),

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

- forecast financial information of iSentia, which includes both pro forma information and information prepared on a basis consistent with how the Group's statutory financial statements will be prepared for future periods, and comprises:
  - the pro forma forecast consolidated income statements of iSentia for the financial years ending 30 June 2014 (FY14) and 30 June 2015 (FY15) (refer to Section 4.3);
  - the statutory forecast consolidated income statements of iSentia for FY14 and FY15 (refer to Section 4.3); and
  - the pro forma forecast consolidated statements of cash flows of iSentia for FY14 and FY15 and the statutory forecast consolidated statements of cash flows for FY14 and FY15 (refer to Section 4.5),

(together, the Forecast Financial Information).

The Pro Forma Historical Financial Information and Forecast Financial Information together form the Financial Information.

The Pro Forma Historical Financial Information and the pro forma Forecast Financial Information are presented on a comparable basis, including the impact of the costs of being a listed entity, which have been included in the Pro Forma Historical Financial Information.

The Financial Information has been reviewed and reported on, but not audited, by the Investigating Accountant, whose Investigating Accountant's Report is set out in Section 8. Investors should note the scope and limitations of that report.

Other information

Also summarised in this Section 4 are:

- the basis of preparation of the Financial Information (refer to Section 4.2);
- revenue and EBITDA by geographic segment (refer to Section 4.3.1);
- key operating metrics (refer to Section 4.3.2);
- the Group's indebtedness (refer to Section 4.4.2);
- a description of the New Banking Facilities (refer to Section 4.4.3);
- management's discussion and analysis of the Pro Forma Historical Financial Information (refer to Section 4.6);
- the Directors' best estimate assumptions underlying the Forecast Financial Information (refer to Section 4.7);
- an analysis of the sensitivity of the Forecast Financial Information to changes in certain key assumptions (refer to Section 4.8); and
- the dividend policy (refer to Section 4.9).

All amounts disclosed in this Section 4 are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $100,000.

4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

4.2.1 Overview

The Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations) and the summarised significant accounting policies adopted by iSentia as set out in Appendix A.1. Compliance with Australian Accounting Standards ensures that the Financial Information complies with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB).

The Financial Information is presented in an abbreviated form and does not include all of the disclosures, statements or comparative information required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The Financial Information presented in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

4.2.2 Preparation of the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus. The Pro Forma Historical Financial Information for FY11, FY12 and FY13 has been derived from the audited consolidated financial statements of iSentia and the Pro Forma Historical Financial Information for 1HFY14 has been derived from the unaudited financial records of iSentia. Pro forma adjustments have been made to the historical information to reflect iSentia's structure following Completion of the Offer, to eliminate certain non-operating charges related to acquisitions and restructuring and other non-operating or non-recurring items, and to reflect the costs of being a standalone listed entity, as described in Section 4.3.3. Pro forma adjustments have not been made to reflect acquisitions made by iSentia as if they had occurred at the beginning of the historical period presented, due to the smaller size of the acquisitions and the inability to obtain reliable and robust financial information for the periods prior to acquisition.

The financial statements of iSentia for FY11, FY12 and FY13 were audited by Deloitte Touche Tohmatsu, which has issued unmodified opinions.

iSentia Group Limited was incorporated on 14 January 2014. On Completion of the Offer, the Company will acquire all of the iSentia Holdings Shares. Further information on iSentia's corporate structure and the acquisition of iSentia Holdings is set out in Sections 9.3 and 9.4, respectively.

iSentia Holdings will report the operations and financial results of the business until Completion of the Offer, when the Company will become the parent company of the Group through an internal restructure. The substance of the transactions contemplated under the Offer have been evaluated in accordance with AASB 3 Business Combinations and it has been determined that the transactions do not represent a business combination. The transactions will be accounted for as a group reorganisation using the principles of reverse acquisition. Therefore, the carrying value of the net assets will continue to be recorded at their book values as per the iSentia Holdings consolidated financial statements and the results of the Group will continue to be reported in a manner consistent with that recorded by iSentia Holdings.

The Directors note that the accounting for transactions, such as the internal restructure referred to above and contemplated in connection with the Offer, is currently being reviewed by international standard setters and may be subject to change. The outcome of these deliberations, the timing of any decisions and whether any potential changes are retrospective or only prospective could mean that the financial reporting outcome may be different to that reported in this Prospectus.

In the event that the transactions contemplated by the Offer were required to be recorded at fair value:

- the net assets of iSentia would be increased to reflect the market capitalisation upon Completion of the Offer (an increase of $310.2 million based on the Offer Price of $2.04 per Share);
- the consolidated reserves and accumulated losses would be reset to nil as a result of the transactions; and
- the Directors anticipate that the excess of the fair value compared to the book value of net assets would be allocated to intangible assets such as software, client contracts and relationships, goodwill and trade marks and business names. A number of these intangibles have limited useful lives and would require amortisation; therefore, the forecast income statements presented would be impacted by the amount of amortisation determined based on the valuations of those assets.

Investors should note that past results do not guarantee future performance.

4.2.3 Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus.

Presentation on statutory and pro forma basis

The Forecast Financial Information is presented on both a pro forma and statutory basis.

The statutory forecast consolidated income statements have been prepared on the basis of how iSentia expects to report the results of the business under Australian Accounting Standards.

The pro forma forecast consolidated income statements, which are set out in Section 4.3, differ from the statutory forecast consolidated income statements, as the pro forma forecast consolidated income statements reflect the forecast full-year effect of the operating and capital structure that will be in place upon Completion of the Offer such as the inclusion of expected annual listed entity costs and post-Offer interest and tax expense, but exclude the one-off costs of the Offer, the one-off costs of closing out the pre-existing interest rate swaps, one-off tax implications arising as a result of the Offer and other non-recurring items which are not expected to occur in the future. The pro forma forecast consolidated income statement for FY14 also excludes certain restructuring costs expected to be incurred in FY14. See Section 4.3.3 for reconciliations between the statutory and pro forma Forecast Financial Information.

Composition of the Forecast Financial Information

The Forecast Financial Information for FY14 comprises the actual results and cash flows of iSentia for the nine months ended 31 March 2014 and forecast results and cash flows for the three months ending 30 June 2014.

The FY15 Forecast Financial Information comprises the forecast results and cash flows for the twelve months ending 30 June 2015.

Directors' best estimate assumptions

The Forecast Financial Information has been prepared by the Company based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions as set out in Section 4.7. The Directors believe the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus.

Presentation of the best estimate assumptions 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.

The Forecast Financial Information is not fact and investors are cautioned not to place undue reliance on it. 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 iSentia's actual financial performance, cash flows or financial position. Investors are advised to review the Forecast Financial Information and best estimate assumptions set out in Section 4.7, in conjunction with the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5 and other information set out in this Prospectus.

iSentia has no intention to update or revise the Forecast Financial Information or other forward-looking statements, or to publish 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.

4.2.4 Non-IFRS financial information

Investors should be aware that certain financial data included in this Section 4 is 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The Company believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of iSentia. As non-IFRS measures are not defined by recognised standard setting bodies, they do not have a prescribed meaning. Therefore, the way in which iSentia calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non-IFRS financial information and ratios.

In particular, the following non-IFRS financial data is included:

- EBITDA means earnings before interest, FX gains and losses, remeasurement of financial liabilities, depreciation, amortisation and taxation;
- EBITA means earnings before interest, FX gains and losses, remeasurement of financial liabilities, taxation and amortisation of acquired intangibles, which includes the uplift in value of acquired software as a result of the Current Shareholders' acquisition of iSentia in July 2010;
- EBIT means earnings before interest, FX gains and losses, remeasurement of financial liabilities and taxation; and
- NPATA means net profit after tax before acquired amortisation (after tax), which includes the uplift in value of acquired software as a result of the Current Shareholders' acquisition of iSentia in July 2010. The acquired amortisation adjustment to NPAT is the after-tax effect of the amortisation of acquired software and the amortisation of acquired client-related items. iSentia's management believes NPATA is an important measure of the underlying earnings of the business due to the number of acquisitions during the historical period which has resulted in increased amortisation, which represents a non-cash charge.

4.3 HISTORICAL AND FORECAST CONSOLIDATED INCOME STATEMENTS

iSentia has a track record of EBITDA growth. Between FY11 and FY14, pro forma consolidated EBITDA is expected to grow at a CAGR of 14.5%. iSentia forecasts pro forma consolidated revenue and pro forma consolidated EBITDA to grow at 14.0% and 37.1%, respectively, between FY14 and FY15.

4.3.1 Overview

Table 2 sets out a summary of iSentia's pro forma historical consolidated income statements for FY11, FY12, FY13 and 1HFY14, the pro forma forecast consolidated income statements for FY14 and FY15, and the statutory forecast consolidated income statements for FY14 and FY15.

Table 2: Summary pro forma historical, pro forma forecast and statutory forecast consolidated income statements

		PRO FORMA HISTORICAL				PRO FORMA FORECAST	STATUTORY FORECAST	PRO FORMA AND STATUTORY FORECAST
$ MILLION	NOTES	FY11	FY12	FY13	1HFY14	FY14	FY14	FY15
Revenue		**92.8**	**103.9**	**103.0**	**52.7**	**109.1**	**109.1**	**124.4**
Cost of sales (including copyright fees)		(20.9)	(21.5)	(19.7)	(10.4)	(20.4)	(20.4)	(20.7)
Employee costs		(46.2)	(53.0)	(52.9)	(25.2)	(52.0)	(52.8)	(54.6)
Other operating expenses		(5.6)	(6.6)	(7.5)	(2.9)	(6.5)	(18.2)	(7.7)
Total operating expenses		(72.7)	(81.1)	(80.1)	(38.5)	(78.9)	(91.5)	(83.1)
EBITDA		**20.1**	**22.8**	**22.9**	**14.2**	**30.2**	**17.6**	**41.3**
Depreciation		(1.7)	(2.0)	(1.9)	(0.9)	(1.9)	(1.9)	(2.0)
Amortisation of internally-generated software		(0.9)	(1.4)	(1.9)	(1.1)	(2.1)	(2.1)	(2.2)
EBITA		**17.5**	**19.5**	**19.1**	**12.3**	**26.2**	**13.6**	**37.1**
Amortisation of acquired software		(1.9)	(2.3)	(2.5)	(1.6)	(3.2)	(3.2)	(3.6)
Amortisation of acquired client-related items	3	(11.1)	(5.6)	(5.7)	(2.6)	(5.6)	(6.4)	(6.1)
EBIT		**4.4**	**11.6**	**10.9**	**8.1**	**17.4**	**4.0**	**27.4**
FX (losses)/gains	4	(0.2)	0.8	(0.2)	(0.5)	(0.5)	–	–
Remeasurement of options over non-controlling interests	5	–	–	–	–	–	(17.9)	–
Net finance costs	6	(2.7)	(3.0)	(2.8)	(1.2)	(2.6)	(15.3)	(1.9)
Profit/(loss) before tax		**1.5**	**9.5**	**7.8**	**6.3**	**14.3**	**(29.1)**	**25.5**
Tax (expense)/benefit	7	(0.3)	(1.7)	(0.8)	(1.0)	(2.3)	9.1	(5.4)
NPAT		**1.2**	**7.8**	**7.0**	**5.3**	**11.9**	**(20.0)**	**20.1**
Add: Amortisation of acquired intangibles (after tax)		9.1	5.5	5.8	2.9	6.3	6.3	7.1
NPATA		**10.4**	**13.3**	**12.8**	**8.3**	**18.2**	**(13.8)**	**27.2**

1 The reconciliation of the pro forma historical results to the statutory historical results, and the reconciliation of the pro forma forecast results to the statutory forecast results, are outlined in Section 4.3.3.
2 Refer to Section 4.2.4 for definitions of EBITDA, EBITA, EBIT and NPATA.
3 Amortisation of acquired client-related items represents the amortisation primarily of client relationships and contracts acquired (and, in FY14 statutory forecast, impairment at December 2013).
4 FX (losses)/gains represent unrealised losses and gains on revaluation of FX assets and liabilities.
5 Remeasurement of options over non-controlling interests – an adjustment has been made to exclude the remeasurement of the options over the non-controlling interests in Brandtology and MediaBanc as these interests will be acquired as part of the Offer structure. The remeasurement in 1HFY14 and FY14 reflects the revaluation of these arrangements to take into account the valuation of iSentia as outlined in Offer. Refer to Section 9.6.1 for further information.
6 Net finance costs – pro forma historical net finance costs have been adjusted to reflect the debt profile and interest rates applicable under the terms of the New Banking Facilities following Completion of the Offer and the reduced level of Group leverage following the Offer.
7 Tax (expense)/benefit – pro forma historical income tax expense has been adjusted to reflect the post-Offer structure and tax profile. The major permanent difference relates to research and development benefits.
8 The primary reason for the lower FY14 statutory forecast EBITDA and EBIT compared to the FY14 pro forma forecast EBITDA and EBIT is the expensing of $9.4 million of the costs in relation to the Offer in the statutory forecast. A proportion of the costs of the Offer is required to be expensed under Australian Accounting Standards as the transactions contemplated under and in connection with the Offer have been accounted for as a group reorganisation and only a portion of the Offer proceeds is retained by the Company. The primary reason for the lower FY14 statutory forecast NPAT compared to pro forma forecast NPAT is the expensing of the $9.4 million of costs in relation to the Offer, the write-off of $1.2 million of deferred borrowing costs, the closing out of the interest rate swaps of $1.2 million relating to the existing debt facility and the loss of $17.9 million on remeasurement of the options over non-controlling interests in companies in which iSentia previously acquired majority control (as described in Section 9.6.1).

Table 3 sets out iSentia's pro forma consolidated revenue and EBITDA by geographic segment for FY11, FY12, FY13, and 1HFY14, and FY14 and FY15.

Table 3: Revenue and EBITDA summary by geographic segment

		FULL YEAR (12 MONTHS)					HALF YEAR (6 MONTHS)
		PRO FORMA HISTORICAL			PRO FORMA FORECAST		PRO FORMA HISTORICAL
$ MILLION	NOTES	FY11	FY12	FY13	FY14	FY15	1HFY14
Revenue							
ANZ		87.0	88.0	84.3	88.6	100.2	42.9
Asia		5.9	15.9	18.6	20.5	24.2	9.8
Total revenue		**92.8**	**103.9**	**103.0**	**109.1**	**124.4**	**52.7**
EBITDA							
ANZ		33.6	34.1	30.2	35.7	44.5	16.9
Asia		(1.5)	0.7	2.1	4.0	6.5	1.8
Head office	1	(12.0)	(12.0)	(9.4)	(9.5)	(9.7)	(4.5)
Total EBITDA		**20.1**	**22.8**	**22.9**	**30.2**	**41.3**	**14.2**

1 Head office relates to costs which are not directly attributed to a geographic segment including those for the CEO, CFO and head office support functions.

4.3.2 Key operating metrics

Set out below is a summary of certain key historical operating metrics for the periods reflected in the Pro Forma Historical Financial Information and the forecast key operating metrics for the periods reflected in the Forecast Financial Information.

Table 4: Key historical financial metrics for FY11 to FY13 and 1HFY14 and forecast financial metrics for FY14 and FY15

	PRO FORMA HISTORICAL				PRO FORMA FORECAST	STATUTORY FORECAST	PRO FORMA AND STATUTORY FORECAST
	FY11	FY12	FY13	1HFY14	FY14	FY14	FY15
Revenue growth		12.0%	(0.9%)		5.9%	n.a.	14.0%
EBITDA growth		13.5%	0.2%		31.8%	n.a.	37.1%
EBITDA margin	21.7%	22.0%	22.2%	27.0%	27.6%	16.1%	33.2%
EBITA growth		11.3%	(2.1%)		37.2%	n.a.	42.0%
EBITA margin	18.8%	18.7%	18.5%	23.4%	24.0%	12.5%	29.9%
EBIT growth		162.8%	(6.8%)		60.5%	n.a.	57.6%
EBIT margin	4.8%	11.2%	10.5%	15.4%	16.0%	3.7%	22.1%
NPAT growth		534.8%	(10.3%)		70.1%	n.a.	68.6%
NPATA growth		28.3%	(4.0%)		42.6%	n.a.	49.4%
Net cash flow from operations after capital expenditure (before tax and interest)/EBITDA conversion (%)	82.0%	86.7%	81.3%	80.8%	74.3%	57.9%	82.2%

1 The reconciliation of the pro forma historical results to the statutory historical results, and the reconciliation of the pro forma forecast results to the statutory forecast results, are outlined in Section 4.3.3.

4.3.3 Pro forma adjustments to the statutory income statements

Table 5 sets out a summary of iSentia's statutory historical consolidated income statements for FY11, FY12, FY13 and 1HFY14.

Table 5: Summary statutory historical consolidated income statements

	STATUTORY HISTORICAL			
$ MILLION	FY11	FY12	FY13	1HFY14
Revenue	**92.8**	**103.9**	**103.0**	**52.7**
Total operating expenses	(75.2)	(81.1)	(81.3)	(39.3)
EBITDA	**17.7**	**22.9**	**21.7**	**13.4**
Depreciation	(1.7)	(2.0)	(1.9)	(0.9)
Amortisation of internally-generated software	(0.9)	(1.4)	(1.9)	(1.1)
EBITA	**15.0**	**19.5**	**17.9**	**11.5**
Amortisation of acquired software	(1.9)	(2.3)	(2.5)	(1.6)
Amortisation of acquired client-related items	(11.1)	(5.6)	(5.7)	(2.6)
Impairment	–	–	(8.4)	(0.8)
EBIT	**2.0**	**11.7**	**1.3**	**6.5**
Remeasurement of options over non-controlling interests	–	–	–	(17.9)
Net finance costs	(12.5)	(14.4)	(14.8)	(7.3)
Loss before tax	**(10.5)**	**(2.8)**	**(13.6)**	**(18.7)**
Tax benefit	1.7	0.7	2.1	0.7
NPAT	**(8.8)**	**(2.0)**	**(11.5)**	**(18.0)**
Add: Amortisation of acquired intangibles (after tax)	9.1	5.5	5.8	2.9
NPATA	**0.3**	**3.5**	**(5.7)**	**(15.0)**

Table 6 sets out the adjustments that have been made to the audited statutory historical income statements for FY11, FY12 and FY13, the unaudited historical income statements for 1HFY14, and statutory forecast income statements for FY14.

4.3.3 Pro forma adjustments to the statutory income statements (cont)

Table 6: Pro forma adjustments to the statutory consolidated income statements

		HISTORICAL			FORECAST	HISTORICAL
$ MILLION	NOTES	FY11	FY12	FY13	FY14	1HFY14
Statutory EBITDA		**17.7**	**22.9**	**21.7**	**17.6**	**13.4**
FX (gains)/losses	1	0.2	(0.8)	0.2	0.5	0.5
Restructuring and acquisition costs	2	3.8	2.4	2.6	3.8	1.0
Listed company costs	3	(1.6)	(1.6)	(1.6)	(1.2)	(0.8)
Offer costs	4	–	–	–	9.4	–
Pro forma EBITDA		**20.1**	**22.8**	**22.9**	**30.2**	**14.2**
Statutory NPAT		**(8.8)**	**(2.0)**	**(11.5)**	**(20.0)**	**(18.0)**
Impairment	5	–	–	8.4	0.8	0.8
Net finance costs adjustment	6	9.7	11.5	12.2	12.7	6.1
Remeasurement of options over non-controlling interests	7	–	–	–	17.9	17.9
Restructuring and acquisition costs	2	3.8	2.4	2.6	3.8	1.0
Listed company costs	3	(1.6)	(1.6)	(1.6)	(1.2)	(0.8)
Offer costs	4	–	–	–	9.4	–
Income tax adjustment	8	(1.9)	(2.4)	(2.9)	(11.4)	(1.7)
Pro forma NPAT		**1.2**	**7.8**	**7.0**	**11.9**	**5.3**

1 As noted in Section 4.2.4, iSentia has excluded FX gains and losses from its definition of EBITDA.

2 Restructuring and acquisition costs – an adjustment has been made to exclude due diligence and transaction-related costs associated with business acquisitions and the redundancy and associated costs of restructuring the business, including offshoring various functions.

3 Listed company costs – an adjustment has been made to include iSentia's estimate of the incremental annual costs that it will incur as a listed public company. These incremental costs include Director and executive remuneration, additional audit and tax costs, listing fees, share registry fees, directors' and officers' insurance premiums, as well as annual general meeting and annual report costs.

4 Offer costs – total costs of the Offer are estimated at $15.5 million, of which $9.4 million is expensed in the statutory forecast results for FY14. The remaining $5.7 million is directly attributable to the issue of Shares and hence will be offset against equity raised in the Offer.

5 Impairment – an adjustment has been made to exclude non-recurring impairment charges relating to acquired intangible assets in Brandtology and China Clipping.

6 Net finance costs adjustment – adjustments have been made to net finance costs to reflect an interest expense commensurate with the post-Offer debt rates and amount under the New Banking Facilities, the repayment of the iSentia Holdings Shareholder Loans, reduction in external debt levels following the Offer and removal of the effective interest on the options over non-controlling interests. FY14 finance cost is also adjusted to exclude the repayment of the existing interest rate swaps of $1.2 million and the write-off of the deferred borrowing costs related to the existing debt facility of $1.2 million.

7 Remeasurement of options over non-controlling interests – an adjustment has been made to exclude the remeasurement of the options over the non-controlling interests in Brandtology and MediaBanc as these interests will be acquired as part of the Offer structure. The remeasurement in 1HFY14 and FY14 reflects the revaluation of these arrangements to take into account the valuation of iSentia as outlined in Offer. Refer to Section 9.6.1 for further information.

8 The income tax adjustment incorporates the tax impact of the above items as well as the removal of unusual tax items, such as the one-off net tax benefit as a result of the formation of a new tax consolidated group following the Offer, elimination of interest disallowance under the thin capitalisation rules and prior period true-ups to reflect the actual research and development benefits claimed.

4.4 HISTORICAL CONSOLIDATED BALANCE SHEET

4.4.1 Overview

The pro forma adjustments made to the unaudited consolidated balance sheet of iSentia as at 31 December 2013 reflect the events and assumptions noted in the table below that will be in place following Completion of the Offer as if they had occurred or were in place as at 31 December 2013.

In conjunction with the Offer, the Company will issue new equity and draw down on its New Banking Facilities (described in Section 4.4.3). Proceeds from the foregoing, together with available cash, will be used to pay:

- the Current Owners the cash component of the consideration for the purchase by the Company of all of the iSentia Holdings Shares from the Current Owners;
- amounts owing by iSentia under debt facilities and associated derivatives in place immediately prior to Completion of the Offer;
- amounts owing by iSentia under the iSentia Holdings Shareholder Loans from the Quadrant Funds and other iSentia Holdings Shareholders, in place immediately prior to Completion of the Offer;
- the purchase price for the shares in Brandtology not currently owned by iSentia as a result of the exercise, by the owners of those shares, of a pre-existing put option in relation to those shares;
- the purchase price for the shares in MediaBanc not currently owned by iSentia as a result of the exercise, by iSentia Pty Limited, of a pre-existing call option in relation to those shares; and
- costs of the Offer, as well as other obligations of iSentia to be paid on Completion of the Offer.

The post-Offer pro forma historical consolidated balance sheet is provided for illustrative purposes and is not represented as being necessarily indicative of iSentia's view on its future financial position.

Table 7: Pro forma historical consolidated balance sheet

AS AT 31 DECEMBER 2013, $ MILLION	NOTES	UNAUDITED STATUTORY	ADJUSTMENTS/ IMPACT OF THE OFFER	PRO FORMA
Assets				
Current assets				
Cash and cash equivalents	1	6.0	(2.3)	3.7
Trade and other receivables		19.2	–	19.2
Other current assets		1.1	–	1.1
Total current assets		**26.2**	**(2.3)**	**24.0**
Non-current assets				
Property, plant and equipment		2.6	–	2.6
Intangible assets	2	132.1	7.7	139.8
Deferred tax	3	3.0	8.4	11.3
Other non-current assets	4	1.3	(1.3)	0.1
Total non-current assets		**139.0**	**14.8**	**153.8**
Total assets		**165.2**	**12.5**	**177.7**

4.4.1 Overview (cont)

Table 7: Pro forma historical consolidated balance sheet (cont)

AS AT 31 DECEMBER 2013, $ MILLION	NOTES	UNAUDITED STATUTORY	ADJUSTMENTS/ IMPACT OF THE OFFER	PRO FORMA
Liabilities				
Current liabilities				
Trade and other payables		11.5	–	11.5
Borrowings	5	5.9	(5.9)	–
Other financial liabilities	6	31.2	(31.2)	–
Income tax payable		0.6	–	0.6
Provisions		2.7	–	2.7
Total current liabilities		**51.8**	**(37.1)**	**14.7**
Non-current liabilities				
Borrowings	7	103.6	(49.0)	54.6
Deferred tax		10.1	–	10.1
Provisions		0.5	–	0.5
Total non-current liabilities		**114.2**	**(49.0)**	**65.2**
Total liabilities		**166.0**	**(86.1)**	**79.9**
Net assets		**(0.8)**	**98.6**	**97.8**
Equity				
Issued capital	4	37.6	366.4	404.0
Reserves	8	1.6	(255.3)	(253.7)
Accumulated losses	9	(40.0)	(12.5)	(52.5)
Total equity		**(0.8)**	**98.6**	**97.8**

1 Cash decreases by $(2.3) million as a result of adjustments to reflect the payment of $14.6 million in costs associated with the Offer offset by the remaining proceeds of the Offer and New Banking Facilities after repaying the iSentia Holdings Shareholder Loans, existing banking facilities and associated derivatives and put/call options over non-controlling interests described below ($29.9 million) as well as $15.7 million to repay additional borrowings drawn after 31 December 2013 to fund the dividend to Current Shareholders and the AAP Acquisition.

2 Intangible assets increased by $7.7 million as a result of the AAP Acquisition in February 2014.

3 Deferred tax assets increase by $8.4 million as a result of $4.3 million adjustment to reflect the combined effect of the deferred tax impact of certain costs associated with the Offer, plus an estimated $4.1 million adjustment to deferred tax assets that arises as a result of the impact of the Offer and the formation of a new Australian tax consolidated group. A full assessment of the implications of the formation of an Australian tax consolidated group will be completed following the Offer and this benefit may change as a result of this full assessment.

4 Issued capital increases by $366.4 million to reflect the change in the book value of consolidated contributed equity occurring as part of the Offer. The value of the new Shares issued under the Offer is based on the Offer Price. The existing Management Loans of $1.4 million are also settled through the proceeds received by relevant Management Shareholders as a result of the Offer.

5 As a result of the drawdown of the New Banking Facilities (see Section 4.4.3), current borrowings will be repaid.

6 Other financial liabilities will reduce as a result of the repayment of existing interest rate hedge liabilities ($1.3 million) and settlement of the put/call options over non-controlling interests in relation to Brandtology ($24.0 million) and MediaBanc ($5.8 million). Refer to Section 9.6.1 for further information.

7 Non-current borrowings will decrease by $49.0 million as a result of the repayment of iSentia Holdings Shareholder Loans ($50.6 million) and existing banking facilities ($61.1 million) net of the non-cash write-off of unamortised capitalised borrowing costs ($1.1 million), offset by the drawdown of $55.0 million under the New Banking Facilities net of capitalised borrowing costs ($0.4 million).

8 As discussed in Section 4.2.2, the acquisition of iSentia Holdings by the Company has been treated as an internal restructure and no fair value adjustments have been made. Consequently, the difference between the equity and net assets of iSentia recognised is recorded in a reorganisation reserve.

9 Accumulated losses have increased by $12.5 million to reflect the after-tax expensed portion of costs associated with the Offer ($5.9 million), the write-off of deferred borrowing costs ($1.1 million) and interest rate swap ($0.9 million), and the declaration of a dividend to Current Shareholders of $8.6 million in March 2014, offset by the $4.1 million adjustment to reflect the expected impact of the formation of a new Australian tax consolidated group on recorded deferred tax assets.

4.4.2 Indebtedness

Table 8 sets out the indebtedness of iSentia as at 31 December 2013, before and immediately after Completion of the Offer.

Table 8: Pro forma consolidated indebtedness as at 31 December 2013

AS AT 31 DECEMBER 2013, $ MILLION	NOTES	BEFORE COMPLETION OF THE OFFER[1]	AFTER COMPLETION OF THE OFFER
Cash and cash equivalents	2	(6.0)	(3.7)
Current borrowings		5.9	–
Non-current borrowings	3	103.6	55.0
Net total indebtedness	4	**103.6**	**51.3**
Net debt/FY14 pro forma EBITDA			**1.7x**
Net debt/FY15 statutory EBITDA			**1.2x**

1 Extracted from the unaudited consolidated balance sheet of iSentia as at 31 December 2013.

2 Represents iSentia's pro forma cash and cash equivalents balance at 31 December 2013. Cash and cash equivalents balance after Completion of the Offer is anticipated to be $7.0 million.

3 The $55.0 million of New Banking Facilities, net of that portion of the costs associated with the New Banking Facilities to be capitalised as non-current borrowing costs ($0.5 million), resulting in pro forma non-current borrowings of $54.6 million following Completion of the Offer.

4 Net total indebtedness excludes the liability for options over the non-controlling interests in Brandtology and MediaBanc. These interests will be acquired contemporaneously with Completion of the Offer using part of the proceeds of the Offer.

The actual net total indebtedness at the date of the Offer may differ from that shown in Table 8 as it will reflect cash flows from operations between 31 December 2013 and the date of the Offer.

4.4.3 Description of New Banking Facilities

iSentia and Westpac Banking Corporation (Lender or WBC) have entered into a loan facility agreement for the provision of a three-year revolving cash advance facility and a three-year revolving multi-option facility (New Banking Facilities). The New Banking Facilities are subject to the satisfaction of certain conditions precedent customary for an initial public offering-related refinancing, most importantly the successful Completion of the Offer, the application of part of the Offer proceeds to the repayment of iSentia's existing debt and compliance with a specified opening gearing ratio (which the Company expects to be satisfied).

The New Banking Facilities will comprise:

→ a $55 million three-year revolving cash advance facility (Facility A); and

→ a $10 million three-year revolving multi-option facility (Facility B).

Table 9 sets out the New Banking Facilities.

Table 9: Summary of New Banking Facilities

$ MILLION	FACILITY COMMITMENT	PRO FORMA DRAWN
Facility A	55.0	55.0
Facility B	10.0	–
Total	**65.0**	**55.0**

4.4.3.1 Facility A

Facility A will be available for refinancing iSentia's existing debt, paying costs associated with the Offer and the refinancing, and capital expenditure, general corporate purposes and permitted acquisitions.

Facility A is repayable in full at maturity, being three years from the date of the first drawdown under the New Banking Facilities. No interim scheduled principal repayments are required during the term of Facility A. Facility A has a variable interest rate, which is based on Bank Bill Swap Bid Rate (BBSY). If Facility A is not fully drawn at any stage, Facility A will attract annual commitment fees equal to 45% of the applicable margin on the committed but undrawn funds under this facility.

4.4.3.2 Facility B

Facility B will be available for general corporate and working capital purposes. It will have the same tenure and will attract the same interest rate and commitment fees as those for Facility A.

4.4.3.3 Representations and warranties

The New Banking Facilities will contain representations and warranties usual for facilities of this nature, the breach of which may lead to the funds borrowed becoming due on an accelerated basis and the New Banking Facilities being cancelled.

4.4.3.4 Undertakings

The New Banking Facilities contain financial, information and reporting undertakings customary for facilities of this nature.

Financial undertakings include iSentia's compliance with certain leverage and interest coverage ratios, which will be tested semi-annually on a rolling 12-monthly basis. iSentia's obligations under the New Banking Facilities will be guaranteed by certain iSentia subsidiaries, which at all times must include at least 90% of the aggregate total assets and EBITDA of the ANZ entities of the Group. iSentia must hedge at least 50% of the interest rate exposure in respect of outstanding utilisations under Facility A until the maturity date of Facility A. iSentia also undertakes to retain all existing key intellectual property and licences, maintain its core business and not enter into any acquisition or disposal transaction which is not permitted by the New Banking Facilities.

iSentia further undertakes to provide annual consolidated accounts and unaudited semi-annual management accounts to the Lender and inform WBC of any default, review event of matter reasonably likely to have a material adverse effect, among other things discussed below. Any breach by iSentia of the undertakings given or made by it may lead to the funds borrowed becoming due on an accelerated basis and the New Banking Facilities being cancelled.

iSentia expects to remain in compliance with these undertakings.

4.4.3.5 Events of default

The New Banking Facilities prescribe events of default which are usual for facilities of this nature, including failure to pay, breach of financial undertaking, cross-default insolvency and related events and material adverse effect. The occurrence of an event of default, if not cured in a timely fashion, may lead to the funds borrowed becoming due on an accelerated basis and the New Banking Facilities being cancelled.

4.4.3.6 Events of review

If a review event occurs, including iSentia's delisting from ASX or its suspension from trading on ASX for more than 10 business days, iSentia and the Lender will be required to renegotiate revised terms for the New Banking Facilities. If agreement cannot be reached within a certain period, then it may lead to some or all of the funds borrowed becoming due and the New Banking Facilities being cancelled.

4.4.4 Liquidity and capital resources

Following Completion of the Offer, iSentia's principal sources of liquidity will consist of cash resources, cash flows from operations, and drawings under the New Banking Facilities.

iSentia's operations do not require significant capital expenditure. iSentia's historical and forecast capital expenditure and working capital trends are set out in Sections 4.5, 4.6 and 4.7, and notably capital expenditure was in the range of $3.2 million to $4.5 million per annum across FY11, FY12 and FY13.

iSentia expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period to 30 June 2015. iSentia expects that its operating cash flows, together with borrowing under the New Banking Facilities, will position iSentia to grow its business in accordance with the Forecast Financial Information.

The Directors believe that iSentia will have sufficient working capital to carry out its stated objectives in the forecast period to 30 June 2015.

4.4.5 Contractual obligations and commitments

Table 10 summarises iSentia's contractual obligations and commitments (following Completion of the Offer) under its operating leases.

Table 10: Contractual obligations and commitment

	PAYMENTS DUE BY PERIOD		
$ MILLION	LESS THAN 1 YEAR	1 TO 3 YEAR(S)	3 OR MORE YEARS
Operating lease commitments	3.5	7.4	0.6

4.5 Historical and forecast consolidated statements of cash flows

iSentia has a track record of strong cash flow generation, converting a high proportion of EBITDA to operating free cash flow after capital expenditure. iSentia's strong cash flow generation is underpinned by its low working capital requirements and steady capital expenditure.

4.5.1 Overview

Table 11 sets out a summary of iSentia's pro forma historical consolidated statements of cash flows for FY11, FY12, FY13 and 1HFY14, the pro forma forecast consolidated statements of cash flows for FY14 and FY15, and the statutory forecast consolidated statements of cash flows for FY14 and FY15.

Table 11: Summary pro forma historical, pro forma forecast and statutory forecast statements of cash flows

		PRO FORMA HISTORICAL				PRO FORMA FORECAST	STATUTORY FORECAST	PRO FORMA AND STATUTORY FORECAST
$ MILLION	NOTES	FY11	FY12	FY13	1HFY14	FY14	FY14	FY15
EBITDA	1	**20.1**	**22.8**	**22.9**	**14.2**	**30.2**	**17.6**	**41.3**
Movement in working capital		(3.0)	1.0	0.6	(0.7)	(3.5)	(3.5)	(2.9)
Other non-cash movements	2	2.6	0.4	(0.3)	0.1	0.2	0.5	0.2
Net cash flow from operations (before tax and interest)		**19.7**	**24.2**	**23.2**	**13.6**	**26.8**	**14.6**	**38.6**
Capital expenditure		(3.2)	(4.4)	(4.5)	(2.1)	(4.4)	(4.4)	(4.6)
Net cash flow from operations after capital expenditure (before tax and interest)		**16.5**	**19.8**	**18.6**	**11.5**	**22.4**	**10.2**	**34.0**
Income tax paid					(0.9)	(1.5)	(1.5)	(2.5)
Net finance costs paid					(1.2)	(2.5)	(5.5)	(1.8)
Business acquisitions	3				–	–	(10.5)	–
Bridge loan					–	–	16.0	–
Repayment of borrowings					–	–	(134.8)	–
Proceeds from New Banking Facilities					–	–	55.0	–
Gross proceeds from issue of new Shares					–	–	283.5	–
Proceeds paid to Current Shareholders					–	–	(167.9)	–
Payment to settle options over non-controlling interests					–	–	(29.9)	–

4.5.1 Overview (cont)

Table 11: Summary pro forma historical, pro forma forecast and statutory forecast statements of cash flows

		PRO FORMA HISTORICAL				PRO FORMA FORECAST	STATUTORY FORECAST	PRO FORMA AND STATUTORY FORECAST
$ MILLION	NOTES	FY11	FY12	FY13	1HFY14	FY14	FY14	FY15
Offer costs	4				–	–	(5.7)	–
Net cash flow (before dividends)					**9.3**	**18.4**	**8.9**	**29.7**
Dividends paid	5				–	–	(8.6)	(6.2)
Net cash flow					**9.3**	**18.4**	**0.3**	**23.5**

1 Pro forma EBITDA has been adjusted to reflect the pro forma adjustments to the statutory historical results and statutory forecast results set out in Section 4.3.3.
2 Represents sundry non-cash movements including unrealised FX gains and losses and share-based payments.
3 FY14 business acquisitions include payments for the acquisition of Two Social, the AAP Acquisition and prior period acquisitions.
4 Represents the portion of the costs associated with the Offer charged to equity.
5 FY14 represents the dividend paid to Current Shareholders in March 2014. FY15 represents the interim dividend in respect of 1HFY15 in accordance with the Company's dividend policy described in Section 4.9.

4.5.2 Pro forma adjustments to the statutory cash flow statements

Table 12 below sets out the adjustments to the statutory historical consolidated statements of cash flows for FY11, FY12, FY13 and 1HFY14, and the statutory forecast consolidated statement of cash flows for FY14.

Table 12: Pro forma adjustments to the statutory consolidated statements of cash flows

		HISTORICAL			FORECAST	HISTORICAL
$ MILLION	NOTES	FY11	FY12	FY13	FY14	1HFY14
Statutory cash flow from operations (before tax and interest)		**14.0**	**22.8**	**22.9**	**14.6**	**12.7**
Listed company costs	1	(1.6)	(1.6)	(1.6)	(1.2)	(0.7)
Loan establishment fees paid	2	3.3	0.4	–	–	–
Restructuring and acquisition costs	3	3.8	2.4	1.7	3.8	1.6
Offer costs	4	–	–	–	9.4	–
Share-based payments		0.2	0.2	0.2	0.2	
Pro forma cash flow from operations (before tax and interest)		**19.7**	**24.2**	**23.2**	**26.8**	**13.6**

1 Listed company costs – an adjustment has been made to include iSentia's estimate of the incremental annual cash costs (excluding share-based payments) that it will incur as a listed public company. These incremental costs include Director and executive remuneration, additional audit and tax costs, listing fees, share registry fees, directors' and officers' insurance premiums, as well as annual general meeting and annual report costs.
2 Loan establishment fees paid – an adjustment has been made to exclude the fees paid on establishing the existing banking facilities.
3 Restructuring and acquisition costs – an adjustment has been made to exclude the cash cost of due diligence and transaction-related costs associated with business acquisitions and the redundancy and associated costs of restructuring the business, including offshoring various functions.

4 Represents the total costs of the Offer that are to be expensed.

4.6 MANAGEMENT'S DISCUSSION AND ANALYSIS OF PRO FORMA HISTORICAL FINANCIAL INFORMATION

4.6.1 General factors affecting the operating results of iSentia

This Section 4.6 sets out a discussion of the main factors which affected iSentia's operations and relative financial performance in FY11, FY12 and FY13, and which may continue to affect it in the future. The discussion of these factors is intended to provide a brief summary only and does not detail all factors that affected the historical operations and financial performance, nor everything which may affect the future operations and financial performance.

The information in this Section 4.6 should also be read in conjunction with the risk factors set out in Section 5 and the other information contained in this Prospectus.

Table 13 sets out iSentia's pro forma consolidated revenue by product/service line for FY11, FY12, FY13 and 1HFY14, and FY14 and FY15.

Table 13: Pro forma revenue summary by product/service line

	FULL YEAR (12 MONTHS)					HALF YEAR (6 MONTHS)
	PRO FORMA HISTORICAL			PRO FORMA FORECAST	PRO FORMA AND STATUTORY FORECAST	PRO FORMA HISTORICAL
$ MILLION	FY11	FY12	FY13	FY14	FY15	1HFY14
Revenue						
SaaS	83.5	88.0	85.4	87.1	95.9	42.6
VAS	9.3	15.9	17.6	22.0	28.5	10.1
Total revenue	**92.8**	**103.9**	**103.0**	**109.1**	**124.4**	**52.7**

4.6.1.1 Revenue

An overview of the different revenue streams generated by iSentia and the key drivers of each revenue stream is set out below.

1. SaaS platform revenue

iSentia's SaaS offerings are outlined in Section 3.2.2. For the purpose of this Prospectus, the SaaS revenue includes:

- monthly subscription fees paid by clients for the Mediaportal and Media Alert platforms (described in Section 3.2.2.1 and 3.2.2.2 respectively);
- monthly subscription fees paid by clients for the News e-Library platform (described in Section 3.2.2.1);
- monthly subscription fees paid by clients for Ads e-Library;
- fees paid by clients for Slice Media;
- fees paid by clients for mainstream and online news and internet monitoring information; and
- copyright fees, which are passed through to content providers.

SaaS revenue may depend on a range of factors set out in Sections 2 and 3, including:

- demand for media intelligence services in the markets in which iSentia operates;
- iSentia's ability to attract and retain clients in the markets in which iSentia operates;
- the volume of news stories and other media content in ANZ which iSentia accesses that is relevant for iSentia's client base; and
- the release and marketing of new products and services including, in particular, those that integrate with iSentia's SaaS platforms.

2. VAS revenue

iSentia offers a number of additional services that further assist clients to make more informed and time-critical business and communications decisions. iSentia's VAS offerings include services to integrate extensive social media sources, resources to analyse clients' and competitors' communication effectiveness that enhance clients' media strategies, and tools supported by a research database to assist in effectively connecting with the most influential communicators and media outlets. iSentia's VAS offerings include:

- BuzzNumbers – social media monitoring and analysis and campaign effectiveness;
- Brandtology – social media insights and campaign effectiveness;
- Two Social – social media strategy and execution;
- Insight Reports – media coverage and analysis reports; and
- Connect and Newsboost – media contacts database and hosted digital newsrooms.

VAS revenue is generated by iSentia providing these software and services through various pricing models including a pay-per-use model, subscription model, or per engagement for reporting services.

VAS revenue may depend on a range of factors set out in Sections 2 and 3, including:

- demand for media intelligence services in the markets in which iSentia operates;
- iSentia's ability to attract and retain clients in the markets in which iSentia operates;
- iSentia's ability to increase revenue per client through additional VAS take-up; and
- the release and marketing of new products and services including, in particular, those that integrate with iSentia's SaaS platforms.

4.6.1.2 Operating expenses

Key operating expenses comprise:

- Cost of sales (include copyright fees) – includes content acquisition costs as well as the pass-through of copyright fees to content providers, and communication and equipment expenses. These costs are largely variable in nature;
- Employee costs – salaries, wages and other employment related costs of content production, sales and client support, IT and product development, administration and management staff. iSentia's management believes labour costs to be predominantly fixed in nature in the short term; and
- Other operating expenses – includes all other operating expenses not captured above including corporate overhead such as marketing and occupancy costs, as well as legal and audit fees. These costs are primarily fixed in nature in the short term.

Table 14: Pro forma operating expenses summary

	FULL YEAR (12 MONTHS)					HALF YEAR (6 MONTHS)
	PRO FORMA HISTORICAL			PRO FORMA FORECAST	PRO FORMA AND STATUTORY FORECAST	PRO FORMA HISTORICAL
$ MILLION	FY11	FY12	FY13	FY14	FY15	1HFY14
Operating expenses						
Cost of sales (including copyright fees)	(20.9)	(21.5)	(19.7)	(20.4)	(20.7)	(10.4)
Employee costs	(46.2)	(53.0)	(52.9)	(52.0)	(54.6)	(25.2)
Other operating expenses	(5.6)	(6.6)	(7.5)	(6.5)	(7.7)	(2.9)
Total operating expenses	**(72.7)**	**(81.1)**	**(80.1)**	**(78.9)**	**(83.1)**	**(38.5)**

4.6.1.3 Depreciation and amortisation

- **Depreciation** – predominantly relates to the depreciation of IT infrastructure such as servers, the majority of which are depreciated on a three-year straight-line basis.
- **Amortisation** – relates to amortisation of in-house software development as well as the amortisation of acquired intangibles. A breakdown of amortisation of acquired intangibles is set out in Section 4.3.1.

4.6.1.4 Net finance costs

The pro forma historical net finance costs have been adjusted to reflect the debt profile and interest rates applicable under the terms of the New Banking Facilities following Completion of the Offer and reduced level of Group leverage following the Offer. The average effective interest rate for the New Banking Facilities is 4.60% per annum, applied to average historical external debt levels adjusted for the reduction in external debt following the Offer. The pro forma historical net finance costs reflect the expected commitment fees and amortisation of deferred borrowing costs based on the New Banking Facilities.

4.6.1.5 Capital expenditure

iSentia incurs capital expenditure which includes hardware relating to IT infrastructure, and labour costs associated with software development which are capitalised. It is notable that iSentia incurs significant other labour costs associated with software which are expensed for accounting purposes.

4.6.1.6 Working capital

iSentia traditionally operates with a relatively stable working capital requirement due to the nature of client invoicing, the majority of which is on a monthly basis.

4.6.1.7 Tax

iSentia has historically benefited from a low effective tax rate as a result of:

- significant research and development (R&D) expenditure eligible for the R&D tax offset under the R&D tax incentive program. During FY12 and FY13, iSentia benefited from an R&D tax offset of $4.3 million and $4.8 million respectively (based on a notional R&D tax deduction of approximately $10.7 million in eligible R&D expenditure in FY12 and $12.0 million in eligible R&D expenditure in FY13); and
- operations in some lower-tax Asian jurisdictions.

Historically, iSentia's tax paid differed to its accounting tax expense, and this is expected to continue for FY15 and for a period thereafter. This is seen in FY15 where tax expense is $5.4 million, but forecast tax paid is $2.5 million. There are several key drivers of this difference:

- a nil Australian tax instalment rate for the forecast period based on the Australian tax consolidated group's historical tax profile;
- a tax holiday in one Malaysian entity which is expected to continue to late 2015;
- additional tax depreciation arising from an uplift in the tax cost base of the Company's underlying assets as a result of the Company's acquisition of iSentia Holdings;
- the timing of the ability to deduct certain Offer-related costs for tax purposes; offset by
- the non-tax deductibility of the amortisation of the acquired client relationships and contracts.

4.6.2 PRO FORMA CONSOLIDATED INCOME STATEMENTS – FY11 VS. FY12

Table 15 sets out the summary pro forma consolidated income statements for FY11 and FY12.

Table 15: Summary pro forma consolidated income statements: FY12 compared to FY11

	PRO FORMA HISTORICAL		CHANGE
$ MILLION	FY11	FY12	%
Revenue			
ANZ	87.0	88.0	1.2%
Asia	5.9	15.9	170.6%
Total revenue	**92.8**	**103.9**	**12.0%**
Cost of sales (including copyright fees)	(20.9)	(21.5)	2.7%
Employee costs	(46.2)	(53.0)	14.8%
Other operating expenses	(5.6)	(6.6)	17.0%
Total operating expenses	(72.7)	(81.1)	11.5%
EBITDA	**20.1**	**22.8**	**13.5%**
EBITDA margin	*21.7%*	*22.0%*	
Depreciation	(1.7)	(2.0)	17.6%
Amortisation of internally-generated software	(0.9)	(1.4)	46.7%
EBITA	**17.5**	**19.5**	**11.3%**
Amortisation of acquired software	(1.9)	(2.3)	17.3%
Amortisation of acquired client-related items	(11.1)	(5.6)	(49.9%)
EBIT	**4.4**	**11.6**	**162.8%**
EBIT margin	*4.8%*	*11.2%*	

1 The pro forma historical results are reconciled to the statutory historical results in Section 4.3.3.

4.6.2.1 Revenue

Total revenue increased by 12.0% to $103.9 million in FY12 from $92.8 million in FY11. A summary of key factors affecting iSentia's revenue growth in FY12 is outlined below:

- ANZ revenue grew 1.2% overall with:
  - stable SaaS revenue driven by:
  - growth in client subscription spend as a result of transitioning approximately 80 Media Alert clients to the higher yielding Mediaportal platform;
  - a marginal decline in saleable mainstream media news stories accessed by iSentia, which was partially offset by 30% revenue growth in online news and internet monitoring including over 70 additional client briefs in ANZ; and
  - growth associated with iSentia's scheduled annual price increases; and
  - 19.8% growth in VAS revenue with particularly strong growth in social media monitoring and analysis offerings and Insights Reports; and
- Asian revenue grew 170.6% as a result of iSentia executing its Asian expansion strategy:
  - FY12 included six months of revenue from the acquisition of MediaBanc which completed in December 2011; and
  - FY12 included the full 12 months revenue from Brandtology compared to five months in FY11.

4.6.2.2 Operating expenses

Total operating expenses increased by 11.5% to $81.1 million in FY12 from $72.7 million in FY11, primarily driven by:

- $6.9 million (14.8%) increase in employee costs, including annual salary increases and the full-year impact of additional staff associated with the Brandtology acquisition (FY11 included five months of Brandtology); and
- the part-year impact of additional staff associated with the MediaBanc acquisition which completed in December 2011.

4.6.2.3 EBITDA and EBIT

EBITDA increased by 13.5% in FY12 as a result of 12.0% revenue growth and an increase in operating expenses of 11.5%. The commensurate revenue and expenses growth resulted in moderate EBITDA margin growth from 21.7% in FY11 to 22.0% in FY12. EBIT grew 162.8% in FY12 as a result of 13.5% growth in EBITDA and a 28.7% decline in depreciation and amortisation. The decline in depreciation and amortisation was a result of a $5.6 million reduction in amortisation of acquired client contracts in FY11, partially offset by a 17.6% increase in depreciation related to Brandtology (FY11 included five months of Brandtology depreciation), and the part-year impact of MediaBanc depreciation.

4.6.3 Pro forma consolidated statements of cash flows – FY11 vs. FY12

Table 16 sets out the summary pro forma consolidated statements of cash flows for FY11 and FY12.

Table 16: Summary pro forma consolidated statements of cash flows: FY12 compared to FY11

		PRO FORMA HISTORICAL		CHANGE
$ MILLION	NOTES	FY11	FY12	%
EBITDA	1	20.1	22.8	13.5%
Movement in working capital		(3.0)	1.0	n.m.
Other non-cash movements	2	2.6	0.4	(85.7%)
Net cash flow from operations (before tax and interest)		**19.7**	**24.2**	**23.0%**
Capital expenditure		(3.2)	(4.4)	38.7%
Net cash flow from operations after capital expenditure (before tax and interest)		**16.5**	**19.8**	**20.0%**

1 Pro forma EBITDA above has been adjusted to reflect the pro forma adjustments to the statutory historical results set out in Section 4.3.3.

2 Represents sundry non-cash movements including unrealised FX gains and losses and share-based payments.

Overall net cash from operations (pre tax and interest) increased slightly between FY11 and FY12 driven by the increasing EBITDA. Capital expenditure grew $1.2 million (38.7%) in FY12 predominantly due to capital expenditure within the newly acquired businesses of Brandtology acquired in February 2011 and MediaBanc acquired in December 2011.

4.6.4 Pro forma consolidated income statements – FY12 vs. FY13

Table 17 sets out the summary pro forma consolidated income statements for FY12 and FY13.

Table 17: Summary pro forma consolidated income statements: FY13 compared to FY12

	PRO FORMA HISTORICAL		CHANGE
$ MILLION	FY12	FY13	%
Revenue			
ANZ	88.0	84.3	(4.2%)
Asia	15.9	18.6	17.2%
Total revenue	**103.9**	**103.0**	**(0.9%)**
Cost of sales (including copyright fees)	(21.5)	(19.7)	(8.2%)
Employee costs	(53.0)	(52.9)	(0.3%)
Other operating expenses	(6.6)	(7.5)	14.0%
Total operating expenses	(81.1)	(80.1)	(1.2%)
EBITDA	**22.8**	**22.9**	**0.2%**
EBITDA margin	*22.0%*	*22.2%*	
Depreciation	(2.0)	(1.9)	(5.0%)
Amortisation of internally-generated software	(1.4)	(1.9)	40.4%
EBITA	**19.5**	**19.1**	**(2.1%)**
Amortisation of acquired software	(2.3)	(2.5)	13.0%
Amortisation of acquired client-related items	(5.6)	(5.7)	1.7%
EBIT	**11.6**	**10.9**	**(6.8%)**
EBIT margin	*11.2%*	*10.5%*	

1 The pro forma historical results are reconciled to the statutory historical results in Section 4.3.3.

4.6.4.1 Revenue

Total revenue declined by 0.9% to $103.0 million in FY13, from $103.9 million in FY12. A summary of key factors affecting iSentia's revenue decline in FY13 is outlined below:

- ANZ revenue declined 4.2% overall with:
  - 6.8% decline in SaaS revenue with $5.4 million reduction in revenue as a result of:
    - growth from the launch of iSentia's new enhanced version of its Mediaportal platform in March 2013 which included in-built analytics;
    - a decline in the volume of client-relevant mainstream media news stories accessed by iSentia driven by a step-change reduction in print news stories as leading publishers restructured their journalism functions in ANZ and increased syndication of news stories between publishers. This print news decline was only partially offset by 23.8% growth in online news and internet monitoring;
    - restructuring of iSentia's content production processes in response to the step-change reduction in client-relevant mainstream media news stories.
      As part of this, iSentia also deliberately removed content production processes associated with the capture and enrichment of media sources that were less profitable, resulting in a reduction in related revenues;
    - increased competitive activity from AAP which impacted client growth and yield[47]; and
    - growth associated with iSentia's scheduled annual price increases; and
  - 22.8% growth in VAS revenue with $1.9 million in incremental revenues driven predominantly by the acquisition of BuzzNumbers in August 2012 and subsequent organic growth from this product post acquisition; and
- Asian revenue grew 17.2% or $2.6 million driven by the full 12 months of revenue from MediaBanc compared to six months in FY12.

4.6.4.2 Operating expenses

Total operating expenses declined by $1.0 million (1.2%) to $80.1 million in FY13 from $81.1 million in FY12, predominantly driven by a combined $1.9 million decline in cost of sales and employee costs as iSentia:

- restructured its content production processes and associated cost base to align with the reduction in print news stories as newspaper publishers restructured their journalism functions in ANZ and increased syndication of news stories between publishers; and
- extracted synergy benefits from the integration of MediaBanc acquisition made in December 2011.

4.6.4.3 EBITDA and EBIT

EBITDA grew 0.2% in FY13 as a result of revenue decline of 0.9% which was offset by reducing total operating expenses by 1.2%. This resulted in a moderate EBITDA margin increase from 22.0% in FY12 to 22.2% in FY13. EBIT declined 6.8% in FY13 as a result of 0.2% growth in EBITDA which was more than offset by an increase in depreciation and amortisation including an increase in the amortisation of internally-generated software and acquired intangibles.

47 iSentia has since acquired the media monitoring business of AAP in ANZ.

4.6.5 Pro forma consolidated statements of cash flows – FY12 vs. FY13

Table 18 sets out the summary pro forma consolidated statements of cash flows for FY12 and FY13.

Table 18: Summary pro forma consolidated cash flows: FY13 compared to FY12

		PRO FORMA HISTORICAL		CHANGE
$ MILLION	NOTES	FY12	FY13	%
EBITDA	1	22.8	22.9	0.2%
Movement in working capital		1.0	0.6	(40.0%)
Other non-cash movements	2	0.4	(0.3)	n.m.
Net cash flow from operations (before tax and interest)		**24.2**	**23.2**	**(4.3%)**
Capital expenditure		(4.4)	(4.5)	3.0%
Net cash flow from operations after capital expenditure (before tax and interest)		**19.8**	**18.6**	**(6.0%)**

1 Pro forma EBITDA above has been adjusted to reflect the pro forma adjustments to the statutory historical results and statutory forecast results set out in Section 4.3.3.

2 Represents sundry non-cash movements including unrealised FX gains and losses and share-based payments.

Overall net cash from operations (pre tax and interest) decreased between FY12 and FY13 with the moderate increase in EBITDA offset by working capital and other non-cash movements. Capital expenditure for FY13 remained relatively flat from FY12 to FY13.

4.7 FORECAST FINANCIAL INFORMATION

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, iSentia has undertaken an analysis of historical performance and applied assumptions where appropriate across each of the geographic segments. However, actual results are likely to vary from those forecasts and any variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are beyond the control of the Company, the Directors and Company management, and are not reliably predictable.

Accordingly, none of iSentia, the Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5 and the Investigating Accountant's Report set out in Section 8.

4.7.1 General assumptions

In preparing the Forecast Financial Information, the following general best estimate assumptions have been adopted in respect of the forecast period:

- no material change in the competitive operating environment in which iSentia operates;
- no significant deviation from current market expectations of global or ANZ or Asian economic conditions relevant to iSentia;
- no material changes in any government legislation or regulation (including tax legislation), or government policy that have a material impact on the financial performance or cash flows, financial position, accounting policies, or licensing requirements of iSentia, or its ability to earn income from clients including in jurisdictions where it is not licensed and does not actively market;
- no material changes in key personnel and iSentia maintains its ability to recruit and retain the personnel required to support future growth;
- no significant interruptions are experienced in relation to the technology, platform or websites utilised by iSentia;
- no material changes in applicable Australian Accounting Standards or other mandatory professional reporting requirements of the Corporations Act which have a material effect on iSentia's financial performance, financial position, accounting policies, financial reporting or disclosure;

- no material industry disturbances, environmental costs, contingent liabilities or legal claims will arise or be settled to the detriment of iSentia;
- no material acquisitions, divestments, restructuring or investments other than as set out in, or contemplated by, this Prospectus;
- no material changes to iSentia's corporate or funding structure other than as set out in, or contemplated by, this Prospectus;
- no material disruptions to the continuity of operations of iSentia nor other material changes in its business activities;
- no material amendment to or termination of any material agreement, contract or arrangement other than set out in, or contemplated by, this Prospectus;
- none of the key risks listed in Section 5 eventuates, or if they do, none of them have a material adverse impact on the operations of iSentia;
- FX rates are forecast to remain consistent. Key exchange rates used by iSentia's management are 1.10 New Zealand dollars and 2.95 Malaysian ringgit to one Australian dollar respectively; and
- the Offer proceeds in accordance with the timetable set out on page 3 of this Prospectus.

4.7.2 Specific assumptions

The basis of the specific assumptions that have been used in the preparation of the Forecast Financial Information in respect of the forecast period is set out below.

4.7.2.1 Pro forma consolidated income statements – FY13 vs. FY14

Table 19 sets out the summary pro forma historical consolidated income statement for FY13 and summary pro forma forecast consolidated income statement for FY14. The Forecast Financial Information for FY14 comprises the actual results of iSentia for the nine months ended 31 March 2014 and forecast results for the three months ending 30 June 2014.

Table 19: Summary pro forma consolidated income statements: FY14 compared to FY13

	PRO FORMA FORECAST		CHANGE
$ MILLION	FY13	FY14	%
Revenue			
ANZ	84.3	88.6	5.1%
Asia	18.6	20.5	9.9%
Total revenue	**103.0**	**109.1**	**5.9%**
Cost of sales (including copyright fees)	(19.7)	(20.4)	3.5%
Employee costs	(52.9)	(52.0)	(1.6%)
Other operating expenses	(7.5)	(6.5)	(13.0%)
Total operating expenses	(80.1)	(78.9)	(1.4%)
EBITDA	**22.9**	**30.2**	**31.8%**
EBITDA margin	*22.2%*	*27.6%*	
Depreciation	(1.9)	(1.9)	2.2%
Amortisation of internally-generated software	(1.9)	(2.1)	7.8%
EBITA	**19.1**	**26.2**	**37.2%**
Amortisation of acquired software	(2.5)	(3.2)	25.9%
Amortisation of acquired client-related items	(5.7)	(5.6)	(2.3%)
EBIT	**10.9**	**17.4**	**60.5%**
EBIT margin	*10.5%*	*16.0%*	

1 The pro forma historical results are reconciled to the statutory historical results in Section 4.3.3.

2 The pro forma forecast results are reconciled to the statutory forecast results in Section 4.3.3.

The Company forecasts revenue to increase by $6.1 million (5.9%) to $109.1 million in FY14. It is noted that in the nine months to 31 March 2014, iSentia has already delivered $3.4 million of this $6.1 million in growth. In this nine month period to 31 March 2014, ANZ VAS revenue growth was over 20% year-on-year, social media monitoring and analysis revenue growth was over 40% year-on-year, and Connect and Newsboost revenue growth was over 95% year-on-year. The remaining $2.7 million is forecast to be achieved in 4QFY14 with a combination of approximately $1.5 million in incremental revenue from the AAP Acquisition and $1.2 million from growth across the remainder of the business. The basis for the FY14 growth forecast is set out below:

- ANZ revenue is forecast to grow 5.1% overall with:
  - 1.9% increase in SaaS revenue with $1.6 million in incremental revenue driven by:
    - benefits from the full-year impact of growth achieved following the launch of iSentia's new enhanced version of the Mediaportal platform in March 2013;
    - $2.0 million in additional revenue associated with the AAP New Zealand acquisition completed in December 2013, and the AAP Australia acquisition completed in February 2014 (of which $1.5 million of additional revenue is expected in 4QFY14);
    - the full-year impact of the decline in the volume of client-relevant mainstream media news stories accessed by iSentia driven by a step-change reduction in print news stories as newspaper publishers restructured their journalism functions in ANZ and syndicated news articles between publishers during FY13. Notably, iSentia has noticed a material stabilisation in this component of revenue in the last six months as highlighted in Section 3.1.2.2;
    - the full-year impact of the restructuring of iSentia's content production processes in response to the step-change reduction in client-relevant mainstream media news stories. As part of this, iSentia also deliberately removed content production processes associated with the capture and enrichment of media sources that were less profitable, resulting in a reduction in related revenues;
    - the increase in online news and internet monitoring from continuation of client take-up and the introduction of new global online news content; and
    - growth associated with iSentia's scheduled annual price increases (including annual price increase implemented in March and April 2014); and
  - 28.2% growth in VAS revenue with $2.8 million in incremental revenue driven by:
    - continued client take-up of social media monitoring and analysis services, particularly with the integration of social media monitoring and analysis tools into the latest enhanced version of the Mediaportal platform launched in March 2014;
    - incremental revenue from the acquisition of Two Social completed in August 2013 and subsequent growth in this VAS offering; and
    - growth in the take-up of Connect and Newsboost following the launch of iSentia's enhanced Mediaportal platform in March 2013 which more seamlessly integrated with Connect and Newsboost; and
- Asian revenue is forecast to grow 9.9% overall with $1.9 million incremental revenue driven by:
  - 21.5% growth in VAS revenue supported by 24.8% revenue growth in Brandtology driven by significant new client growth; and
  - 2.8% growth in SaaS revenue as iSentia attracts additional subscription clients supported by attractive market fundamentals with Asian clients increasingly seeking outsourced media intelligence solutions.

4.7.2.3 Operating expenses

The Company forecasts operating expenses to decline by $1.2 million (1.4%) to $78.9 million in FY14 as set out below:

- the full-year benefit of successful offshoring of labour to lower-cost jurisdictions and associated cost base restructuring measures implemented in March 2013; offset by
- salary increases in line with inflation and additional employees from the Two Social acquisition.

4.7.2.4 EBITDA and EBIT

The Company forecasts EBITDA to increase by 31.8% in FY14 as a result of revenue growth of 5.9% and reducing total operating expenses by 1.4%. This is forecast to result in an EBITDA margin increase from 22.2% in FY13 to 27.6% in FY14 assumed to be, in part, reflective of operating leverage. EBIT is forecast to increase 60.5% in FY14 as a result of 31.8% growth in EBITDA and modest growth in depreciation and amortisation.

4.7.2.5 Pro forma consolidated statements of cash flows – FY13 vs. FY14

Table 20 sets out the summary pro forma historical consolidated statements of cash flows for FY13 and summary statutory forecast consolidated statement of cash flows for FY14.

Table 20: Summary pro forma consolidated statements of cash flows: FY14 compared to FY13

		PRO FORMA HISTORICAL	PRO FORMA FORECAST	CHANGE
$ MILLION	NOTES	FY13	FY14	%
EBITDA	1	22.9	30.2	31.8%
Movement in working capital		0.6	(3.5)	n.m.
Other non-cash movements	2	(0.3)	0.2	n.m.
Net cash flow from operations (before tax and interest)		**23.2**	**26.8**	**15.8%**
Capital expenditure		(4.5)	(4.4)	(3.1%)
Net cash flow from operations after capital expenditure (before tax and interest)		**18.6**	**22.4**	**20.4%**

1 Pro forma EBITDA above has been adjusted to reflect the pro forma adjustments to the statutory historical results and statutory forecast results set out in Section 4.3.3.

2 Represents sundry non-cash movements including unrealised FX gains and losses and share-based payments.

The Company forecasts net cash flow from operations after capital expenditure to increase $3.8 million (20.4%) in FY14, reflecting the forecast growth of EBITDA of 31.8% from FY13 to FY14. Forecast capital expenditure for FY14 is expected to remain relatively flat from FY13 to FY14. Key drivers of the $3.5 million forecast outflow from net working capital include the AAP Acquisition and growth in debtors as a result of increased business activity.

4.7.2.6 Pro forma consolidated income statements – FY14 vs. FY15

Table 21 sets out the summary pro forma forecast consolidated income statement for FY14 and summary pro forma and statutory forecast consolidated income statement for FY15.

Table 21: Summary pro forma consolidated income statements: FY15 compared to FY14

	PRO FORMA FORECAST	PRO FORMA AND STATUTORY FORECAST	CHANGE
$ MILLION	FY14	FY15	%
Revenue			
ANZ	88.6	100.2	13.1%
Asia	20.5	24.2	18.2%
Total revenue	**109.1**	**124.4**	**14.0%**
Cost of sales (including copyright fees)	(20.4)	(20.7)	1.6%
Employee costs	(52.0)	(54.6)	5.1%
Other operating expenses	(6.5)	(7.7)	17.5%
Total operating expenses	(78.9)	(83.1)	5.2%
EBITDA	**30.2**	**41.3**	**37.1%**
EBITDA margin	*27.6%*	*33.2%*	
Depreciation	(1.9)	(2.0)	3.0%
Amortisation of internally-generated software	(2.1)	(2.2)	6.8%
EBITA	**26.2**	**37.1**	**42.0%**
Amortisation of acquired software	(3.2)	(3.6)	12.5%
Amortisation of acquired client-related items	(5.6)	(6.1)	9.9%
EBIT	**17.4**	**27.4**	**57.6%**
EBIT margin	*16.0%*	*22.1%*	

1 The pro forma forecast results are reconciled to the statutory forecast results in Section 4.3.3.

4.7.2.7 Revenue

The Company forecasts revenue to increase by $15.3 million (14.0%) to $124.4 million in FY15. It is noted that the adjusted annualised run-rate revenue for 3QFY14 is $113.6 million which illustrates the current momentum in the business. The basis for the FY15 growth forecasts is set out below:

- ANZ revenue growth of 13.1% overall with:
  - 10.5% growth in SaaS revenue with $8.0 million in incremental revenues as a result of:
    - the full-year benefit of growth in Mediaportal during FY14, and increased client yield from up-selling the enhanced version of Mediaportal released in March 2014 which included further integration of iSentia's social media monitoring and analysis capabilities;
    - $4.1 million in incremental revenue associated with the AAP Acquisition, comprising the acquisitions of AAP New Zealand and Australia completed in December 2013 and February 2014 respectively;
    - continued growth in the take-up of online news and internet monitoring services; and
    - growth associated with iSentia's implemented annual price increase; and
  - 27.8% growth in VAS revenue with $3.6 million in incremental revenues driven by:

- — growth in take-up of Connect following the launch of iSentia's new enhanced version of the Mediaportal SaaS platform in March 2013 which included in-built analytics features and capability to add-on iSentia's Connect and other VAS offerings (increase in penetration percentage from 14.9% to 17.7%);
  - — growth in take-up of social media monitoring and analysis products following the release of the enhanced version of Mediaportal in March 2014 with further integration of iSentia's VAS social media intelligence capabilities (increase in penetration percentage from 6.4% to 12.4%);
  - — growth in the take-up of Insight Reports mainly due to the targeting of these services to iSentia's highest paying clients (increase in penetration percentage from 4.7% to 5.3%); and
  - — full-year benefit from the acquisition of Two Social completed in August 2013 and subsequent growth in this VAS offering; and
- → Asian revenue growth of 18.2% overall with $3.7 million in incremental revenues driven by:
  - — 31.3% growth in VAS products supported by 33.7% revenue growth in Brandtology following its track record of growth in the first nine months of FY14; and
  - — 7.2% growth in SaaS revenue as iSentia attracts additional subscription clients in South-East Asia and Greater China. This is supported by attractive market fundamentals with Asian clients increasingly seeking outsourced media intelligence solutions, as well as iSentia's specific initiatives including:
    - — the recent restructuring of the Group's South-East Asian sales team;
    - — focused country-specific marketing; and
    - — the launch of the multi-lingual version of Mediaportal to certain Asian countries.

No price increases are assumed for ANZ VAS revenue or Asia revenue.

4.7.2.8 Revenue drivers

In addition to the management discussion and analysis regarding FY15 revenue growth in Section 4.7.2.7, the below figures present some key half-yearly revenue drivers for FY13, FY14 and FY15. The figures for FY13 and 1HFY14 are historical unaudited actual figures. 2HFY14 and half years of FY15 are unaudited forecast figures consistent with the Forecast Financial Information.

Figure 24 outlines the annualised monthly average revenue per client for ANZ. The forecast growth in annualised monthly average revenue per client is driven by a combination of increased VAS take-up and iSentia's implemented annual price increases in March and April 2014. iSentia's total number of ANZ clients has been relatively stable over the historic period with new clients gained in FY14 from the AAP Acquisition, including approximately 155 Australian clients integrated in March 2014.

Figure 24: iSentia annualised ANZ monthly average revenue per client

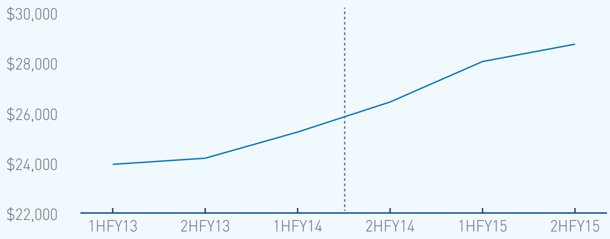


Figure 25 outlines the penetration percentage of iSentia's VAS offerings among its ANZ unique clients. This is outlined for social media monitoring and analysis services, Connect and Newsboost, and Insight Reports. As discussed in Section 4.7.2.7, this illustrated growth in VAS penetration is driven in part by:

- → growth in take-up of social media monitoring and analysis products following the release of the enhanced version of Mediaportal in March 2014 with further integration of iSentia's VAS social media intelligence capabilities; and
- → continued growth in take-up of Connect following the launch of iSentia's new enhanced version of the Mediaportal SaaS platform in March 2013.

Figure 25: iSentia ANZ VAS penetration percentage of ANZ unique clients

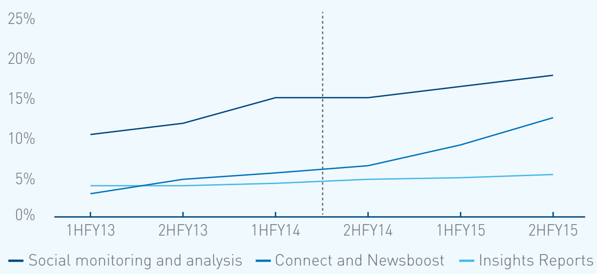
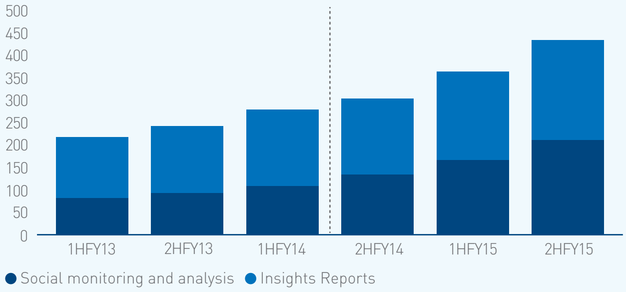


Figure 26 outlines the historical and forecast half-yearly growth in Asian VAS client numbers. As discussed in Section 4.7.2.7, the forecast growth includes the growth in Brandtology following its track record of growth in the first nine months of FY14.

Figure 26: iSentia Asian VAS client numbers



4.7.2.9 Operating expenses

The Company forecasts operating expenses to increase by $4.1 million (5.2%) to $83.1 million in FY15. This is driven by:

- an increase in employee costs in line with inflation expectations in each region with no projected significant changes in overall headcount; and
- an increase in marketing spend in each region to drive sales.

4.7.2.10 EBITDA and EBIT

The Company forecasts EBITDA to increase by 37.1% in FY15 as a result of forecast revenue growth of 14.0% slightly offset by a total operating expenses increase of 5.2%. This is forecast to result in an EBITDA margin increase from 27.6% in FY14 to 33.2% in FY15 assumed to be, in part, reflective of operating leverage. EBIT is forecast to increase 57.6% in FY15 as a result of 37.1% growth in EBITDA and only modest growth in depreciation and amortisation.

4.7.2.11 Pro forma consolidated statements of cash flows – FY14 vs. FY15

Table 22 below sets out the summary pro forma consolidated statement of cash flows for FY14 and summary pro forma and statutory consolidated statement of cash flows for FY15.

Table 22: Summary pro forma consolidated statements of cash flows: FY15 compared to FY14

		PRO FORMA FORECAST	PRO FORMA AND STATUTORY FORECAST	CHANGE
$ MILLION	NOTES	FY14	FY15	%
EBITDA	1	30.2	41.3	37.1%
Movement in working capital		(3.5)	(2.9)	(17.1%)
Other non-cash movements	2	0.2	0.2	–%
Net cash flow from operations (before tax and interest)		**26.8**	**38.6**	**44.0%**
Capital expenditure		(4.4)	(4.6)	4.5%
Net cash flow from operations after capital expenditure (before tax and interest)		**22.4**	**34.0**	**51.7%**

1 Pro forma EBITDA above has been adjusted to reflect the pro forma adjustments to the statutory historical results and statutory forecast results set out in Section 4.3.3.
2 Represents sundry non-cash movements including unrealised FX gains and losses and share-based payments.

The Company forecasts net cash flow from operations after capital expenditure to increase $11.6 million (51.7%) in FY15, reflecting the forecast growth of EBITDA of 37.1% from FY14 to FY15.

Forecast capital expenditure is expected to increase $0.2 million (4.5%) from FY14 to FY15.

4.7.2.12 Net finance costs

Forecast pro forma net finance costs reflect the assumed net debt level at an interest rate of 4.6% per annum as per the New Banking Facilities. Loan establishment fee amortisation of $0.4 million on commencement of the facility will be amortised over three years at an annual cost of $0.1 million. An annual commitment fee is payable on the undrawn debt at a rate of 45% of the margin.

4.7.2.13 Tax

Pro forma forecast tax is assumed to be based on profit before tax by entity at the relevant tax rate in each jurisdiction, reduced for the permanent difference on the R&D tax credits.

4.8 SENSITIVITY ANALYSIS

The Forecast Financial Information included in Sections 4.3 and 4.7 is based on a number of estimates and assumptions, as described in Sections 4.7.1 and 4.7.2. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, the Directors and Company management, and upon assumptions with respect to future business decisions, which are subject to change.

Set out in Table 23 is a summary of the sensitivity of the Forecast Financial Information to changes in a number of key variables. The changes in the key variables set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown, and these variances may be substantial.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely impact on the Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or be additive, and it is likely that iSentia management would respond to any changes in one item to seek to minimise the net effect on iSentia's NPAT and cash flow.

For the purpose of the sensitivity analysis in Table 23, each sensitivity is presented in terms of the impact on FY15 pro forma and statutory EBITDA ($41.3 million) and NPAT ($20.1 million).

Table 23: Sensitivity analysis

ASSUMPTION	VARIANCE	FY15 PRO FORMA AND STATUTORY EBITDA IMPACT ($MILLION)		FY15 PRO FORMA AND STATUTORY NPAT IMPACT ($MILLION)	
		NEGATIVE	POSITIVE	NEGATIVE	POSITIVE
Group revenue	[-/+ 1.0%]	(1.2)	1.2	(0.9)	0.9
Group operating expenses	[-/+ 1.0%]	(0.8)	0.8	(0.6)	0.6
Group EBITDA margin	[-/+ 1.0%]	(1.2)	1.2	(0.9)	0.9
SaaS revenues	[-/+ 1.0%]	(1.0)	1.0	(0.7)	0.7
VAS revenues	[-/+ 1.0%]	(0.3)	0.3	(0.2)	0.2
Achievement of forecast organic client growth for FY15	[90%/110%]	(0.6)	0.6	(0.5)	0.5
FX rate (A$:NZ$)	[-/+ NZ$0.05]	(0.2)	0.2	(0.2)	0.2
FX rate (A$:SG$)	[-/+ SG$0.05]	(0.1)	0.2	(0.1)	0.1
Base interest rate	[-/+ 50 bp]	–	–	(0.1)	0.1

4.9 DIVIDEND POLICY

There will be no final dividend in respect of FY14.

Subject to future business conditions and the future cash flow requirements of iSentia, the Directors intend to target a dividend payout ratio in the range of 40% to 60% of NPATA. It is the current intention of the Directors to pay interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June each year, with the first dividend payable being the half-year dividend for 1HFY15.

Assuming results consistent with the Forecast Financial Information, the Company currently intends to pay half-year and full-year dividends in respect of FY15 of 6.8 cents per Share in aggregate, based on the midpoint dividend payout ratio of 50%, FY15 NPATA of $27.2 million and total Shares on issue immediately after Completion of the Offer of 200.0 million.

The dividends expected to be paid to Shareholders during the period from 1 July 2014 to 30 June 2015 (FY15) are not expected to be franked, given the absence of available franking credits. After this, dividends are expected to be franked to the maximum extent permissible by reference to the iSentia tax consolidated group's franking account. It is not expected that iSentia will be paying tax in Australia and generating franking credits until at least 2016.

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 in future periods. The payment of a dividend by the Company is at the discretion of the Directors and will be a function of a number of factors, including general business conditions, the operating results and financial condition of iSentia, future funding requirements, compliance with debt facilities, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant. 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.


5
RISKS

→ 5. RISKS

5.1 INTRODUCTION

This Section 5 describes some of the potential risks associated with iSentia's business and the industry in which it operates, and the risks associated with an investment in Shares. It does not purport to list every risk that may be associated with iSentia's business or the industry in which it operates, or an investment in Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section which are partially or completely beyond the control of the Company, the Directors and Company management.

The selection of risks included in this Section 5 has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters and should consider if Shares are a suitable investment for you, having regard to your own investment objectives, financial situation and particular needs (including financial and tax issues). If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

5.2 RISKS SPECIFIC TO AN INVESTMENT IN iSENTIA

5.2.1 Relationships with content suppliers and copyright collection societies

iSentia's strong relationships with a wide range of content providers and copyright collection societies are a key contributor to the success of its business. The loss or deterioration of iSentia's relationships with content providers or copyright collection societies, or an inability to renew contractual arrangements with such parties or negotiate agreements with new parties on terms which are not materially less favourable than those under existing arrangements, is likely to have an adverse effect on iSentia's future financial performance.

5.2.2 Disruptions to information technology infrastructure

iSentia's success depends on its ability to provide clients with accurate, secure and time-critical media intelligence, through rapid and efficient processing of large amounts of media content. In doing so, iSentia relies on a network of data centres and third-party hardware and software providers to support its proprietary online platforms.

If iSentia's information technology network is compromised for any reason or iSentia's redundancy infrastructure and systems prove insufficient, iSentia's ability to reliably service its clients may be compromised, which in turn may have an adverse impact on iSentia's future financial performance. Some examples of how iSentia's information technology network may be compromised include:

- outages at its data centres;
- adverse changes to, or termination of, relationships with third-party suppliers; or
- a force majeure event affecting the information technology systems of either iSentia or its suppliers, including interruption by fire, natural disaster, power loss, telecommunications failures, terrorist attacks, acts of war, internet failures, computer viruses or other events beyond iSentia's reasonable control.

5.2.3 Investment in product development and maintenance

iSentia's future success will continue to depend upon its ability to develop new products and enhancements that address the future needs of its clients and to respond to their changing standards, new technologies and practices of the media intelligence industry. iSentia may not be successful in developing, introducing, marketing or licensing new products and enhancements on a timely and cost effective basis, its existing products may become obsolete and less marketable, and the new products and enhancements may not adequately meet the requirements of the marketplace or achieve market acceptance.

5.2.4 Competition

iSentia faces competitive pressures on its ability to achieve strong and sustainable earnings margins. Competitors, existing and new, developing superior business models or capabilities could result in increased pressure on iSentia's ability to maintain its position in the media intelligence industry and/or its current earnings margins. iSentia's future financial performance or position could be adversely affected if increased competitive pressures mean that it is unable to retain existing clients or attract new ones.

5.2.5 Loss of key management personnel

The personnel discussed in Section 6.2 are a highly experienced and awarded team with a depth of experience in, and knowledge of, iSentia's business and the media intelligence industry across APAC. The loss of these key management personnel, or any delay in their replacement, may adversely affect iSentia's future financial performance.

5.2.6 Maturity of print media

The volume of content from print news sources in ANZ has declined in recent years, which has reduced the volume of print news stories delivered via iSentia's content offerings. This has largely been driven by a decline in print media readership which has in turn seen a reduction in media publisher revenue and journalist numbers associated with media such as print newspapers. If the volume of content continues to decline (e.g. because of further reductions in journalist numbers by print media publishers), and if iSentia is unable to offset this decline with its current and/or future other software and services (including the current SaaS and VAS, as described in Section 3.2), iSentia's future financial performance could be adversely affected.

5.2.7 Self-service offerings

Digital media platforms have encouraged a growth in free or relatively inexpensive content, at the same time as an increase in standardised, low-cost, self-service media intelligence offerings. iSentia's future financial performance could be affected by clients adopting these low-cost, self-service media intelligence platforms.

5.2.8 Continued access to content on similar terms and regulatory change

iSentia's business relies on continuous access to content, which is increasingly generated digitally or via social media. If content providers impose onerous terms for accessing subscription-based content, or move their content behind digital paywalls without providing access to iSentia, iSentia's future financial performance may be adversely affected. There is a risk that regulation is introduced that restricts iSentia's access to, or use of, content generated using social media. Such changes could impact the operations of iSentia and have an adverse effect on iSentia's future financial performance or position.

5.2.9 Third-party intellectual property infringements

iSentia has a comprehensive compliance process that seeks to ensure it does not infringe upon third-party intellectual property. Notwithstanding this, iSentia may be subject to claims from time to time that iSentia has infringed a third-party's intellectual property rights, including copyright in the content utilised in iSentia's day-to-day business. Resolving these claims may require iSentia to agree to royalty and licensing arrangements, change the nature of its service delivery or make other payments to third parties. Payments or other forced changes to the nature of iSentia's service delivery could adversely affect its future financial performance.

5.2.10 Integration of acquired businesses and execution of new acquisitions

During the last three years, iSentia has expanded, organically and by acquisition, into China (including Hong Kong), the Philippines, Malaysia, Indonesia, Thailand, Singapore and Vietnam. Acquisitions present significant challenges and risks relating to the integration of each business into iSentia's operations. In addition, iSentia may wish to expand further by acquisition. The acquired businesses could consume a disproportionately large proportion of management time and attention during integration, and the acquisitions may fail to meet the strategic objective of generating the anticipated improvement in financial performance. iSentia undertook financial, business and other analyses in respect of its acquisitions, and expects to do so in respect of any future acquisitions. It is possible that such analyses drew (or will draw) conclusions and forecasts that were (or may be) inaccurate, or which will not be realised in due course, which may in turn adversely affect iSentia's future financial performance.

Any future proposals to expand by acquisition may be affected by factors beyond the control of the Company, the Directors and Company management (including without limitation, commercial or regulatory changes), which may result in there being limited or unsuitable acquisition opportunities at the relevant time.

5.2.11 Movements in exchange rates

In FY13, iSentia derived approximately 25% of its revenue and incurred a significant proportion of its costs from its activities in geographies outside Australia including New Zealand, the Philippines, Malaysia, Indonesia, Thailand, Singapore and Greater China. Accordingly, iSentia's Australian dollar-denominated results are exposed to exchange rate fluctuations with respect to the currencies of those nations. These exposures may change over time as business practices evolve, and they could have a material adverse impact on iSentia's Australian dollar-denominated financial results and cash flows.

5.2.12 Trade mark dispute

iSentia owns a registered Australian trade mark for its iSENTIA logo mark. Its word mark application in respect of 'iSentia' is the subject of an opposition by the operators of a software development, web and mobile application design business, which claims rights in the trade mark SENTIA. iSentia is defending the opposition of its trade mark and is opposing the registration of the SENTIA trade mark.

5.2.13 Hiring and retention of key qualified personnel

iSentia delivers an integrated media intelligence solution that combines proprietary software with human analysis. As such, iSentia's business depends on successfully hiring and retaining relevantly skilled employees, including computer programmers and software engineers to develop new products and maintain existing ones, and sales personnel to generate revenue and maintain commercial relationships. iSentia's ability to meet its labour needs while controlling costs associated with hiring and training employees is subject to external factors such as unemployment rates, prevailing wage legislation and changing demographics. Changes that adversely impact iSentia's ability to attract and retain quality employees could adversely affect its future financial performance.

5.2.14 Political and regulatory instability in new markets

In expanding its presence in Asia, iSentia is subject to the risks associated with doing business in regions that are less politically, legally and economically stable than Australia, including:

- unexpected irregular changes in, or inconsistent application of, applicable foreign laws and regulatory requirements;
- less sophisticated regulatory and technology standards;
- difficulties engaging local resources; and
- the effects of political upheaval or civil unrest.

Jurisdictions outside ANZ, excluding Singapore, have typically lagged in their development of copyright protection and regulation. Changes to applicable regulatory regimes, including the interpretation and enforcement of matters such as intellectual property protection, in Asia could be imposed without warning or consultation, to the potential detriment of iSentia's business.

5.2.15 Industrial disputes and wage increases

Certain iSentia employees are covered by enterprise bargaining agreements, which periodically require renegotiation and renewal. Disputes may arise in the course of such renegotiations which may lead to strikes or other forms of industrial action that could disrupt iSentia's operations. Further, any such renegotiation could result in increased labour costs for iSentia. In times of low unemployment or shortage of skilled employees, there can be upward pressure on wages. If any of these events occur, they may adversely impact iSentia's future financial performance.

5.2.16 Market disruption

The New Banking Facilities contain a certain market disruption clause. If, due to a change in market circumstances, BBSY does not reflect the cost of funds of those lenders representing a certain threshold of commitments under the New Banking Facilities (and who give notice that they wish to claim under the market disruption provisions), then the interest rate payable to the Lender will be the cost of funds as notified by the Lender plus the margin.

5.3 GENERAL RISKS TO AN INVESTMENT IN iSENTIA

5.3.1 Price of Shares

Once iSentia becomes a publicly-listed company on ASX, it will be subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in its Share price that are not explained by the fundamental operations and activities of iSentia.

The price at which Shares are quoted on ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following the commencement of quotation on ASX, even if iSentia's earnings increase.

Some of the factors which may affect the price of the Shares include fluctuations in the domestic and international market for listed securities, general economic conditions including interest rates, inflation rates, exchange rates, consumer sentiment, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings, changes in legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which iSentia operates and general operational and business risks.

5.3.2 Trading and liquidity in Shares and Quadrant's interest

There can be no guarantee that an active market in the Shares will develop. There may be relatively few potential buyers or sellers of the Shares on ASX at any given 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 or more than the price that Shareholders paid for their Shares under the Offer.

Following Listing, it is expected that the Quadrant Funds will hold up to 25.0% of the Shares, which may also impact on liquidity. The Quadrant Funds (in addition to certain Management Shareholders) will enter into voluntary escrow arrangements in relation to all of their Shares, as described in Section 7.8. The absence of any sale of Shares by the Quadrant Funds and the other Escrowed Shareholders during this 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, on a disposal, Shareholders may receive a market price for their Shares that is less than the price that they paid under the Offer.

Following release from escrow, Shares held by the Quadrant Funds will be able to be freely traded on ASX. A significant sale of Shares by the Quadrant Funds, or the perception that such sales have occurred or might occur, could adversely affect the price of Shares. The Quadrant Funds' shareholding may also allow it to exert significant influence over the outcome of matters relating to the Company, including the election of Directors and approval of transactions. The interests of the Quadrant Funds may be different from the interests of investors who acquire Shares in the Offer.

5.3.3 Shareholder dilution

In the future, iSentia may elect to issue Shares or other securities. While the Company will be subject to the constraints of the Listing Rules regarding the issue of Shares or other securities, Shareholders may be diluted as a result of such issues of Shares or other securities.

5.3.4 Exposure to changes in tax rules or their interpretation

Changes in tax law (including the goods and service tax and stamp duty), or changes in the way taxation laws are interpreted may impact the tax liabilities of the Company or the tax treatment of a Shareholder's investment. In particular, both the level and basis of taxation may change. In addition, an investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in iSentia.

5.3.5 Potential non-franking of dividends

To the extent that iSentia pays any dividends, iSentia may not have sufficient franking credits in the future to frank dividends, or the franking system may be subject to review or reform. In addition, if the proportion of iSentia's earnings from offshore operations increases, it may not be possible to frank dividends. The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

5.3.6 Government and regulatory factors

Government or regulatory policies may change, which could have an impact on the economic environment, general market conditions, the media intelligence industry or iSentia's operations in any of the countries in which it operates. Depending on the nature of any such changes, it may adversely impact the operations or future financial performance of iSentia.

5.3.7 Accounting standards

Australian Accounting Standards are issued by the Australian Accounting Standards Board and are beyond the control of the Company, the Directors and Company management. Any changes to the accounting standards or to the interpretation of those standards may have an adverse effect on the reported financial performance or financial position of iSentia.

In particular, as noted in Section 4.2.2, the accounting treatment for transactions such as the internal restructure contemplated in connection with the Offer, is currently being reviewed by international standard setters and may be subject to change. In the event that the transactions contemplated by the Offer were required to be recorded at fair value, there could be a material increase in amortisation expense which would reduce the reported results of iSentia.

5.3.8 Interest rate fluctuations

Changes in interest rates will affect borrowings which bear interest at floating rates. Any increase in interest rates will affect iSentia's costs of servicing these borrowings which may adversely affect its financial position.

5.3.9 Ability to refinance debt or access debt markets on attractive terms

iSentia is subject to the risk that it may not be able to refinance its existing or future bank facilities as and when they fall due, or that the terms available to iSentia on refinancing will not be as favourable as the terms of its existing or future bank facilities.

5.3.10 Force majeure events

Events may occur within or outside the markets in which iSentia operates that could impact upon the global or APAC economies, the operations of iSentia and/or 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 iSentia's product offering and services and its ability to conduct business.

6 KEY PEOPLE, INTERESTS AND BENEFITS

6.1 BOARD OF DIRECTORS

Douglas Flynn
Independent Non-Executive Chairman

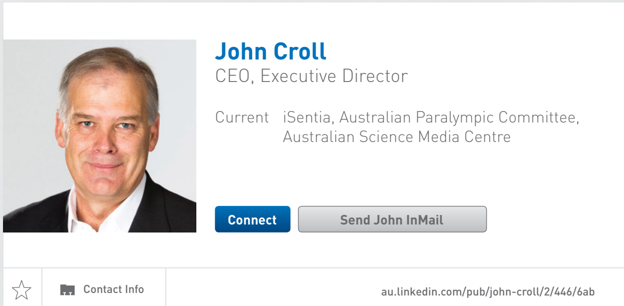
Current NextDC Limited, Konekt Limited, Seven West Media Limited
Previous Qin Jia Yuan Media Services Limited, Rentokil Initial PLC, Aegis Group Plc, News International Plc

Connect | Send Douglas InMail

Contact Info | au.linkedin.com/pub/doug-flynn/24/7b0/497

- Douglas (Doug) was appointed to the Board in May 2014 as an Independent Non-Executive Director and Chairman. Doug is also a member of the Audit Committee and the Nomination and Remuneration Committee
- Doug has over 30 years of international experience in the media and information and communication technology industries, including holding various senior management and board positions
- Doug is a current director of Seven West Media Ltd and NEXTDC Limited and Chairman of Konekt Ltd
- Previously, Doug was Chief Executive of newspaper publisher Davies Brothers Limited, which was acquired by News Corporation in 1989 and in 1995 was appointed the Managing Director of News International Plc. After leaving News International in 1998, Doug joined Aegis Group Plc and was appointed as CEO in 1999, where he was instrumental in doubling the size of the company and established a global market research business Synovate and internet services business Isobar. From 2005 to 2008, Doug served as the Chief Executive of facilities management provider Rentokil Initial Plc. Doug returned to Australia in 2008 and from April 2008 to April 2012 was a consultant to and a director of Qin Jia Yuan Media Services Ltd, the leading private television company in China
- Doug graduated in Chemical Engineering from the University of Newcastle, New South Wales and received a MBA with distinction from the University of Melbourne

6. KEY PEOPLE, INTERESTS AND BENEFITS



- John has been active in the media industry since 1982 and was appointed Chief Executive Officer and a Director of Media Monitors (now iSentia) in 1999. Prior to his appointment, John held sales and operational roles with Croll Communications and Media Monitors
- John is currently a director and the former Asia-Pacific Chair of the International Association for the Measurement and Evaluation of Communications (AMEC) and a former Executive Vice-President of FIBEP, the International Federation of Press Clipping Bureauxs. John is also a member of the Public Relations Institute of Australia and the Australian Institute of Company Directors
- In addition to his industry appointments, John is the Vice-President of the Australian Paralympic Committee and has served as a board member since 2008, a member of the Media Advisory Board for the Salvation Army, Eastern Region and a director of the Australian Science Media Centre. He was also the Media & Communications Director for the Rowing World Cup in Sydney in 2013

Pat O'Sullivan

Independent Non-Executive Director

Current HealthEngine.com.au, Carsales.com.au, iiNet and Little Company of Mary Healthcare

Previous Nine Entertainment Co., NineMSN, Optus, PwC, Goodman Fielder, Burns and Philp & Company

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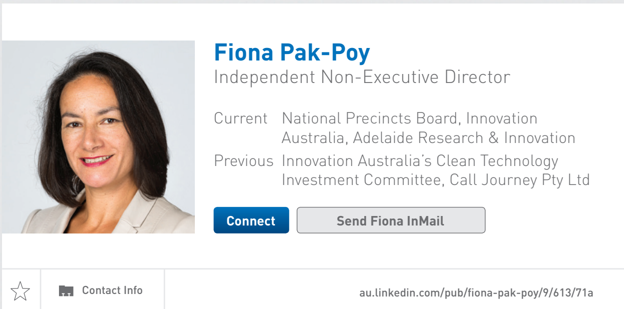
Contact Info | au.linkedin.com/pub/pat-o-sullivan/23/63a/869

- Pat was appointed to the Board in May 2014 as an Independent Non-Executive Director. Pat is also Chair of the Audit Committee
- Pat has over 30 years of international commercial and business management experience, including holding various senior management and board positions
- Pat is currently Chairman of HealthEngine.com.au, as well as serving as a director of Carsales.com.au, iiNet and Little Company of Mary Healthcare
- Previously, Pat was Chief Operating Officer and Finance Director of Nine Entertainment Co., as well as serving as Chairman of NineMSN. Previous to this, Pat was the CFO of Optus, and has also held a number of positions at Goodman Fielder, Burns, Philp & Company, and PricewaterhouseCoopers
- Pat is a member of the Institute of Chartered Accountants in Ireland and the Institute of Chartered Accountants in Australia and is a graduate of the Harvard Business School's Advanced Management Program



- Fiona was appointed to the Board in May 2014 as an Independent Non-Executive Director. Fiona is also Chair of the Nomination and Remuneration Committee and a member of the Audit Committee
- Fiona brings significant experience gained particularly with engineering and technology companies. Fiona is currently a member of the Australian Government's Innovation Australia Board and the National Precincts Board, and also serves as a director of Adelaide Research & Innovation
- Previously, Fiona served as director and General Partner of Innovation Capital, an Australian/US venture capital fund that invests in Australian technology companies. Through Innovation Capital, Fiona served on the boards of investee companies including Audinate, Call Journey, Opto Globo and as an alternate director of QRxPharma. Fiona was also Chair of Innovation Australia's Clean Technology Investment Committee. Prior to this, Fiona co-founded a catalogue and e-commerce business, was a strategy consultant with The Boston Consulting Group, was an R&D engineer at Stratco, and also served as a Councillor of the Australian Venture Capital & Private Equity Association (AVCAL)
- Fiona received an Honours degree in Civil Engineering from The University of Adelaide and a MBA from Harvard Business School

Dr Geoff Raby
Independent Non-Executive Director

Current Geoff Raby & Associates, SmartTrans Ltd, Fortescue Metals Group, OceanaGold
Previous Australian Ambassador to China, Department of Foreign Affairs and Trade

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Contact Info au.linkedin.com/pub/geoff-raby/19/256/51

- Geoff was appointed to the Board in May 2014 as an Independent Non-Executive Director. Geoff is also a member of the Nomination and Remuneration Committee
- Geoff is Chairman and Chief Executive Officer of Geoff Raby & Associates, a Beijing-based business advisory firm. Geoff is also Chairman of ASX-listed SmartTrans Ltd, as well being an independent director on the boards of Fortescue Metals Group, OceanaGold and Yancoal Australia. He is also Co-Chair of Corrs Chambers Westgarth's China Business Practice, Senior Advisor to Kreab Gavin Anderson, and Vice Chairman of Macquarie Group China
- Additionally, Geoff is a Vice Chancellor's Professorial Fellow at Monash University, and a member of the Advance Global Advisory Board
- Geoff was the Australian Ambassador to China from February 2007 to August 2011 and Deputy Secretary of the Department of Foreign Affairs and Trade from November 2002 to November 2006. Between 1993 and 1995, Geoff was head of the Trade Policy Issues Division of the OECD, Paris
- Geoff received Bachelor of Economics (Hons), Master of Economics and PhD degrees from La Trobe University

6. KEY PEOPLE, INTERESTS AND BENEFITS

6.2 SENIOR MANAGEMENT

John Croll
CEO, Executive Director

Current iSentia, Australian Paralympic Committee, Australian Science Media Centre

Connect | Send John InMail

Contact Info | au.linkedin.com/pub/john-croll/2/446/6ab

See Section 6.1

Nimesh Shah
CFO and Company Secretary

Current iSentia
Previous Friendster, Fairfax Digital, Dell Computers, Arthur Andersen, Ernst & Young

Connect | Send Nimesh InMail

Contact Info | au.linkedin.com/pub/nimesh-shah/5/378/443

- Nimesh has over 15 years' experience as an executive in the media and online industries, utilising experience gained working across Australia, the UK and many parts of Asia
- Much of Nimesh's experience has been gained in growing companies. Before working for iSentia, Nimesh was Global CFO for pioneering social networking site, Friendster. Nimesh was also Finance Director at Fairfax Digital for seven years, playing an instrumental role in navigating the company into the world of online publishing and transaction businesses
- Prior to his appointment at Fairfax Digital, Nimesh worked at Dell Computers in the UK, Arthur Andersen and Ernst & Young
- Nimesh holds a MBA from the Australian Graduate School of Management and a Bachelor of Commerce with Merit from The University of New South Wales. Nimesh is also a member of The Institute of Chartered Accountants in Australia

Joe De Battista
Chief Information Officer

Current iSentia
Previous Société Générale de Surveillance (SGS), Oceanic Capital, Johnson & Johnson Aus

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Contact Info | au.linkedin.com/pub/joe-de-battista/14/92/783

- With over 22 years in senior management roles in information and communication technology, Joe has strong technical, governance and commercial experience
- Joe's key strengths lie in change leadership, strategy, financial and partner relationship management. With a strong affinity for business management, Joe has an effective blend of business financial/operational and information and communication technology technical experience and skills
- Prior to joining iSentia in 2003, Joe held several positions with the SGS Group (a global testing and verification organisation) in Australia during the early 1990s, progressing to SGS Australasia and then a global role with SGS Group Management in Geneva

Sean Smith

Chief Executive, Australia

Current iSentia

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Contact Info | au.linkedin.com/pub/sean-smith/18/441/592

- As Chief Executive, Australia, Sean is responsible for overseeing the delivery of services to over 2,500 Australian clients. With 13 years' experience working in the media intelligence industry, Sean brings a strong client focus to the Australian business
- Sean has extensive client experience across the corporate, government and public relations industries and previously held roles as the Country Manager for New Zealand, Sales Director at Asia Media Monitors in South-East Asia and State Manager in New South Wales
- Prior to working in the media intelligence industry, Sean worked for the Australian Sports Commission and Sydney Olympic Games Organising Committee (SOCOG) in event management

Lane Cipriani

Chief Product Officer

Current iSentia
Previous American Express, Nokia

Connect | Send Lane InMail

Contact Info | au.linkedin.com/in/lcipriani

- Lane has worked in product development and strategy for iSentia for approximately five years, and was Group Product Strategist before joining the executive team as Chief Product Officer
- Lane oversees the team that develops all iSentia's digital platforms, including Mediaportal, Newsboost, Slice Media and BuzzNumbers. Lane has over 15 years of experience in technology and channel strategy and development, working for major retail brands such as American Express and Nokia, and business-to-business providers such as Borland Software Corp

Cameron Buckley

Chief Executive, Asia

Current iSentia
Previous PMP Limited

Connect | Send Cameron InMail

Contact Info | sg.linkedin.com/pub/cameron-buckley/4/436/217

- For the past 18 years, Cameron has worked in sales, marketing, advisory and general management roles for market-leading multinational media and information services companies, with significant international experience having worked in Australia, the UK and Asia
- Cameron has been with iSentia since 2007 and has been an executive team member since 2008. Cameron joined iSentia as State General Manager of Victoria, then moved to Asia to set up and lead iSentia's operation in the region as General Manager of South-East Asia and was Chief Marketing Officer for the Asia-Pacific region prior to his current role
- Cameron holds a Bachelor of Business from Swinburne University of Technology majoring in Economics and Marketing, and an Advanced Diploma in Direct and Interactive Marketing from the Institute of Direct Marketing in the UK

6.3 INTERESTS AND BENEFITS

This Section 6.3 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 of the Company;
- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter (but not a sub-underwriter) to the Offer or a financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

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

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company 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 the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.3.1 Interests of advisers

The nature and extent of the interests and fees of professional advisers engaged by the Company is set out at Section 9.11.

6.3.2 Directors' interests and remuneration

6.3.2.1 Chief Executive Officer

The Company has entered into an employment contract with John Croll to govern his employment with iSentia. Mr Croll is employed in the position of CEO of iSentia. Refer to Section 6.3.3.1 for further details.

6.3.2.2 Non-executive Director remuneration

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a Director. However, under the Listing Rules, the total amount paid to all non-executive Directors for their services must not exceed in aggregate in any financial year the amount fixed at the Company's general meeting. This amount has been fixed by the Company at $900,000 per annum. For the remainder of FY14, from the Prospectus Date, it is expected that the fees payable to the current non-executive Directors will not exceed $200,000 in aggregate. Annual Directors' fees currently agreed to be paid by the Company are $180,000 to the Chairman and $90,000 each to the other non-executive Directors. Superannuation payments are not included in these amounts.

In addition, the chair of the Audit Committee and the chair of the Nomination and Remuneration Committee will each be paid $10,000 annually. The remuneration of Directors must not include a commission on, or a percentage of, the profits or income of the Company. Superannuation payments are not included in these amounts.

The non-executive Directors are not entitled to participate in any employee incentive scheme (including the Company's long term incentive plan (LTIP)).

6.3.2.3 Deeds of access, insurance and indemnity for Directors

The Company has entered into deeds of access, insurance and indemnity with each Director which confirm each Director's right of access to certain books and records of iSentia for a period of seven years after the Director ceases to hold office. This seven-year period may be extended where certain proceedings or investigations commence before that seven-year period expires.

Pursuant to the Constitution, the Company may indemnify Directors and employees, past and present, against liabilities allowed under law. Under the deeds of access, insurance and indemnity, the Company indemnifies each Director against all liabilities to another person that may arise from their position as a director of the Company or its subsidiaries to the extent permitted by law. The deed stipulates that the Company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

Pursuant to the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must obtain such insurance during each Director's period of office and for a period of seven years after a Director ceases to hold office. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

6.3.2.4 Other information and interests

Directors may also be reimbursed for travel and other expenses reasonably incurred in attending to the Company'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 in the capacity as director of the Company or a subsidiary. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions. The interests of Directors and management are set out in this Section 6.3.

6.3.2.5 Directors' shareholdings

Directors are not required under the Constitution to hold any Shares. On Completion of the Offer, the number of Shares held by Directors will be as outlined in the table below.

	iSENTIA HOLDINGS SHARES HELD PRIOR TO THE OFFER (THOUSANDS)	iSENTIA HOLDINGS HELD PRIOR TO THE OFFER (%)	SHARES HELD AT COMPLETION OF THE OFFER (THOUSANDS)[1]	SHARES HELD AT COMPLETION OF THE OFFER (%)
Douglas Flynn	–	–%	74	0.0%
John Croll[2]	3,083	8.6%	8,006	4.0%
Pat O'Sullivan	–	–%	29	0.0%
Fiona Pak-Poy	–	–%	29	0.0%
Dr Geoff Raby	–	–%	29	0.0%

1 Excludes any Shares in which Directors may acquire an interest as part of the Offer at the Offer Price. See Section 9.4 for details of the Sale Deed pursuant to which the Company will acquire all of the iSentia Holdings Shares.

2 The Shares held by John Croll on Completion of the Offer will be subject to voluntary escrow arrangements, as described further in Section 7.8.

6.3.3 Executive remuneration

6.3.3.1 CEO

iSentia Pty Limited ABN 11 002 533 851, a wholly-owned subsidiary of iSentia Holdings, has entered into an employment contract with John Croll to document his employment with iSentia. Mr Croll is the CEO of iSentia. Mr Croll will receive annual fixed remuneration of $640,000 (inclusive of superannuation), representing approximately 44.4% of his maximum total achievable annual remuneration package for FY15 and onwards. In respect of the period to 30 June 2014, Mr Croll will be eligible to receive an annual cash-based short term incentive of up to $230,625, depending on iSentia's performance and Mr Croll's achievement of certain key performance indicators (KPIs), as determined by the Board.

In FY15, Mr Croll will be eligible to receive an annual cash-based short term incentive of up to $480,000, representing 75% of his annual fixed remuneration (inclusive of superannuation) and 33.3% of his maximum total achievable annual remuneration package, or such other amount as determined by the Board. Payment of a cash bonus will depend on iSentia's performance and Mr Croll's achievement of certain KPIs, as determined by the Board.

Mr Croll will also be eligible to participate in the LTIP. For further details about the LTIP, refer to Section 6.3.4. The Company intends to grant up to $320,000 worth of options over Shares under the LTIP (Options) to Mr Croll shortly after the Listing. The key terms and conditions (including the exercise price, performance period and vesting conditions) applicable to the Options to be granted to Mr Croll are set out in Section 6.3.4. It is intended that all future grants of Options or rights to Shares (Rights) under the LTIP will be made annually.

Mr Croll may terminate his employment contract by giving six months' notice in writing. iSentia Pty Limited may terminate Mr Croll's employment by giving six months' notice in writing, or may terminate his employment immediately by paying six month's base salary (or the salary for any unexpired part of the notice period) less tax, in lieu of notice for that period. In the event of serious misconduct or other specific circumstances warranting summary dismissal, iSentia Pty Limited may terminate Mr Croll's employment contract immediately without notice.

Upon the termination of Mr Croll's employment contract, he will be subject to a restraint on competing with iSentia and on solicitation of iSentia's clients, suppliers and employees for a period of 12 months following the termination of employment. Enforceability of this restraint is subject to all usual legal requirements.

As at the Prospectus Date, Mr Croll (and his associated entities) held 3,082,549 iSentia Holdings Shares. Under the Sale Deed, the Current Owners (which include Mr Croll and his associated entities) are entitled to receive consideration for their iSentia Holdings Shares in the form of cash, or a combination of cash and Shares. Mr Croll and associated entities accepted the offer from the Company in respect of the purchase of all of the iSentia Holdings Shares he or his associated entities hold, and has irrevocably elected to receive 35% of the consideration payable to him or his associated entities in the form of cash (equalling a payment of $8.8 million) and the remaining 65.1% in the form of Shares (equalling 8,006,056 Shares). See Section 9.4 for further details.

6.3.3.2 Other key management

Each other member of iSentia's management is employed under individual employment agreements. These agreements establish total compensation including a base salary, superannuation contribution and incentive arrangements; variable notice and termination provisions of three months; confidentiality provisions; and leave entitlements, as a minimum, as per the National Employment Standards.

Either iSentia or the executive may terminate the relevant executive's employment by providing, in most cases, at least three months' notice in writing before the proposed date of termination or in iSentia's case, payment in lieu of notice.

6.3.4 Employee incentive arrangements

iSentia has established various incentive arrangements to assist in the attraction, motivation and retention of management and employees of iSentia as set out below.

Briefly, the Board has determined that to align the interests of iSentia's executive team and the goals of iSentia, the remuneration packages of the CEO and the other senior executives of iSentia should comprise the following components:

- fixed annual cash reward (inclusive of superannuation and fringe benefits);
- cash-based short term incentives; and
- equity-based long term incentives.

Payment of cash under the short term incentives and the award of equity under long term incentives will be subject to the achievement of performance criteria or hurdles set by the Board.

The remuneration packages of the executive team other than the CEO are determined by the Nomination and Remuneration Committee and reported to the Board. The CEO's remuneration package is considered by the Nomination and Remuneration Committee and approved by the Board. The remuneration of the other senior executives will be reviewed annually by the Nomination and Remuneration Committee. At the absolute discretion of the Nomination and Remuneration Committee, iSentia may seek external advice on the appropriate level and structure of the remuneration packages of the executive team from time to time.

6.3.4.1 Long term incentive plan

iSentia has adopted the LTIP to encourage executives and employees to have a greater involvement in the achievement of iSentia's objectives. Under the LTIP, eligible employees (including executives, officers, employees and executive Directors) selected by the Board may be offered and granted Options or Rights.

iSentia may offer additional incentive schemes to management and employees over time.

Eligibility

Eligibility to participate in the LTIP and the number of Options or Rights offered to each eligible employee, will be determined by the Board. Non-executive Directors are not permitted to participate in the LTIP.

Grants

Under the rules of the LTIP, Options and/or Rights may be offered and granted to eligible employees of iSentia from time to time, subject to the absolute discretion of the Board.

The Company currently intends to make offers of Options shortly after Listing only to the CEO and CFO of the Company. The Company intends that the maximum notional value of the Options offered to the CEO and CFO respectively will be 50% of their respective total fixed remuneration (TFR).

Terms and conditions

The Board has the absolute discretion to set the terms and conditions (including conditions in relation to vesting, cash settlement, disposal restrictions or forfeiture and any applicable exercise price) on which it will offer and grant Options or Rights under the LTIP and may set different terms and conditions which apply to different participants in the LTIP. The Board will determine the procedure for offering and granting Options or Rights (including the form, terms and content of any offer or invitation or acceptance procedure) in accordance with the rules of the LTIP.

Vesting conditions

Options and Rights will vest (and, in the case of Options, become exercisable) if and to the extent that any applicable performance, service and other vesting conditions specified at the time of the grant are satisfied (collectively, the Performance Criteria) and the Options or Rights have not been forfeited. Performance Criteria may include conditions relating to employment or service, the individual performance of the participant and/or iSentia's performance and the exercise price (if any) being less than the current market price of the underlying Share as at vesting. Typically, the Performance Criteria must be satisfied by reference to a predetermined performance period. Both the Performance Criteria and the performance period are set by the Board in its absolute discretion.

The Board has set the performance period for the first grant of Options to the CEO and CFO as the three-year period from 1 July 2014 to 30 June 2017.

Thereafter, the Board currently intends that subsequent offers of Options or Rights will have a performance period of three financial years commencing on 1 July of the relevant year in which an offer or grant is made under the LTIP.

Ranking of Shares

Shares issued or transferred upon exercise of Options or conversion of Rights granted under the LTIP will rank equally in all respects with the other issued Shares.

Voting and dividend rights of Options and Rights

Options and Rights will not carry any voting or dividend rights. Shares issued or transferred to participants on exercise of an Option or conversion of a Right will carry the same rights and entitlements as other issued Shares, including voting and dividend rights.

Issue or acquisition of Shares

Generally, Shares to be allocated to participants upon the exercise of Options, or the conversion of Rights, may be issued by iSentia or acquired on or off-market by iSentia or its nominee. iSentia may appoint a trustee to acquire and hold those Shares on behalf of participants or otherwise for the purpose of the LTIP.

Exercise of Options or Rights

A participant may exercise Options in respect of which the Board has given a vesting notice and which have not expired or been forfeited. To exercise an Option, the participant must lodge with iSentia a notice of exercise and comply with any requirements under the rules of the LTIP or as specified by the Board. Vested Rights will be automatically converted to Shares.

Expiry of Options or Rights

Options or Rights which have not been exercised or converted, respectively, will expire if the applicable vesting conditions and any other conditions are not met during the prescribed performance period or other relevant time or, in the case of Options, if they are not exercised before the applicable last exercise date. The Board currently intends that the last exercise date for Options will be the date that is 12 months after the end of the applicable performance period. In addition, the Board may determine that Options and Rights will lapse if the participant deals with the Options and Rights in breach of the rules of the LTIP or in the opinion of the Directors, the participant has acted fraudulently or dishonestly or materially breached his or her obligations to the Company.

Quotation

Options and Rights will not be quoted on ASX. The Company will apply for official quotation of any Shares issued upon exercise of Options or conversion of Rights, in accordance with the Listing Rules.

Options exercise price

The Board may in its absolute discretion determine that a participant is required to pay an exercise price to exercise the Options offered and granted to that participant. No amount will be payable by a participant to acquire Shares on conversion of vested Rights.

Approval

Grants of Options or Rights under the LTIP to an executive Director may be subject to the approval of Shareholders, to the extent required under the Listing Rules.

No hedging and no transfer

Without the prior approval of the Board, unvested or unexercised Options or Rights which have not been exercised, may not be sold, transferred, encumbered or otherwise dealt with. Further, participants may not enter into any transaction, scheme or arrangement which hedges or otherwise affects the participant's economic exposure to the Options or Rights before they vest.

Capital limit

Subject to the rules of the LTIP, the Board must not offer Options or Rights if their grant would breach the capital limit set out in ASIC Class Order 03/184 in relation to employee share schemes (Class Order) or contravene the Corporations Act, Listing Rules or instruments of relief issued by ASIC from time to time. To the extent the Class Order is replaced by a new Class Order at a future date, the Company will ensure that any future offers of Options or Rights are in compliance with any capital limit prescribed under the new Class Order.

Cessation of employment

The LTIP contains provisions concerning the treatment of vested and unvested Options or Rights in the event a participant ceases employment.

Takeovers

In relation to takeover bids made for Shares, schemes of arrangement proposed in relation to the Company or other changes in control transaction in relation to the Company that occur or are proposed, the Board may in its absolute discretion determine, prior to grant or at the time of the relevant transaction, that all or a part of the participants' unvested Options or Rights will become vested. In such circumstances, the Company must promptly notify each participant in writing that he or she may, within the period specified in the notice, exercise vested Options or Rights.

Capital reconstruction

If there are certain variations of the share capital of the Company including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Board may make such adjustments (including to matters such as exercise price, number of Options or Rights held or number of Shares received on conversion) as it considers appropriate to ensure participants are not materially advantaged or disadvantaged, in accordance with the provisions of the Listing Rules.

Costs and administration

Generally, iSentia must bear any costs incurred in the administration of the LTIP.

Other terms

The LTIP also contains customary and usual terms having regard to Australian law for dealing with administration, variation and termination of the LTIP.

6.3.4.2 Offer to CEO under the LTIP

Mr Croll will be granted Options under the LTIP on the terms generally described above in Section 6.3.3.1 and in the table below.

GRANT DATE	SHORTLY AFTER LISTING
Number and exercise price	$320,000 worth of Options, with the value of each Option calculated on or about the grant date by the Board having regard to a valuation prepared by an independent consultant using the Black Scholes option pricing mode Each Option has an exercise price (which will need to be paid by Mr Croll to exercise any vested Options) equal to the Offer Price
Consideration for grant	Nil
Performance period	1 July 2014 to 30 June 2017, inclusive
Last exercise date	30 June 2018
Vesting conditions	50% of the Options granted (TSR Tranche) will vest subject to a relative total shareholder return (TSR) performance hurdle over the performance period. The remaining 50% (EPS Tranche) will vest subject to an Earnings per Share (EPS) performance hurdle over the performance period The Company's TSR over the performance period will be assessed against that of the constituent companies in the S&P/ASX 200 Index (excluding those in the Financials, Materials and Energy industries) over the performance period The TSR Tranche Option vesting percentages corresponding to the ranking of the Company's TSR performance relative to the comparator group over the performance period are as follows: → below the 50th percentile TSR growth – 0%; → at the 50th percentile TSR growth – 50%; → between the 50th percentile and the 75th percentile TSR growth – pro-rata straight-line between 50% and 100%; or → above the 75th percentile TSR growth – 100% The starting Share price for the Company's TSR performance calculation will be the Offer Price The EPS Tranche Option vesting percentages corresponding to the Company's EPS growth over the performance period (adjusted to take into account one-off items associated with the Offer, if necessary) are as follows: → less than 7% EPS growth – 0%; → at 7% EPS growth – 25%; → between 7% and 17% EPS growth – pro-rata straight-line between 25% and 100%; and → above 17% EPS growth – 100% The Options will not vest unless, at the time of satisfaction of all other performance criteria or hurdles, the volume weighted average price of Shares traded on ASX calculated over the last five trading days on which sales in Shares are recorded is 105% or more of the exercise price, or such other percentage as determined by the Board from time to time
Other terms	If Mr Croll is dismissed with cause, or resigns where the Company is entitled to dismiss him for cause, before the Options vest, all of the Options will be forfeited unless otherwise determined by the Board If Mr Croll's employment is terminated for any other reason, there will be a pro-rata forfeiture of his Options and the balance of his Options will remain on foot and will be vested at the end of the vesting period subject to applicable performance conditions If there is a change in control, all of the Options will vest

iSentia has received in-principle confirmation from ASX that Listing Rule 10.14 does not apply to the above-noted Options to be granted to Mr Croll. Any future issues of Shares, Option or Rights under the LTIP will be the subject of Shareholder approval in accordance with the requirements of Listing Rule 10.14 (to the extent applicable).

6.3.4.3 Short term incentives

The Board has determined that iSentia's current remuneration policy for its eligible employees includes an annual incentive program, payments under which are subject to satisfaction of performance criteria set by the Board each year. Payment of short term incentives in any given year is conditional upon achievement of:

- performance criteria tailored to each respective role (if any); and
- iSentia's financial performance against criteria set by the Board.

The Board has determined that the short term incentives for the CEO and CFO for FY15 will be calculated with reference to their respective Total Fixed Remuneration (TFR). The target and maximum opportunity for the CEO and CFO upon achieving the relevant Key Performance Indicators (KPIs) set by the Board are as per the table below.

% OF TFR	TARGET	MAXIMUM
CEO	50%	75%
CFO	40%	60%

No award of short term incentive will be payable below the target performance. Performance between the target and maximum will be rewarded on a pro-rata straight-line basis. The underlying level of performance required to be achieved for each award level will be assessed against financial and non-financial KPIs determined by the Board. These KPIs will include performance against financial measures (e.g. revenue, NPATA and performance against the Forecast Financial Information in this Prospectus) and non-financial measures (e.g. performance in relation to strategic initiatives and leadership). In respect of the financial KPIs, threshold performance each year will reflect significant growth from the prior year's corresponding performance target.

6.4 CORPORATE GOVERNANCE

This Section 6.4 explains how the Board will oversee the management of iSentia's business. The Board is responsible for the overall corporate governance of iSentia. The Board monitors the operational and financial position and performance of iSentia and oversees its business strategy, including approving the strategic goals of iSentia and considering and approving a business plan and an annual budget. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of iSentia. In conducting business with these objectives in mind, the Board seeks to ensure that iSentia is properly managed to protect and enhance Shareholder interests, and that iSentia and its directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing iSentia, and has adopted or is developing relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for iSentia's business and which are designed to promote the responsible management and conduct of iSentia.

The main policies adopted by iSentia, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution. iSentia's code of conduct outlines the standards of conduct expected of iSentia's business and personnel in a range of circumstances. In particular, the code articulates the high standards of honesty, integrity, ethical and law abiding behaviour expected of Directors, management and employees. Details of iSentia's key policies and the charters for the Board and each of its committees will be available from Listing at www.isentia.com. iSentia's current operational practices include comprehensive copyright compliance and business continuity protocols, and otherwise reflect its position as an established privately-owned business and having regard to the nature, breadth and geographic reach of its operations. Following Listing, the Group will develop further practices consistent with the policies summarised below.

The ASX Corporate Governance Council has developed and released corporate governance recommendations for Australian listed entities in order to promote investor confidence and to assist companies to meet stakeholder expectations. The recommendations are not prescriptions, but guidelines. However, under the Listing Rules, the Company 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 the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. Except as set out below, the Board does not anticipate that the Company will depart from the recommendations of the ASX Corporate Governance Council; however, it may do so in the future if it considers that such a departure would be reasonable.

→ 6. KEY PEOPLE, INTERESTS AND BENEFITS

6.4.1 Board of Directors

The Board considers that each of Douglas Flynn, Pat O'Sullivan, Fiona Pak-Poy and Dr Geoff Raby is an independent Director, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the independent exercise of the Director's judgement and each is able to fulfil the role of an independent Director for the purpose of ASX Recommendations. None of these Directors is acting as a nominee or representative of any current or former shareholder of any iSentia entity, nor as nominee or representative of the Joint Lead Managers or suppliers to iSentia.

Mr Croll, the CEO, is currently considered by the Board not to be independent. With regard to the indicators of independence set out in Box 2.1 of the ASX Recommendations, Mr Croll is currently the CEO and therefore, not independent.

6.4.2 Board charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board committees.

The Board's role is to, among other things:

- represent and serve the interests of Shareholders by overseeing and appraising iSentia's strategies, policies and performance;
- oversee iSentia, including its control and accountability systems;
- provide strategic direction for, and approval of, corporate strategy and performance objectives;
- review and ratify systems of risk management, internal compliance and control, codes of conduct and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- monitor senior management's performance;
- monitor implementation of strategy and ensuring appropriate resources are available;
- approve and monitor the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approve budgets;
- approve and monitor the operational and financial position and performance of iSentia and other reporting;
- identify the principal risks faced by iSentia and take reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks; and
- adopt appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards, including establishing procedures to ensure the financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements.

Matters which are specifically reserved for the Board or its committees include:

- appointment of the Chairman;
- appointment and removal of the CEO;
- appointment of Directors to fill a vacancy or as an additional Director;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- review of corporate codes of conduct;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling of meetings of Directors or Shareholders; and
- any other specific matters nominated by the Board from time to time.

The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and by officers to whom the management function is properly delegated by the CEO). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to access management and to request additional information at any time they consider it appropriate. The Board collectively, and individual Directors, may seek independent professional advice at iSentia's expense, subject to the reasonable approval of the Chairman of the Board and the advice received being made available to the Board as a whole.

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

Audit Committee

Under its charter, this committee must have at least three members, a majority of whom must be independent Directors and all of whom must be non-executive Directors. Also, all members of this committee must be financially literate and have familiarity with financial and accounting matters and at least one member must be a qualified accountant or other financial professional with appropriate expertise of financial and accounting matters.

Currently, Douglas Flynn, Pat O'Sullivan and Fiona Pak-Poy are members of the Audit Committee, and Mr O'Sullivan will act as chair of this committee. Each of them is financially literate.

The primary role of the Audit Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities including:

- engaging in the oversight of iSentia's financial reporting and disclosure processes and overseeing and reviewing the outputs of that process;
- assessing the appropriateness and application of iSentia's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- assessing any significant estimates or judgements contained in iSentia's financial reports;
- reviewing all half-yearly and annual reports with management, advisers, and the external auditors (as appropriate) and recommending the applicable accounts' adoption by the Board;
- overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficacy of those systems;
- approving the terms of engagement with the external auditor at the beginning of each financial year;
- approving policies and procedures for appointing or removing an external auditor and for external audit engagement partner rotation; and
- meeting periodically with the external auditor and inviting them to attend committee meetings to assist the committee discharge its obligations.

Under the charter, it is the policy of iSentia 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.

Nomination and Remuneration Committee

Under its charter, this committee must have at least three members, a majority of whom (including the chairman) must be independent Directors and all of whom must be non-executive Directors. Currently, Douglas Flynn, Fiona Pak-Poy and Dr Geoff Raby are members of this committee. Ms Pak-Poy will act as chair of this committee.

The primary role of the Nomination and Remuneration Committee is to assist the Board with a view to discharging its responsibilities to Shareholders and other stakeholders to seek to ensure that iSentia:

- oversees the nomination and appointment, and monitors the performance, of Board members and senior management (and in particular, the CEO, CFO and Company Secretary);
- conducts succession planning;
- has coherent remuneration policies and practices which enable iSentia to attract and retain executives and Directors who will create value for Shareholders;
- fairly and responsibly remunerates Directors and executives, having regard to the performance of iSentia, the performance of the executives and the general remuneration environment;
- has policies to evaluate the performance of the Board, individual Directors and executives on (at least) an annual basis;
- has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet iSentia's needs; and
- will integrate human capital and organisational issues into the overall business strategy.

6.4.4 Risk management policy

The identification and proper management of iSentia's risks are an important priority of the Board. iSentia has adopted a risk management policy appropriate for its business. This policy highlights the risks relevant to iSentia's operations and iSentia's commitment to designing and implementing systems and methods appropriate to minimise and control its risks.

The Board is responsible for overseeing and approving risk management strategy and policies. The Board has responsibility for identifying major risk areas and implementing risk management systems. The Board is responsible for monitoring risk management and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The Board may delegate these functions to the Audit Committee or a separate risk committee in the future.

iSentia will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations, including to assist the CEO or CFO and Company Secretary to provide declarations required under section 295A of the Corporations Act.

iSentia will implement a system whereby management may be required to report as to its adherence to policies and guidelines approved by the Board for the management of risks.

6.4.5 Diversity policy

iSentia values a strong and diverse workforce and is committed to developing measurable objectives of diversity and inclusion in its workplace. iSentia has implemented a diversity policy, with meritocracy the guiding principle, which is overseen by the Board and which aligns iSentia's management systems with the commitment to develop a culture that values and achieves diversity in its workforce and on the Board. In its annual report, the Company will disclose the measurable objectives for achieving diversity and progress towards achieving them and will also disclose the proportion of women in the whole organisation, women in senior executive positions and women on the Board.

6.4.6 Disclosure policy

Once listed on ASX, the Company will be required to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act. Subject to the exceptions contained in the Listing Rules, the Company will be required to disclose to ASX any information concerning the Company 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. The Company is committed to observing its disclosure obligations under the Listing Rules and the Corporations Act.

The Company has adopted a policy to take effect from Listing which establishes procedures that are aimed at ensuring that Directors and management are aware of, and fulfil, their obligations in relation to the timely disclosure of material price-sensitive information. Under the disclosure policy, the Board will be responsible for managing the Company's compliance with its continuous disclosure obligations. Continuous disclosure announcements will also be made available on the Company's website at www.isentia.com.

6.4.7 Securities trading policy

iSentia has adopted a securities trading policy which will apply to the Company and its Directors, officers, employees and management, including those persons having authority and responsibility for planning, directing and controlling the activities of iSentia, whether directly or indirectly.

The policy is intended to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and establish procedures in relation to Directors, management or employees dealing in Shares.

Subject to certain exceptions, including severe financial hardship, the securities trading policy defines certain 'closed periods' during which trading in Shares by Directors, officers and certain senior executives is prohibited. Those closed periods are currently defined as any of the following periods:

- the period commencing one month prior to the release of the Company's half-year results to ASX and ending 24 hours after such release;
- the period commencing one month prior to the release of the Company's full-year results to ASX and ending 24 hours after such release; and
- the period commencing two weeks prior to each of the Company's annual general meetings and ending 24 hours after the relevant annual general meeting, and any additional periods determined by the Board from time to time.

In all instances, buying or selling of Shares is not permitted at any time by any person who possesses price-sensitive information.

A copy of this securities trading policy will be available on iSentia's website at www.isentia.com.

6.4.8 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 the Company listing on ASX, to be followed by all employees and officers. The key aspects of this code are to:

- act with honesty, integrity and fairness and in the best interests of iSentia and in the reasonable expectations of 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 iSentia's resources and property properly.

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

6.4.9 Communications with Shareholders

The Board's aim is to ensure that Shareholders are provided with sufficient information to assess the performance of iSentia and that Shareholders are informed of all major developments affecting the affairs of iSentia in accordance with all applicable laws. The Company is required by law to communicate to Shareholders through the lodgement of all relevant financial and other information with ASX. The Company will also publish this information on iSentia's website at www.isentia.com.

iSentia's website will also contain information about the Company, including media releases, key policies and the charters of its Board committees.

6.4.10 Related party transactions

Other than as disclosed in this Prospectus, iSentia is not party to any material related party arrangements.

6.5 COMPLIANCE

The Board has adopted corporate governance policies and practices which are in accordance with the ASX Recommendations.

Refer to the corporate governance statement attached in Appendix A.2 to this Prospectus for further details.

7 DETAILS OF THE OFFER

7.1 THE OFFER

This Prospectus relates to an invitation to apply for 139.0 million Shares to be issued by the Company at an Offer Price of $2.04 per Share.

On Completion of the Offer, 61.0 million Shares will be held by Current Owners, including 50.0 million Shares by the Quadrant Funds. Shares held on Completion of the Offer by the Quadrant Funds, along with Shares held by John Croll (and his associated entities) and Nimesh Shah, will be subject to voluntary escrow agreements described in Section 7.8. The total number of Shares on issue at Completion of the Offer will be 200.0 million. All Shares will rank equally with each other.

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

7.1.1 Structure of the Offer

The Offer comprises:

- the Retail Offer, consisting of the:
  - the Broker Firm Offer, which is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate; and
  - Chairman's List Offer, which is open to selected investors in Australian who have received a Chairman's List Invitation; and
- 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.

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares. The allocation of Shares between the Broker Firm Offer, the Chairman's List Offer and the Institutional Offer was determined by the Company and the Joint Lead Managers.

The Offer has been fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement, including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in Section 9.5.

7.1.2 Purpose of the Offer

The Offer is expected to raise gross proceeds of approximately $283.5 million. Assuming Completion of the Offer occurs on 5 June 2014, this amount, together with drawn debt of $55.0 million post Completion of the Offer and $7.0 million of existing cash on the balance sheet (as illustrated in 'Sources of funds' in the table in Section 7.1.3), will be applied as follows:

- $167.9 million will be paid to the Current Owners as part of the consideration for the sale of their iSentia Holdings Shares to the Company under the Sale Deed (as described in Section 9.4). These funds will not be retained by the Company;
- $54.1 million will be used to fund repayment of the iSentia Holdings Shareholder Loans;
- $71.1 million will be used to fund repayment of iSentia's existing debt facilities (including repayment of additional debt drawn down in relation to the pre-IPO dividend);
- $29.9 million will be used to fund payment for purchase by iSentia Pty Limited of the remaining non-controlling interests in Brandtology and MediaBanc, companies in respect of which iSentia previously acquired majority control (as described in Section 9.6.2);
- $15.5 million will be used to pay the costs of the Offer; and
- $7.0 million will be retained by the Company.

See Section 9.4 for details of how the uses of the proceeds of the Offer may vary if Completion of the Offer occurs after 5 June 2014.

The purpose of the Offer is to:

- give the Current Owners an opportunity to realise all or, in some cases (including Quadrant), part of their investment in iSentia Holdings and fund the various payments referred to above;
- provide a liquid market for Shares and an opportunity for others to invest in Shares through listing the Company on ASX;
- provide iSentia with the benefits of an increased profile that arises from being a listed entity;
- provide iSentia with additional financial flexibility to pursue growth opportunities through improved access to capital markets; and
- assist iSentia in attracting and retaining quality staff.

7.1.3 Sources and uses of funds

The following table details the Company's sources of funding (including the Offer) and the uses of those amounts, assuming Completion of the Offer occurs on 5 June 2014. See also Section 9.4.

SOURCES OF FUNDS	$ MILLION	%	USES OF FUNDS	$ MILLION	%
Cash proceeds under the Offer	283.5	82.1%	Gross payment for Current Owners	169.3	49.0%
Post-Offer debt	55.0	15.9%	Less: adjustment for settlement of Management Loans	(1.4)	(0.4)%
Cash balance prior to the Offer	7.0	2.0%	Repayment of iSentia Holdings Shareholder Loans	54.1	15.7%
			Repayment of iSentia's existing debt facilities (including repayment of additional debt drawn down in relation to the pre-IPO dividend)	71.1	20.6%
			Payment for purchase of Brandtology and MediaBanc non-controlling interests	29.9	8.6%
			Offer costs	15.5	4.5%
			Post-Offer cash balance	7.0	2.0%
Total sources	**345.5**	**100.0%**	**Total uses**	**345.5**	**100.0%**

See Section 9.4 for details of how the uses of the proceeds of the Offer may vary if Completion of the Offer occurs after 5 June 2014.

7.1.4 Pro forma balance sheet

iSentia's pro forma balance sheet following Completion of the Offer, including details of pro forma adjustments, is set out in Section 4.4.

7.1.5 Capitalisation and indebtedness

iSentia's capitalisation and indebtedness as at 31 December 2013, before the Offer and following Completion of the Offer, is set out in Section 4.4.2.

7.1.6 Shareholding structure

The details of the ownership of Shares immediately prior to the Offer, and on Completion of the Offer, are set out in the table below.

CURRENT OWNERS	ISENTIA HOLDINGS SHARES HELD PRIOR TO THE OFFER (%)	ISENTIA HOLDINGS SHARES HELD PRIOR TO THE OFFER (MILLION)	SHARES HELD AT COMPLETION OF THE OFFER (%)	SHARES HELD AT COMPLETION OF THE OFFER (MILLION)
Quadrant Funds	86.0%	31.0	25.0%	50.0
Management Shareholders[1]	11.6%	4.2	4.9%	9.8
Others investors[1]	2.4%	0.9	0.6%	1.2
Investors in the Offer	–	–	69.5%	139.0
Total	**100.0%**	**36.0**	**100.0%**	**200.0**

1 Excludes any Shares in which Management Shareholders or other investors may acquire an interest as part of the Offer at the Offer Price.

Information on the number of Shares to be held on Completion of the Offer that will be subject to voluntary escrow arrangements, and details of those escrow arrangements, are set out in Section 7.8.

7.1.7 Control implications of the Offer

While the Quadrant Funds are expected to hold 25.0% of the Shares on issue on Completion of the Offer, the Directors do not expect any Shareholders to control iSentia on Completion of the Offer.

7.1.8 Potential effect of the fundraising on the future of iSentia

The Directors believe that on Completion of the Offer, iSentia will have sufficient funds available to fulfil the purposes of the Offer and to meet its stated business objectives.

7.2 TERMS AND CONDITIONS OF THE OFFER

TOPIC	SUMMARY
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.13.
What is the consideration payable for each security being offered?	The Offer Price is $2.04 per Share.
What is the Offer period?	The key dates, including details of the Offer period, are set out on page 3. No securities will be issued on the basis of this Prospectus later than the Expiry Date of 19 June 2015.
What are the cash proceeds to be raised?	$283.5 million will be raised under the Offer based on the Offer Price.
What is the minimum and maximum Application size under the Retail Offer?	The minimum Application under the Broker Firm Offer is $2,000 worth of Shares. The minimum Application size under the Chairman's List Offer is $2,000 worth of Shares. The Company and the Joint Lead Managers reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for. In addition, the Company and the Joint Lead Managers reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) in the Retail Offer which are for more than $100,000 worth of Shares. There is no maximum value of Shares that may be applied for under the Retail Offer.
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, the Chairman's List Offer and the Institutional Offer was determined by the Company and the Joint Lead Managers. With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among eligible retail clients. The allocation of Shares among Applicants in the Chairman's List Offer and the Institutional Offer was determined by the Company and the Joint Lead Managers. For further information on the Chairman's List Offer and the Institutional Offer, see Sections 7.4 and 7.5 respectively.
Will the securities be listed?	The Company will apply to ASX within seven days of the Prospectus Date for admission to the official list of, and quotation of its Shares by, ASX under the code 'ISD'. Completion of the Offer is conditional on ASX approving this 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. The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

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 June 2014, initially on a deferred settlement basis until the Company has advised ASX that holding statements have been despatched to Shareholders. Normal settlement trading is expected to commence on or about 11 June 2014. **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.** The Company and the Joint Lead Managers 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 iSentia Offer Information Line, by a Broker or otherwise.
When will I receive confirmation of whether my Application has been successful?	It is expected that initial holding statements will be mailed to successful Applicants by standard post on or about 10 June 2014. Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion of the Offer.
Is the Offer underwritten?	Yes. The Joint Lead Managers have fully underwritten the Offer. Details are provided in Sections 7.7 and 9.5.
Are there any escrow arrangements?	Yes. Details are provided in Section 7.8.
Has any ASX confirmation or ASIC modification been obtained or been relied on?	Yes. Details are provided in Sections 7.11 and 7.12.
Are there any taxation considerations?	Yes. Details are provided in Section 9.10.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer. See Section 9.11 for details of various fees payable by the Company to the Joint Lead Managers and by the Joint Lead Managers to certain Brokers.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the iSentia Offer Information Line on 1800 250 297 (toll free within Australia) or +61 1800 250 297 (outside Australia) between 8.30am to 5.30pm Sydney Time, Monday to Friday (Business Days only). If you are unclear in relation to any matter or are uncertain as to whether Shares are 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.

7.3 BROKER FIRM OFFER

7.3.1 Who can apply

The Broker Firm Offer is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate. If you have received an invitation from your Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

7.3.2 How to apply

Applications for Shares may only be made on a Broker Firm Offer Application Form included in, or accompanying, this Prospectus or in its paper copy form which may be downloaded in its entirety from www.isentia.com. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation of Shares. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement prospectus), together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application under the Broker Firm Offer is $2,000 worth of Shares. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. However, the Company and the Joint Lead Managers reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications in the Broker Firm Offer which are for more than $100,000 worth of Shares. The Company 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 Broker Firm Offer Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions. Applicants under the Broker Firm Offer must not send their Broker Firm Offer Application Forms to the Share Registry.

The Company, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9.00am Sydney Time on 27 May 2014 and is expected to close at 12.00pm Sydney Time on 3 June 2014. The Company and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.3.3 How to pay

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

7.3.4 Application Monies

The Company reserves the right to decline any Application 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.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be determined by the Applicant's Broker.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Broker from whom the Applicant received their firm allocation of Shares.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s) or bank draft(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on your Broker Firm Offer Application Form, you may be taken to have applied for such lower Australian dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your Broker Firm Offer Application Form) or your Application may be rejected.

7.3.5 Acceptance of Applications

An Application in the Broker Firm Offer is an offer by an Applicant to the Company to apply for Shares in the amount specified in the Broker Firm Offer Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Broker Firm Offer Application Form (including the conditions regarding quotation on ASX in Section 7.12 and the acknowledgements in Section 7.6). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted by the Company and the Joint Lead Managers in respect of the full number of Shares specified in the Broker Firm Offer Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

7.3.6 Broker Firm Offer allocation policy

The allocation of firm stock to Brokers was determined by the Company and the Joint Lead Managers. Shares which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants who have received a valid allocation of Shares from those Brokers (subject to the right of the Company and the Joint Lead Managers to reject or scale back Applications which are for more than $100,000). It will be a matter for those Brokers how they allocate Shares among their retail clients, and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them, receive the relevant Shares.

7.3.6.1 Announcement of final allocation policy in Broker Firm Offer

The Company expects to announce the final allocation policy under the Broker Firm Offer on or about 5 June 2014. It is expected that this information will be advertised in The Sydney Morning Herald, The Age, The Australian and The Australian Financial Review on that same day. Applicants in the Broker Firm Offer will be able to call the iSentia Offer Information Line on 1800 250 297 (toll free within Australia) or +61 1800 250 297 (outside Australia) between 8.30am to 5.30pm Sydney Time, Monday to Friday (Business Days only), from 5 June 2014 to confirm their allocations. Applicants under the Broker Firm Offer will also be able to confirm their 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 iSentia Offer Information Line or confirmed your allocation through a Broker.

7.4 CHAIRMAN'S LIST OFFER

7.4.1 Who can apply

The Chairman's List Offer is open to selected investors in Australia who have received a Chairman's List Invitation to participate.

7.4.2 How to apply

If you have received a Chairman's List Invitation and you wish to apply for Shares, you should follow the instructions on how to apply in your personalised invitation.

Applications under the Chairman's List Offer must be for a minimum of $2,000 worth of Shares.

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

7.4.3 How to pay

Applicants under the Chairman's List Offer must pay their Application Monies by direct credit or electronic funds transfer in accordance with instructions in their personalised invitation. For more details, prospective Applicants should contact the iSentia Offer Information Line on 1800 250 297 (toll free within Australia) or +61 1800 250 297 (outside Australia).

Application Monies must be received by the Share Registry by no later than 5.30pm Sydney Time on 3 June 2014 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Joint Lead Managers take any responsibility for any failure to receive Application Monies or payment before the Chairman's List Offer closes arising as a result of, among other things, delays processing of payments by financial institutions.

7.4.4 Application Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Chairman's List 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.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down and any excess refunded (without interest).

If the amount of your Application Monies that you pay is less than the amount specified on your Chairman's List Offer Application Form, you may be taken to have applied for such lower Australian dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your Chairman's List Offer Application Form) or your Application may be rejected.

7.4.5 Acceptance of Applications

An Application in the Chairman's List Offer is an offer by an Applicant to the Company to apply for Shares in the amount specified 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 (including the conditions regarding quotation on ASX in Section 7.12 and the acknowledgements in Section 7.6). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted by the Company and the Joint Lead Managers in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

7.4.6 Chairman's List Offer allocation policy

Chairman's List Offer Applicants will receive a guaranteed allocation of Shares in the amount notified on their Chairman's List Invitation or such lesser amount validly applied for. Beyond this, the allocation of stock to Applicants under the Chairman's List Offer will be determined by the Joint Lead Managers and the Company. Shares which have been allocated to Applicants under the Chairman's List Offer will be issued to the Applicants who have received a valid allocation of Shares from the Company (subject to the right of the Company and the Joint Lead Managers to reject or scale back Applications which are for more than $100,000).

7.5 INSTITUTIONAL OFFER

7.5.1 Invitations to bid

The Company and the Joint Lead Managers have invited certain Institutional Investors to bid for Shares in the Institutional Offer.

The Institutional Offer was an invitation to Australian resident Institutional Investors and other eligible Institutional Investors in jurisdictions outside the United States to bid for Shares, made under this Prospectus.

7.5.2 Allocation policy under Institutional Offer

The allocation of Shares between the Institutional Offer and the Broker Firm Offer was determined by the Company and the Joint Lead Managers. The Company and the Joint Lead Managers had absolute discretion regarding the basis of allocation of Shares among Institutional Investors and there was no assurance that any Institutional Investor would be allocated any Shares, or the number of Shares for which it has bid.

Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Joint Lead Managers.

The allocation policy was influenced by a number of factors including:

- the number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company's desire for an informed and active trading market following listing on ASX;
- the Company's desire to establish a wide spread of institutional shareholders;
- the overall level of demand under the Broker Firm Offer, and the Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long term shareholders; and
- any other factors that the Company and the Joint Lead Managers considered appropriate.

7.6 ACKNOWLEDGEMENTS

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant in the Broker Firm Offer, and each person to whom the Institutional Offer has been 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 Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, registration under the Securities Act and any other applicable securities laws;
- it is not in the United States;
- it has not sent 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 Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.7 UNDERWRITING ARRANGEMENTS

The Offer is fully underwritten pursuant to an Underwriting Agreement under which the Joint Lead Managers have been appointed to arrange and manage and act as joint lead managers, joint bookrunners and joint underwriters of the Offer. The Joint Lead Managers agree, subject to certain conditions and termination events, to underwrite severally Applications for all Shares under the Offer in equal proportions. The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Joint Lead Managers may terminate the Underwriting Agreement and their underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the conditions precedent and termination provisions, is provided in Section 9.5.

7.8 ESCROW ARRANGEMENTS

It is expected that, on Completion of the Offer:

- the Quadrant Funds will hold 25.0%;
- John Croll (and his associated entities) will hold 4.0%; and
- Nimesh Shah will hold 0.4%,

of the Shares on issue (together with applicable controlling parties, Escrowed Shareholders) and will each enter into voluntary escrow arrangements over these Shares.

These escrow arrangements will prevent:

- the Quadrant Funds from disposing any of the Shares they hold on Completion of the Offer from the date of the Company's admission to the Official List to the date that the Company's results for FY15 are released to ASX; and
- Mr Croll (and his associated entities) and Mr Shah from disposing any of the Shares they hold on Completion of the Offer from the date of the Company's admission to the Official List to the date that the Company's results for FY15 are released to ASX and, in relation to half of the Shares they hold on Completion of the Offer, for an additional period concluding on the date that the Company's results for FY16 are released to ASX.

There are limited circumstances in which Shares subject to escrow at any given time during the periods referred to above may be released, including:

- to allow the Escrowed Shareholder to accept an offer under a takeover bid in relation to its Shares and holders of at least half of the Shares the subject of the bid that are not held by the Escrowed Shareholders have accepted the takeover bid;
- to allow the Shares held by the Escrowed Shareholder to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act;
- in the case of Mr Croll (and his associated entities) and Mr Shah the death, serious disability or total incapacity of the Escrowed Shareholder;
- in the case of Mr Croll (and his associated entities) and Mr Shah to allow transfers to certain immediate family members; and
- to permit disposal of the Shares held by the Escrowed Shareholder to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction).

In addition, the Quadrant Funds are permitted to dispose of up to 25% of their escrowed Shares (in one or more transactions) at least 10 Business Days after both of the following conditions have been satisfied:

- the Company's annual results for the half ending 31 December 2014 have been released to ASX; and
- the Company VWAP on each trading day comprising the Company VWAP Period is at least 20% higher than the Offer Price.

The Company VWAP on any trading day prior to the Relevant Date is not relevant to determining whether the exception is available.

The restriction on 'disposing' of Shares subject to escrow at any given time during the periods referred to above is broadly defined. It includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any of those things.

7.9 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 apply 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 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 Prospectus 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 Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act laws and any other applicable securities laws.

7.10 DISCRETION REGARDING THE OFFER

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

The Company and the Joint Lead Managers also reserve the right to, subject to the Corporations Act, 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 or bidder fewer Shares than the amount applied or bid for.

7.11 ASX AND ASIC

7.11.1 ASX waivers and confirmations

The Company has applied to ASX for the following Listing Rule waivers and confirmations:

- a waiver of Listing Rule 10.14 to the extent necessary to permit the grant, under the LTIP, of $320,000 worth of Options to the Company's CEO, John Croll, shortly after Listing without Shareholder approval; and
- other customary confirmations.

7.11.2 ASIC exemption, modification and relief

The Company has applied for modification of section 708A of the Corporations Act to the extent necessary to permit the Shares to be issued to iSentia Holdings Shareholders under the Sale Deed and to any Institutional Investors acquiring Shares otherwise than under this Prospectus, to be able to be sold on ASX within 12 months of their issue without the requirement for a future disclosure document being prepared in connection with that sale.

7.12 ASX LISTING, REGISTERS AND HOLDING STATEMENTS AND DEFERRED SETTLEMENT

7.12.1 Application to ASX for listing and quotation of Shares

The Company will apply to ASX within seven days of the Prospectus Date, for admission to the Official List and quotation of the Shares on ASX under the code 'ISD'.

Completion of the Offer is conditional on ASX approving this 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.

The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time. ASX takes no responsibility for this Prospectus or the investment to which it relates.

The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of iSentia or the Shares offered for subscription.

7.12.2 CHESS and issuer sponsored holdings

The Company will apply to participate in ASX's Clearing House Electronic Subregister System (CHESS) and will comply with the 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 the 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. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.12.3 Deferred settlement trading and selling of Shares on the market

It is expected that trading of the Shares on ASX, on a deferred basis, will commence on or about 5 June 2014.

Trading will continue on a deferred basis until the Company has advised ASX that holding statements have been despatched to Shareholders. 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. The Company, the Share Registry, the Joint Lead Managers and the Current Owners 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 iSentia Offer Information Line or confirmed your firm allocation through a Broker.

7. DETAILS OF THE OFFER

Shares are expected to commence trading on ASX on a normal settlement basis on or about 11 June 2014.

7.13 DESCRIPTION OF SHARES

7.13.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the Listing Rules and general law.

A summary of the significant rights, liabilities and obligations 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 the Company is admitted to the Official List.

7.13.2 Voting at a general meeting

At a general meeting of the Company, 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.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each Share held.

7.13.3 Meetings of members

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

7.13.4 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 the Company's proposed dividend policy, see Section 4.9.

7.13.5 Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the 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, the Listing Rules or the ASX Settlement Operating Rules.

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

7.13.6 Issue of further shares

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

7.13.7 Winding up

If the Company is wound up, then subject to the Constitution and any special resolution or preferential rights or restrictions attached to a class of shares, any surplus must be divided among the Company's members in the proportion 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 the Company.

7.13.8 Sale of non-marketable parcels

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

7.13.9 Share buybacks

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

7.13.10 Variation of class rights

At present, the Company'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, in accordance with the Corporations Act, 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 variation or cancellation.

7.13.11 Dividend plans

The Directors may, on any terms and at their discretion, establish a dividend reinvestment plan (under which any member may elect that the dividends payable by the Company be reinvested by a subscription for securities). The Directors have no current intention to establish a dividend reinvestment plan.

7.13.12 Directors – appointments and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is fixed by the Directors but may not be more than seven unless the Shareholders pass a resolution varying that number. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the CEO) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected. 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 the Company.

7.13.13Directors – 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. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote.

7.13.14Directors – remuneration

The Directors, other than an executive Director (of which there is one, as at the Prospectus Date), will be paid by way of fees for services up to the maximum aggregate sum per annum as may be approved from time to time by the Company in general meeting. The current maximum aggregate sum per annum is $0.9 million with the initial remuneration of the non-executive Directors set out in Section 6.3.2. Any change to that maximum aggregate sum needs to be approved by Shareholders in general meeting. The Constitution also makes provision for the Company to pay all reasonable expenses of Directors in attending meetings and carrying on their duties.

7.13.15Indemnity and insurance

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

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

The Company, 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 the Company or its subsidiaries, under which the Company must do all of the following:

- keep books of the Company 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 the Company 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 the Company or its subsidiaries, on the terms agreed (including as to payment of all or part of the premium for the contract for insurance).

7.13.16Amendment

The Constitution may be amended only by special resolution passed by at least three quarters of the Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

The Company must give at least 28 days' written notice of a general meeting of the Company.

8 INVESTIGATING ACCOUNTANT'S REPORT

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The Directors
iSentia Group Limited
Level 3, 219-241 Cleveland Street
Strawberry Hills
NSW 2012

14 May 2014

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the directors (the Directors) of iSentia Group Limited (the Company) for inclusion in the prospectus to be issued by the Company (the Prospectus) in respect of the initial public offering of fully paid ordinary shares in the Company (Shares) (the Offer) and listing of the Company on the Australian Securities Exchange.

In this report, references to the Group or iSentia mean, prior to settlement of the Offer, iSentia Holdings Pty Limited and its subsidiaries; and after settlement of the Offer, the Company and its subsidiaries, or, where the context requires, the business described in the Prospectus.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the *Corporations Act 2001* (Cth) (Corporations Act) for the issue of this report.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Scope

Pro forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review:

- the Pro forma Historical Consolidated Income Statements of the Group for the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, and the six months ended 31 December 2013 which are included in Table 2 of the Prospectus;
- the Pro forma Historical Consolidated Cash Flow Statements of the Group for the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, and the six months ended 31 December 2013 which are included in Table 11 of the Prospectus;
- the Pro forma Historical Consolidated Balance Sheet of the Group as at 31 December 2013 which is included in Table 7 of the Prospectus,

(together, the Pro forma Historical Financial Information).

The Pro forma Historical Financial Information has been derived from the following financial information:

- the audited consolidated financial statements of iSentia Holdings Pty Limited for the years ended 30 June 2011, 30 June 2012 and 30 June 2013; and
- the unaudited accounting records of iSentia Holdings Pty Limited for the six months ended 31 December 2013 (together the Statutory Historical Financial Information); and
- the pro forma adjustments applied to the Statutory Historical Financial Information to illustrate the effect of events and transactions related to the Offer on the Group as described in Section 4.3.3 of the Prospectus.

The financial statements of iSentia Holdings Pty Limited for the years ended 30 June 2011, 30 June 2012 and 30 June 2013 were audited by Deloitte Touche Tohmatsu. The audit opinions issued to the members of iSentia Holdings Pty Limited relating to those financial statements were unqualified.

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8. INVESTIGATING ACCOUNTANT'S REPORT

The Pro forma Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information, the Group's accounting policies and the events and transactions to which the pro forma adjustments relate, as described in Section 4.3.3 of the Prospectus, as if those events and transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the Group's actual or prospective financial position or financial performance.

The Forecast Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the Group's:

- Statutory Forecast Consolidated Income Statement for the financial years ending 30 June 2014 and 30 June 2015;
- Statutory Forecast Consolidated Cash Flow Statement for the financial years ending 30 June 2014 and 30 June 2015 (together, the Statutory Forecasts);
- Pro forma Forecast Consolidated Income Statement for the financial years ending 30 June 2014 and 30 June 2015; and
- Pro forma Forecast Consolidated Cash Flow Statement for the financial years ending 30 June 2014 and 30 June 2015 (together, the Pro forma Forecasts),

(together, the Forecast Financial Information).

The Directors' best estimate assumptions underlying the Statutory Forecasts are described in Section 4.7 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecasts is the recognition and measurement principles contained in Australian Accounting Standards and the Group's adopted accounting policies

The Pro forma Forecasts have been derived from the Statutory Forecasts, after adjusting for the effects of the pro forma adjustments described in Section 4.3.3 of the Prospectus (the Pro forma Adjustments). The stated basis of preparation used in the preparation of the Pro forma Forecasts is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecasts and the events or transactions to which the Pro forma Adjustments relate, as if those events or transactions had occurred prior to 1 July 2013. Due to its nature the Pro forma Forecasts do not represent the Group's actual prospective financial performance and cash flows for financial years ending 30 June 2014 and 30 June 2015.

The Forecast Financial Information has been prepared by management of the Group and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of the Group for the financial years ending 30 June 2014 and 30 June 2015. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and / or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Group. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance (audit) conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. The limited assurance (review) conclusion expressed in this report in relation to the Forecast Financial Information has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Group, which are detailed in the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly prospective investors should have regard to the investment risks and sensitivities set out in Section 4.8 of the Prospectus.

The sensitivity analysis set out in Section 4.8 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Group, that all material information concerning the prospects and proposed operations of the Group has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Pro forma Historical Financial Information, including the selection and determination of pro forma adjustments included in the Pro forma Historical Financial Information;
- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the Pro forma Adjustments made to the Statutory Forecasts and included in the Pro forma Forecasts; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Pro forma Historical Financial Information and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Pro forma Historical Financial Information and the Forecast Financial Information (together, the Financial Information) based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

In connection with the review, we made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters including directors, management and others, and applying analytical procedures to the Financial Information and other review procedures as considered necessary. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

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 is not presented fairly, in all material respects, on the basis of the pro forma adjustments described in Section 4.3.3 of the Prospectus and in accordance with the recognition and measurement principles contained in the Australian Accounting Standards and the accounting policies adopted by the Group as disclosed in the Prospectus.

The Statutory Forecasts

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

(i) the Directors' best estimate assumptions used in the preparation of the Statutory Forecasts do not provide reasonable grounds for the Statutory Forecasts;

(ii) in all material respects, the Statutory Forecasts are not:

  a. prepared on the basis of the Directors' best estimate assumptions as described in the Prospectus; or

  b. presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Group and the recognition and measurement principles contained in the Australian Accounting Standards; or

(iii) the Statutory Forecasts themselves are unreasonable.

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8. INVESTIGATING ACCOUNTANT'S REPORT

The Pro forma Forecasts

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

(i) the Directors' best estimate assumptions used in the preparation of the Pro forma Forecasts do not provide reasonable grounds for the Pro forma Forecasts;

(ii) in all material respects, the Pro forma Forecasts are not:

  a. prepared on the basis of the Directors' best estimate assumptions as described in the Prospectus ; or

  b. presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Group and the recognition and measurement principles contained in the Australian Accounting Standards, and the Pro forma Adjustments as disclosed in the Prospectus; or

(iii) the Pro forma Forecasts themselves are unreasonable.

Restrictions on Use

Without modifying our conclusions, we draw your attention to Section 4.2.3 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, this Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Group.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED

Ian Turner
Director

9 ADDITIONAL INFORMATION

9.1 REGISTRATION

The Company was incorporated in Victoria, Australia on 14 January 2014 as a public company limited by shares. At the Prospectus Date, the Company had not traded and had one Share on issue held by Quadrant Private Equity Fund No. 2, L.P.

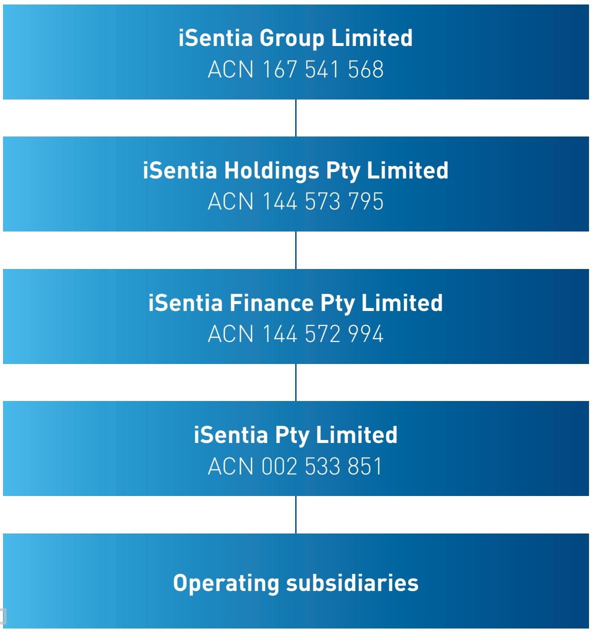
9.2 COMPANY TAX STATUS

The Company will be taxed as an Australian tax resident public company for the purpose of Australian income tax law.

9.3 CORPORATE STRUCTURE

Figure 27 shows at a high level the corporate structure of iSentia on Completion of the Offer. Refer to Section 9.4 for further details of the internal restructure to occur pursuant to the Sale Deed on Completion of the Offer (the effect of which is reflected in Figure 27).

Figure 27: Group structure chart



9.4 SALE DEED

Under the Sale Deed, each of the Current Owners has agreed to sell all of its iSentia Holdings Shares to the Company, free from encumbrances, for an aggregate consideration calculated as $408.0 million (being the Offer Price multiplied by the number of Shares following the Offer), plus the aggregate amount owing to iSentia Holdings by certain Management Shareholders under the Management Loans, less:

- amounts owing by iSentia under the iSentia Holdings Shareholder Loans immediately prior to Completion of the Offer;
- amounts due under a pre-existing put option in relation to the Brandtology acquisition, described in more detail in Section 9.6.1;
- amounts due under a pre-existing call option in relation to the MediaBanc acquisition, described in more detail in Section 9.6.1;
- the costs of the Offer; and
- the amount by which pro forma net debt of iSentia is to be paid down on Completion of the Offer.

Section 7.1 sets out the expected quantum of each of the above, assuming Completion of the Offer occurs on 5 June 2014. To the extent that Completion of the Offer occurs after 5 June 2014, certain of the above amounts, such as the amounts outstanding under the Management Loans and the iSentia Holdings Shareholder Loans (due to the accrual of interest) may vary, affecting the aggregate consideration paid for iSentia Shares.

The consideration for the iSentia Holdings Shares will be paid partly in cash ($169.3 million) and partly by way of the issue of Shares ($124.5 million) under the terms of the Sale Deed. Completion of the sale of the iSentia Holdings Shares under the Sale Deed is conditional on Completion of the Offer (including the allotment of Shares to Shareholders).

The Current Owners are entitled to receive the consideration for their iSentia Holdings Shares in the form of cash, or a combination of cash and Shares and have irrevocably elected to do so as per the table below.

CURRENT OWNER	CASH ($MILLION)	SHARES (MILLION)
Quadrant Funds	$150.7	50.0
Yorkway	$1.0	0.7
John Croll (CEO) (and his associated entities)	$8.8	8.0
Nimesh Shah (CFO)	$1.7	0.8
Other Management Shareholders	$3.5	1.0

The Shares to be issued to John Croll (and his associated entities) and Nimesh Shah will be subject to escrow arrangements, as set out in Section 7.8. Shares offered to Current Owners under the Sale Deed are issued with disclosure under this Prospectus.

9.5 UNDERWRITING AGREEMENT

The Offer is being underwritten by the Joint Lead Managers pursuant to an underwriting agreement, dated 9 May 2014, between the Company, iSentia Holdings and the Joint Lead Managers, as guarantor. Under the Underwriting Agreement, the Joint Lead Managers have agreed to arrange, manage and underwrite, and act as joint lead managers, joint bookrunners and joint underwriters for, the Offer.

For the purpose of this Section 9.5, 'Offer Documents' includes any of the following documents issued or published by, or on behalf of, and with the authorisation of, the Company in respect of the Offer, and in the form agreed by the Joint Lead Managers:

- this Prospectus, the Application Forms and any supplementary or replacement prospectus;
- the pathfinder version of this Prospectus (including any cover email) that was provided to Institutional Investors and Brokers prior to lodgement of this Prospectus with ASIC; and
- the marketing, roadshow presentation and/or ASX announcement(s) used by or on behalf of the Company, to conduct the Offer.

9.5.1 Commissions, fees and expenses

The Company must pay the Joint Lead Managers in accordance with the Underwriting Agreement an underwriting fee equal to 2.2%, and a management fee equal to 0.55%, of the total funds raised under the Offer. These fees must be paid by the Company to the Joint Lead Managers in equal proportions on the date of Settlement. The Company may also elect, at its absolute discretion, to pay the Joint Lead Managers (or either of them) an incentive fee of up to 0.75% of the total funds raised under the Offer on the date of Settlement. The Company has agreed to reimburse the Joint Lead Managers for certain agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

9.5.2 Termination events

A Joint Lead Manager may terminate the Underwriting Agreement, at any time after the date of the Underwriting Agreement and on or before 10.00am Sydney Time on the date of Settlement by notice to the other parties if any of the following events, among others, occur:

- a statement in the Prospectus is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from the Prospectus (including, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);
- there is a new circumstance that arises after the Prospectus is lodged with ASIC that would have been required to be included in the Prospectus if it had arisen before lodgement and that is materially adverse from the point of view of an investor;
- the Company issues, or in the reasonable opinion of the Joint Lead Managers, the Company is required and fails to issue, a supplementary or replacement prospectus, in each case, to comply with section 719 of the Corporations Act;
- at any time 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 the day prior to entry into the Underwriting Agreement and is at or below that level at the close of trading (i) for three consecutive Business Days during any time after the date of the Underwriting Agreement or (ii) on the Business Day immediately prior to the date for Settlement;
- any of the voluntary escrow arrangements referred to in this Prospectus are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- the Sale Deed is withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- i) there are not, or there ceases to be, reasonable grounds in the reasonable opinion of the Joint Lead Managers for any statement or estimate in the Offer Documents which relate to a future matter or (ii) any statement or estimate in the Offer Documents which relate to a future matter is, in the reasonable opinion of the Joint Lead Managers, unlikely to be met in the projected timeframe (including in each case financial forecasts);
- the Company or iSentia Holdings 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 whether or not in connection with the Offer;
- approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to: (i) the Company's admission to the Official List within the specified time or (ii) the quotation of Shares on ASX or for the Shares to be traded through CHESS within the specified time and in either case if approval is granted, that approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

- except in certain cases, 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 *Australian Securities and Investments Commission Act 2001* (Cth) 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 a Joint Lead Manager) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or
  - any person (other than a Joint Lead Manager) gives a notice under section 730 of the Corporations Act in relation to an Offer Document;
- if any of the obligations of the relevant parties under any material contracts summarised in the Prospectus are not capable of being performed in accordance with their terms (in the reasonable opinion of the Joint Lead Managers) or if all or any part of any such contracts (i) is amended or varied without the consent of the Joint Lead Managers (acting reasonably), (ii) is terminated, (iii) is materially breached, (iv) ceases to have effect, otherwise than in accordance with its terms or (v) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and effect, or its performance is or becomes illegal (provided that the events noted in items (i) and (iii) are subject to the condition of termination noted in Section 9.5.3);
- the Company withdraws an Offer Document or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- the Company, iSentia Holdings, iSentia Finance Pty Limited ABN 70 144 572 994, iSentia Pty Limited ABN 11 002 533 851 or iSentia Limited (New Zealand company number 1471802)) becomes insolvent or there is an act or omission that is likely to result in any of them becoming insolvent;
- except in certain cases, an event specified in the Offer timetable up to and including the date of Settlement is delayed by more than two Business Days;
- the Company is prevented from issuing Shares within the time required by the Underwriting Agreement, the Offer Documents, the Listing Rules, applicable laws, an order of a court of competent jurisdiction or a governmental authority;
- the Company or iSentia Holdings: (i) other than under the Offer or as permitted under the Underwriting Agreement, alters the issued capital of the Company, iSentia Holdings or any of their respective subsidiaries or (ii) disposes or attempts to dispose of a substantial part of the business or property of the Company, iSentia Holdings or any of their respective subsidiaries, without the prior written consent of the Joint Lead Managers;
- if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company or iSentia Holdings to perform their obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Documents;
- any of the following occur: (i) a director or proposed director named in the pathfinder or Prospectus, of the Company or iSentia Holdings is charged with an indictable offence, (ii) any governmental agency commences any public action against the Company or iSentia Holdings or any of its directors in their capacity as a director of the Company or iSentia Holdings, or announces that it intends to take action or (iii) any director or proposed director named in the pathfinder or Prospectus, of the Company or iSentia Holdings is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
- a change in CEO or CFO of the Company or iSentia Holdings or the Board occurs, or the chairman, CEO or CFO of the Company vacates his or her office.

9.5.3 Termination subject to materiality

A Joint Lead Manager may terminate the Underwriting Agreement, at any time after the date of the Underwriting Agreement and on or before 10.00am Sydney Time on the date for Settlement by notice to the other parties, if any of the following events, among others, occur and the Joint Lead Manager has reasonable grounds to believe that the event (i) has or is likely to have a material adverse effect on the success, Settlement or marketing of the Offer, on the ability of the Joint Lead Manager to market, promote or settle the Offer or on the likely price at which the Shares will trade on ASX, or on the willingness of investors to apply for Shares or (ii) will, or is likely to, give rise to a liability of the Joint Lead Manager under, or give rise to or result in a contravention by the Joint Lead Manager or its affiliate, or the Joint Lead Manager or its affiliate being involved in a contravention of, any applicable law:

- a statement in any of the Offer Documents (other than the Prospectus) or certain information made public in relation to the business or affairs of the Company, iSentia Holdings and their respective subsidiaries or the Offer (Public Information) is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from an Offer Document (other than the Prospectus);

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- there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any governmental agency which makes it illegal for the Joint Lead Managers to satisfy an obligation under this document, or to market, promote or settle the Offer;
- the due diligence report or verification material or any other information provided by or on behalf of the Company or iSentia Holdings to the Joint Lead Managers in relation to the Company, iSentia Holdings and their respective subsidiaries or the Offer is (or is likely to), or becomes (or becomes likely to be), misleading or deceptive, including by way of omission;
- an event that occurs is an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company, iSentia Holdings and their subsidiaries (insofar as the position in relation to an entity in this group affects the overall position of the Company) including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company, iSentia Holdings and their subsidiaries from those disclosed in any Offer Document or the Public Information;
- hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Canada, Japan, the United Kingdom, the People's Republic of China, South Korea, Israel, Syria, Singapore or any member state of the European Union, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- a new law is introduced, or there is a public announcement of a proposal to introduce a new law, into the Parliament of Australia, New Zealand, the United States, Canada, the United Kingdom, Japan, Hong Kong, China any member state of the European Union or any state or territory of Australia, or the Reserve Bank of Australia or Reserve Bank of New Zealand, or any Commonwealth or state authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy that has been announced before the date of the Underwriting Agreement);
- there is a contravention by the Company, iSentia Holdings or any of their respective subsidiaries of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the *Australian Securities and Investments Commission Act 2001* (Cth), any regulations under those acts or any of the Listing Rules;
- any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act (and all regulations under the Corporations Act), the Listing Rules or any other applicable law or regulation;
- a representation, warranty or undertaking or obligation contained in the Underwriting Agreement on the part of the Company or iSentia Holdings (whether jointly or severally) is breached, becomes not true or correct or is not performed;
- the Company or iSentia Holdings defaults on one or more of its obligations under the Underwriting Agreement;
- legal proceedings against the Company, iSentia Holdings or any of their respective subsidiaries or any of their respective directors in their capacity as a director is commenced or any regulatory body commences an enquiry or public action against the Company, iSentia Holdings or any of their respective subsidiaries;
- any information supplied (including any information supplied prior to the date of the Underwriting Agreement) by or on behalf of the Company, iSentia Holdings or any of their respective subsidiaries to the Joint Lead Managers in respect of the Offer or the Company, iSentia Holdings or any of their respective subsidiaries is, or is found to be, misleading or deceptive, or likely to mislead or deceive (including, by omission);
- a statement in any closing certificate given by the Company or guarantor to the Joint Lead Managers pursuant to the Underwriting Agreement, is false, misleading, inaccurate or untrue or incorrect; or
- any of the following occur: (i) a general moratorium on commercial banking activities in Australia, New Zealand, Canada, the People's Republic of China, Japan, Singapore, 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, (ii) any adverse effect on the financial markets in Australia, New Zealand, Japan, Canada, the People's Republic of China, Singapore, Hong Kong, the United Kingdom, the United States or a member state of the European Union, or in FX rates or any development involving a prospective change in political, financial or economic conditions in any of those countries or (iii) trading in all securities quoted or listed on ASX, the New Zealand Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the Hong Kong Stock Exchange or the Tokyo 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.

9.5.4 Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company and the guarantor to the Joint Lead Managers (as well as common conditions precedent, including the entry into a voluntary escrow deed by certain of the Escrowed Shareholders, term sheets for the New Banking Facilities having been agreed by all relevant parties and ASX and ASIC granting the confirmations and modifications necessary to enable the Offer to proceed in accordance with the timetable).

The representations and warranties given by the Company and the guarantor relate to matters such as the conduct of the Company and the guarantor, power and authorisations, information provided by the Company, information in this Prospectus, the conduct of the Offer, compliance with laws, the Listing Rules, litigation, non-disposal of escrowed Shares and other legally binding requirements. The Company also provides additional representations and warranties in connection with matters including in relation to its assets, financial information, entitlements of third parties, tax, insurance, authorisations, eligibility for Listing and internal accounting controls.

The Company'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 (or agree to issue) any equity securities without the prior written consent of the Joint Lead Managers subject to certain exceptions. These exceptions include an issue of securities pursuant to the LTIP, as described in the pathfinder version of this Prospectus or a proposed transaction fully and fairly disclosed in the pathfinder version of this Prospectus.

9.5.5 Indemnity

Subject to certain exclusions relating to, among other things, gross negligence, fraud or wilful misconduct of an indemnified party, the Company has agreed in the Underwriting Agreement to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer and the Joint Lead Managers' appointment pursuant to the Underwriting Agreement.

9.6 OTHER MATERIAL CONTRACTS

9.6.1 Brandtology and MediaBanc non-controlling interest acquisitions

9.6.1.1 Brandtology

iSentia Pty Limited currently owns 61.4% of the shares in iSentia Brandtology Pte Ltd (a company incorporated in the Republic of Singapore) (Brandtology).

The operations and affairs of Brandtology are governed by a shareholders agreement (Brandtology SHA) between iSentia Pty Limited; Chau Shing Chi, Choo Hon Min Kelly, Chan Tuck Wai, E-Host Limited and Choong Ying Chuan (Brandtology Minorities); and Brandtology.

Under the Brandtology SHA, iSentia Pty Limited granted to the Brandtology Minorities a put option to sell their shares in Brandtology (Brandtology Shares) to iSentia Pty Limited (Brandtology Put).

The consideration payable for the Brandtology Shares in the event of a Listing is, at the election of the Brandtology Minorities, either a specified floor price or a price based on the proceeds of the capital raising associated with the Listing. The Brandtology Minorities have exercised the Brandtology Put and have elected to receive the latter consideration. Based on the Offer Price, iSentia Pty Limited will pay the Brandtology Minorities $24.0 million to acquire the Brandtology Shares, such amount being funded by part of the proceeds of the Offer.

iSentia Pty Limited and the Brandtology Minorities have agreed to vary the Brandtology Put exercise procedure specified in the Brandtology SHA, pursuant to a short form agreement (Brandtology Side Letter), such that the Brandtology Put has been irrevocably exercised by the Brandtology Minorities and will complete immediately prior to Completion of the Offer, subject only to the Listing occurring within the valuation range set out in the Brandtology Side Letter.

9.6.1.2 MediaBanc

iSentia Pty Limited currently owns 90% of the shares in iSentia Group Sdn. Bhd. (a company incorporated in Malaysia) (MediaBanc).

The operations and affairs of MediaBanc are governed by a shareholders agreement (MediaBanc SHA) between iSentia Pty Limited; Lim Leong Wouh, Sum Ai Kin and Warren II Ramos Delos Reyes (MediaBanc Minorities); and MediaBanc.

Under the MediaBanc SHA, the MediaBanc Minorities have granted to iSentia Pty Limited a call option requiring each MediaBanc Minority to sell all of their shares in MediaBanc (MediaBanc Shares) to iSentia Pty Limited (MediaBanc Call).

The consideration payable for the MediaBanc Shares is a price based on the proceeds of the capital raising associated with the Listing. Based on the Offer Price, iSentia Pty Limited will pay the MediaBanc Minorities $5.8 million to acquire the MediaBanc Shares, such amount being funded by part of the proceeds of the Offer.

iSentia Pty Limited and the MediaBanc Minorities have agreed to vary the MediaBanc Call exercise procedure specified in the MediaBanc SHA, pursuant to a short form agreement (MediaBanc Side Letter), such that the MediaBanc Call has been irrevocably exercised by the MediaBanc Minorities and will complete immediately prior to Completion of the Offer, subject only to the Listing occurring within the valuation range set out in the MediaBanc Side Letter.

9.7 COPYRIGHT

iSentia's business involves the supply of the copyright work of third parties, including publishers and broadcasters, which necessitates working closely with copyright owners and collection societies on clients' behalf.

Copyright law is national law in each country, and subject to international treaties. The extent to which copyright law is observed varies from country to country. In Australia, New Zealand and Singapore, there is generally a high degree of respect for copyright law. In mainland China and developing Asian nations, copyright and intellectual property laws are still evolving and adherence to the laws is irregular.

iSentia differentiates itself from some other media intelligence agencies by maintaining copyright standards in all markets in which it operates, to avoid potential risks. To further promote iSentia's concordance with the relevant regulatory bodies in the markets in which it operates, iSentia is a member of AMEC and FIBEP (international industry bodies for measurement and monitoring, respectively).

9.7.1 Australia

The *Copyright Act 1968* (Cth) prevents unauthorised use of copyright works, with users of copyright material requiring a licence from the copyright owner to perform acts not otherwise permitted by copyright law. iSentia is licensed by copyright owners to provide material to its clients on certain terms and conditions, with the Company's rights agreements recognised as leading practice within the media monitoring industry. Copyright Agency Limited (CAL) is the independent not-for-profit copyright collection society appointed by the Federal Attorney-General to manage the collection and distribution of payments and royalties due to artists and authors in relation to use of their works. CAL also provides iSentia with the non-exclusive right to copy and distribute Australian press content in Australia and internationally.

9.7.2 New Zealand

The Print Media Copyright Agency (PMCA) provides iSentia with the non-exclusive right to copy and distribute certain New Zealand press content in New Zealand and Australia. Clients of iSentia must have an additional and separate licence with the PMCA to permit internal dealings and distribution. The PMCA is an agent of the Newspaper Publishers' Association of NZ.

9.7.3 Singapore

iSentia has a direct, non-exclusive licensing agreement with the government-owned Singapore Press Holdings (SPH) that allows for the copying and distribution of their publications in Singapore and throughout South-East Asia. iSentia pays a fixed annual fee to SPH and does not pass on this fee directly to its clients.

9.7.4 Greater China

In Greater China, iSentia is not a party to any copyright or publishing licence agreements.

In Hong Kong, iSentia has direct licensing agreements with the South China Morning Post, for which iSentia pays a fixed fee for the right to copy and distribute in Hong Kong and internationally, and the Oriental Newspaper Group. iSentia also has a collective licensing arrangement with several publishers through the Hong Kong Copyright Licensing Association, which allows for the copying and distribution of certain Hong Kong content by email (and not by web portal) within Hong Kong only.

The central government in Beijing currently precludes the distribution of Hong Kong publications on the mainland.

9.7.5 South-East Asia

There are no copyright or publishing licence agreements in place in any other South-East Asian territories, with the exception of the Magazine Publishers Association in Malaysia, and the major Thai-language newspaper, Thai Rath, in Bangkok, Thailand.

9.8 CONSENTS TO BE NAMED AND INCLUSION OF STATEMENT AND DISCLAIMERS OF RESPONSIBILITY

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.

Each of the Consenting Parties has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement is made in this Prospectus is based, other than as specified below:

- Macquarie Capital;
- UBS;
- Minter Ellison;
- Deloitte Corporate Finance Pty Limited;
- Deloitte Tax Services Pty Ltd;
- Deloitte Touche Tohmatsu;
- CBA Equities Limited;
- Link Market Services Limited;
- Burton-Taylor International Consulting LLC; and
- International Association for Measurement and Evaluation of Communication.

Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it, including its Investigating Accountant's Report in Section 8 and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus.

Each of Burton-Taylor International Consulting LLC, and International Association for Measurement and Evaluation of Communication have given, and have not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it, including the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to those statements) in this Prospectus.

9.9 LITIGATION AND CLAIMS

As at the Prospectus Date, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which iSentia is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of iSentia.

9.10 TAXATION CONSIDERATIONS

This Section 9.10 provides a general overview of certain Australian tax consequences for investors who acquire Shares through the Offer. The comments in this Section 9.10 are based on the Australian taxation laws (including established interpretations of those laws) and understanding of the practice of the ATO as at the date of this Prospectus.

This Section 9.10 is general in nature and is not intended to be an authoritative or complete statement of the Australian taxation laws. It should be noted that the Australian taxation laws are complex and the investor's own circumstances may affect the taxation outcomes of making an investment in the Company. It is therefore recommended that investors seek independent professional advice having regard to their own specific circumstances in considering an investment in the Company.

Taxation issues, such as (but not limited to) those covered by this Section 9.10, are only one of the matters an investor needs to consider when making a decision about a financial product. Investors should consider taking advice from someone who holds an Australian financial services licence before making such a decision.

9.10.1 Taxation of dividends

Dividends may be paid to Shareholders by the Company. The Company may attach 'franking credits' to such dividends. Franking credits broadly represent the extent to which a dividend is paid by the Company out of profits that have been subject to Australian tax. It is possible for a dividend to be fully franked, partly franked or unfranked.

It should be noted that the concept of a dividend for Australian income tax purposes is very broad and can include payments that are made in respect of such things as off-market share buy-backs.

9.10.1.1 Australian tax resident Shareholders

Australian tax resident Shareholders will be required to include dividends in their assessable income in the income year in which the dividends are paid. To the extent that the dividends are franked, subject to the comments below, the associated franking credits should also be included in the Australian tax resident Shareholder's assessable income (i.e. the dividends are required to be 'grossed-up'). In such circumstances, Shareholders are subject to tax at their applicable rate of tax on the grossed-up dividends received (but may be entitled to a tax offset for the associated franking credits as discussed below).

To the extent that the dividends are unfranked, there is no gross-up (or tax offset) and Australian tax resident Shareholders should be subject to tax at their applicable rate of tax on the unfranked dividends received.

Generally, Shareholders should be entitled to a 'tax offset' equal to the amount of any franking credits received.

To the extent that the franking credits received by non-corporate Shareholders (e.g. individuals and complying superannuation entities) exceed the amount of tax payable, those Shareholders should be entitled to a refund from the ATO of any excess franking credits. Where the franking credits are less than the tax payable on the dividends, those Shareholders will need to pay an additional amount of tax.

In relation to non-corporate Shareholders that are trustees (other than trustees of complying superannuation entities) or partnerships, such Shareholders should include any franking credits in determining the net income of the trust or partnership. The relevant beneficiary or partner may then be entitled to a corresponding tax offset, subject to certain requirements being satisfied.

Corporate Shareholders are also entitled to a tax offset equal to the amount of franking credits received; however, unlike non-corporate Shareholders, they are unable to claim refunds for excess franking credits. Where excess franking credits exist, a corporate Shareholder should be entitled to have the surplus credits converted into carry forward tax losses.

Corporate Shareholders should also be entitled to a franking credit in their franking accounts equal to the franking credits received in respect of the dividends. A corporate Shareholder may be able to then use the credits to make franked distributions to its shareholders.

There are certain limitations imposed by the Australian taxation law which may prevent a Shareholder from obtaining the benefit of any franking credits. In this regard, Shareholders seeking to claim tax offsets for franking credits must be 'qualified persons' in respect of the relevant dividends.

In broad terms, Shareholders who have held their Shares 'at risk' for at least 45 days (excluding the dates of acquisition and disposal) should be qualified persons and should be able to claim a tax offset for the amount of franking credits received. Furthermore, individual Shareholders whose total franking tax offsets (for all franked distributions received in the income year) do not exceed $5,000 for the income year should generally be deemed to be qualified persons. Special rules apply to arrangements which involve the making of related payments to pass on the benefit of any dividends paid, or in the context of franked dividends received via trusts or partnerships.

9.10.1.2 Non-resident Shareholders

Generally, unfranked dividends paid to Shareholders that are not Australian tax residents should be subject to dividend withholding tax. Australian dividend withholding tax is levied at a flat rate of 30% on the gross amount of the dividends unless a Shareholder is a tax resident of a country that has an applicable double tax treaty with Australia. In these circumstances, the withholding tax is generally limited to 15%, although in certain cases, depending on the Shareholder's country of residence and the size of their shareholding, the rate may be reduced further. In some circumstances, unfranked dividends that are attributable to certain types of foreign income derived by the Company may be able to be distributed free of dividend withholding tax under Australia's conduit foreign income rules.

Fully franked dividends are not subject to Australian dividend withholding tax.

It is recommended that non-resident Shareholders also consider the tax implications of receiving dividends from the Company under their respective domestic tax regimes.

9.10.2 Taxation of future share disposals

9.10.2.1 Australian tax resident Shareholders

Australian tax resident Shareholders who acquire their Shares in the ordinary course of their business and/or hold their Shares on revenue account should be required to include any gains made on the disposal of the Shares in their assessable income. Conversely, any losses made on the disposal of Shares in these circumstances should be deductible.

Australian tax resident Shareholders who hold their Shares on capital account will be required to consider the impact of the Australian capital gains tax (CGT) provisions in respect of the disposal of their Shares.

Where the capital proceeds received on disposal of the Shares exceed the CGT cost base of those Shares, Australian tax resident Shareholders will be required to recognise a capital gain. The CGT cost base of the Shares should generally be equal to the issue price or acquisition price of the Shares plus, among other things, incidental costs associated with the acquisition and disposal of the Shares. In respect of the CGT cost base of the Shares, this amount may be reduced as a result of receiving non-assessable distributions from the Company, such as returns of capital.

Conversely, Australian tax resident Shareholders may recognise a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the reduced CGT cost base of the Shares.

All capital gains and losses recognised by an Australian tax resident Shareholder for an income year are added together. To the extent that a net gain exists, such Shareholders should be able to reduce the gain by any amount of unapplied net capital losses carried forward from previous income years (provided certain loss recoupment tests are satisfied). Any remaining net gain (after the application of any carried forward tax losses) will then be required to be included in the Australian tax resident Shareholder's assessable income (subject to the comments below in relation to the availability of the CGT discount concession) and will be taxable at the Shareholder's applicable rate of tax. Where a net capital loss is recognised, the loss will only be deductible against future capital gains. Capital losses are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate Shareholders may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the Shares have been held for at least 12 months prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual Shareholder or trust, and a one third reduction of a capital gain for an Australian tax resident complying superannuation entity Shareholder. The concession is not available to corporate Shareholders.

In relation to trusts, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied.

9.10.2.2 Non-resident Shareholders

Non-resident Shareholders who hold Shares on revenue account may need to include any Australian sourced profits recognised on the sale of Shares in their Australian assessable income unless an applicable double tax treaty provides relief from Australian taxation. Conversely, non-resident Shareholders who make a loss on the disposal of the Shares in these circumstances may be entitled to a deduction, provided the loss was made in the course of deriving assessable income from Australian sources.

Shareholders that are not Australian tax residents who hold their Shares on capital account should generally not be subject to Australian CGT upon disposal of their Shares except in limited circumstances; for example, where the Shares are used in the carrying on of a business through a permanent establishment in Australia or where the Shares are 'indirect Australian real property interests' at the time of sale. In this regard, the Shares should be indirect Australian real property interests to the extent that, broadly, the following two requirements are satisfied:

- → the company is considered 'land rich' for Australian income tax purposes (i.e. greater than 50% of the market value of the company's underlying assets is derived from Australian real property interests or certain interests in relation to Australian minerals); and
- → the non-resident Shareholder has an associate-inclusive interest of at least 10% in the company.

9.10.3 Tax file number and Australian Business Number

A Shareholder is not obliged to quote a tax file number (TFN), or where relevant, Australian Business Number (ABN), to the Company. However, if a TFN or ABN is not quoted and no exemption is applicable, income tax is required to be deducted by the Company at the highest marginal rate (currently 45%) plus Medicare levy (currently 1.5% but increasing to 2% as of 1 July 2014) from certain dividends paid.

No withholding requirement applies in respect of fully franked dividends paid by the Company on the Shares.

9.10.4 Stamp duty

No stamp duty should be payable by a Shareholder on the issue or acquisition of Shares pursuant to the Offer. Further, under current stamp duty legislation, stamp duty would not ordinarily be payable on any subsequent acquisition of Shares by a Shareholder provided the Company remains listed on ASX.

9.10.5 Goods and services tax

Under current Australian law, goods and services tax (GST) should not be payable in respect of the issue, acquisition or transfer of Shares. However, GST may be payable on brokerage fees.

9.11 COSTS OF THE OFFER

The Company has engaged the following professional advisers:

- → Macquarie Capital and UBS have acted as Joint Lead Managers to the Offer. The Company has paid, or agreed to pay, the Joint Lead Managers the fees described in Section 9.5.1 for these services;
- → Minter Ellison has acted as Australian legal adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately $1 million (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Minter Ellison in accordance with its normal time-based charges;
- → Deloitte Corporate Finance Pty Limited has acted as Investigating Accountant and has prepared the Investigating Accountant's Report and has performed work in relation to due diligence enquiries. The Company has paid, or agreed to pay, approximately $1.1 million in total (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Deloitte Corporate Finance Pty Limited in accordance with its normal time-based charges; and
- → Deloitte Tax Services Pty Ltd has acted as tax adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately $0.3 million (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Deloitte Tax Services Pty Ltd in accordance with its normal time-based charges.

These amounts and other expenses of the Offer will be paid by the Company out of available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.

CBA Equities Limited has agreed to act as a Co-Lead Manager to the Offer and will be paid fees of 1.5% of the value of Shares allocated to its clients. All amounts payable to the Co-Lead Manager are payable by the Joint Lead Managers out of the fees payable to the Joint Lead Managers under the Underwriting Agreement.

9.12 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the law applicable in New South Wales and each Applicant and bidder submits to the exclusive jurisdiction of the courts of New South Wales.

9.13 STATEMENT OF DIRECTORS

The issue of this Prospectus has been authorised by each Director. Each Director has consented to lodgement of this Prospectus with ASIC and issue of this Prospectus and has not withdrawn that consent.

A.1 SIGNIFICANT ACCOUNTING POLICIES RELEVANT TO THE FINANCIAL INFORMATION

The following significant accounting policies have been adopted in the preparation of the Financial Information included in Section 4.

(A) PRINCIPLES OF CONSOLIDATION

The consolidated statements incorporate the assets and liabilities of the Company and its subsidiaries which together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. They are deconsolidated from the date that control ceases.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

(B) FOREIGN CURRENCY TRANSLATION

The Financial Information is presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. FX gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting FX differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(C) REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

Revenue from the rendering of services is recognised upon the delivery of the service to the clients.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(D) INCOME TAX

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with investments in subsidiaries or associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

A.1 SIGNIFICANT ACCOUNTING POLICIES RELEVANT TO THE FINANCIAL INFORMATION

The carrying amounts of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

(E) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(F) TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(G) DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect income or expenses. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively, to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires or exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

(H) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as per below.

→ leasehold improvements	3 to 5 years
→ plant and equipment	3 to 5 years
→ furniture and fitting	3 to13 years
→ office equipment	3 to 7 years
→ computer equipment	2 to 3 years.

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(I) LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased asset, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(J) INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortisation method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Client relationships and contracts

Client contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between five and 10 years.

Software, research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and the Group intends to complete the internally development or software and their costs can be measured reliably. These capitalised costs and other software costs, attributed from third parties, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of between two and four years.

Brands

Brands acquired in a business combination are generally not amortised. Instead, brands are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

(K) IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell, and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(L) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

→ A.1 SIGNIFICANT ACCOUNTING POLICIES RELEVANT TO THE FINANCIAL INFORMATION

(M) BORROWINGS

Borrowings are initially recognised at the fair value of the consideration received, net of borrowing costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

(N) PUT/CALL OPTIONS

The Group acquired a 90% interest in iSentia Group Sdn. Bhd. (previously known as MediaBanc Group Sdn. Bhd.) in FY12. The holders of the remaining 10% hold various put options and the Group has various call options.

In FY11, the Group acquired a 61.4% interest in iSentia Brandtology Pte Limited (previously known as Brandtology Pte Limited). The holders of the remaining 38.6% hold various put options.

The Group did not record a non-controlling interest in accordance with AASB 127 Consolidated and Separate Financial Statements, but rather records these put options as financial liabilities in accordance with AASB 132 Financial Instruments: Presentation, measured at the estimated net present value of the expected exercise price of the put option, with subsequent changes in the recognised value recorded in profit or loss. The call options have nominal value and have not been recognised.

However, these options are not relevant to iSentia in FY15 or beyond as the options are anticipated to be exercised prior to the Offer.

(O) FINANCE COSTS

Finance costs are expensed in the period in which they are incurred, and include:

- → interest on short term and long term borrowings; and
- → interest on finance leases.

(P) PROVISIONS

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(Q) EMPLOYEE BENEFITS

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Employee benefits that are not expected to be wholly settled within 12 months of the reporting date are included within non-current liabilities at their present value.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(R) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(S) SHARE-BASED PAYMENTS

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is measured at grant date using a Monte-Carlo simulation option pricing model performed by an independent valuer which models the future security price. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised.

A.2 CORPORATE GOVERNANCE STATEMENT

	ASX RECOMMENDATION	COMPLIED WITH?	COMMENT
1.	PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
	Companies should establish and disclose the respective roles and responsibilities of board and management		
1.1	**ASX Recommendation 1.1** Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	Please refer to Section 6.4.2 of the Prospectus and the Board's charter (available from Listing at www.isentia.com) for further detail.
1.2	**ASX Recommendation 1.2** Companies should disclose the process for evaluating the performance of senior executives.	Will comply	The Company intends to disclose the matters contemplated by Recommendation 1.2 in future annual reports.
1.3	**ASX Recommendation 1.3** Companies should provide the information indicated in the guide to reporting on Principle 1.	Will comply	The Company intends to disclose the relevant information (including an explanation of any departures from ASX Recommendations 1.1 to 1.3) in future annual reports.
2.	PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE		
	Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties		
2.1	**ASX Recommendation 2.1** A majority of the board should be independent directors.	Yes	The Board consists of 5 Directors, as noted in Section 6.4.1 of the Prospectus, four of which (being Douglas Flynn, Fiona Pak-Poy, Patrick O'Sullivan and Dr Geoff Raby) are considered to be independent having regard to the indicia in Box 2.1 in the ASX Recommendations.
2.2	**ASX Recommendation 2.2** The chair should be an independent director.	Yes	As noted in Section 6.4.1 of the Prospectus, the Board considers that Douglas Flynn, the Company's Chairman, is an independent Director, free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement as a Director.
2.3	**ASX Recommendation 2.3** The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	The roles of Chairman and Chief Executive Officer are exercised by different individuals, being Douglas Flynn and John Croll, respectively.
2.4	**ASX Recommendation 2.4** The board should establish a nomination committee.	Yes	The Company has established a Nomination and Remuneration Committee, as noted in Section 6.4.3 of the Prospectus, the committee is chaired by Fiona Pak-Poy, a Director that is considered by the Board to be independent.
2.5	**ASX Recommendation 2.5** Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Will comply	The Company intends to disclose the matters contemplated by Recommendation 2.5 in future annual reports.
2.6	**ASX Recommendation 2.6** Companies should provide the information indicated in the guide to reporting on Principle 2.	Yes / will comply	The Company has disclosed in the Prospectus the skills, experience, relevant expertise and period of office of each Director and has identified in the Prospectus the Directors that are considered to be independent. The Company also intends to disclose the information required by this ASX Recommendation (including an explanation of any departures from ASX Recommendations 2.1 to 2.6) in future annual reports.

	ASX RECOMMENDATION	COMPLIED WITH?	COMMENT
3.	PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING		
	Companies should actively promote ethical and responsible decision-making		
3.1	**ASX Recommendation 3.1** Companies should establish a code of conduct and disclose the code or a summary of the code as to: → the practices necessary to maintain confidence in the company's integrity; → the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and → the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Yes	Please refer to Section 6.4.8 of the Prospectus and the Company's code of conduct (available from Listing at www.isentia.com) for further detail. See also the Company's whistleblower policy (available from Listing on the Company's website).
3.2	**ASX Recommendation 3.2** Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes	The Company has established a diversity policy which covers factors such as gender, age, ethnicity, cultural backgrounds and disability. The diversity policy includes a requirement for the Company to establish measurable objectives for achieving gender diversity within the organisation. The Board will receive an annual report from management on the progress against the objectives. Please refer to Section 6.4.5 of the Prospectus and Company's diversity policy (available from Listing at www.isentia.com) for further detail.
3.3	**ASX Recommendation 3.3** Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Will comply	The Company intends to disclose the matters contemplated by ASX Recommendation 3.3 in future annual reports.
3.4	**ASX Recommendation 3.4** Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Will comply	The Company intends to disclose the matters contemplated by ASX Recommendation 3.4 in future annual reports. As at 31 March 2014, the percentage of women at each of the following levels within the Company is: → All employees: 51.6%; → Senior management: 9%; and → Board: 20%.
3.5	**ASX Recommendation 3.5** Companies should provide the information indicated in the guide to reporting on Principle 3.	Yes / will comply	If the Company proposes to depart from ASX Recommendations 3.1 – 3.5 in the future, it will disclose any departure in the relevant annual report. Copies of the Company's code of conduct, whistleblower policy and diversity policy are available from Listing in the corporate governance section of its website: www.isentia.com.

	ASX RECOMMENDATION	COMPLIED WITH?	COMMENT
4.	PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		
	Companies should have a structure to independently verify and safeguard the integrity of their financial reporting		
4.1	**ASX Recommendation 4.1** The board should establish an audit committee.	Yes	The Board has established the Audit Committee the primary purpose of which is to assist the Board in carrying out its accounting, auditing and financial reporting obligations. Please refer to Section 6.4.3 of the Prospectus and the Audit Committee charter (available from Listing at www.isentia.com) for further detail.
4.2	**ASX Recommendation 4.2** The audit committee should be structured so that it: → consists only of non-executive directors; → consists of a majority of independent directors; → is chaired by an independent chair, who is not chair of the board; and → has at least three members.	Yes	The Audit Committee is comprised of three non-executive Directors, being Douglas Flynn, Fiona Pak-Poy and Patrick O'Sullivan. As noted above in Item 2.1, each of these Directors are considered by the Board to be independent. The Chairman of the Audit Committee is Mr O'Sullivan.
4.2	**ASX Recommendation 4.3** The audit committee should have a formal charter.	Yes	Please refer to Section 6.4.3 of the Prospectus and the Audit Committee charter (available from Listing at www.isentia.com) for further detail.
4.2	**ASX Recommendation 4.4** Companies should provide the information indicated in the guide to reporting on Principle 4.	Will comply	The Company intends to report on the number of Audit Committee meetings held and the names and qualifications of the Audit Committee members and their attendance at committee meetings in future annual reports.
5.	PRINCIPLE 5 – MAKE TIMELY AND BALANCE DISCLOSURE		
	Companies should promote timely and balanced disclosure of all material matters concerning the company		
5.1	**ASX Recommendation 5.1** Companies should establish written policies designed to ensure compliance with Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	The Company has adopted a continuous disclosure policy which establishes processes and procedures designed to ensure that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. Under the disclosure policy, the Board will be responsible for managing the Company's compliance with its continuous disclosure obligations. Please refer to Section 6.4.6 of the Prospectus and the Company's disclosure policy (available from Listing at www.isentia.com) for further detail.
5.2	**ASX Recommendation 5.2** Companies should provide the information indicated in the guide to reporting on Principle 5.	Will comply	The Company intends to disclose the matters contemplated by ASX Recommendation 5.2 in future annual reports.

	ASX RECOMMENDATION	COMPLIED WITH?	COMMENT
6.	PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS		
	Companies should respect the rights of shareholders and facilitate the effective exercise of those rights		
6.1	**ASX Recommendation 6.1** Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	The Company has established a shareholder communications policy which supports its commitment to effective communication with Shareholders and encourages participation by Shareholders at general meetings, among other things.
6.2	**ASX Recommendation 6.2** Companies should provide the information indicated in the guide to reporting on Principle 6.	Yes / will comply	Refer to Section 6.4.9 of the Prospectus and the Company's shareholder communications policy (available from Listing at www.isentia.com) for further detail. The Company intends to disclose the matters contemplated by ASX Recommendation 6.2 in future annual reports.
7.	PRINCIPLE 7 – RECOGNISE AND MANAGE RISK		
	Companies should promote timely and balanced disclosure of all material matters concerning the company		
7.1	**ASX Recommendation 7.1** Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	The Company has adopted a risk management policy (a description of which is included in Section 6.4.4 of the Prospectus) appropriate for its business. A copy of the policy will be available from Listing on the Company's website at www.isentia.com.
7.2	**ASX Recommendation 7.2** The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	The Board is responsible for overseeing and approving risk management strategy and policies. The Board has responsibility for identifying major risk areas and implementing risk management systems. The Board is responsible for monitoring risk management and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The Board may delegate these functions to the Audit Committee or a separate risk committee in the future.
7.3	**ASX Recommendation 7.3** The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes / will comply	The Company will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations, including to assist the Chief Executive Officer or Chief Financial Officer and Company Secretary to provide the declarations required under section 295A of the Corporations Act. The Company will report against the matters contemplated by ASX Recommendation 7.3 in future annual reports.
7.4	**ASX Recommendation 7.4** Companies should provide the information indicated in the guide to reporting on Principle 7.	Will comply	If the Company proposes to depart from ASX Recommendations 7.1 to 7.4 in the future, it will disclose any such departures in the relevant annual report.

A.2 CORPORATE GOVERNANCE STATEMENT

	ASX RECOMMENDATION	COMPLIED WITH?	COMMENT
8.	PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
	Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear		
8.1	**ASX Recommendation 8.1** The board should establish a remuneration committee.	Yes	The Board has established the Nomination and Remuneration Committee, primarily for the purpose to assist the Board to fairly and responsibly remunerate Directors and executives, evaluate the performance of Directors and executives and attract and retain suitable candidates for senior positions within the business. Please refer to Section 6.4.3 of the Prospectus and the Nomination and Remuneration Committee charter (available from Listing at www.isentia.com) for further detail.
8.2	**ASX Recommendation 8.2** The remuneration committee should be structured so that it: → consists of a majority of independent directors; → is chaired by an independent chair; and → has at least three members.	Yes	The Nomination and Remuneration Committee is comprised of three non-executive Directors, being Douglas Flynn, Fiona Pak-Poy and Geoff Raby. As noted above in Item 2.1, each of these Directors are considered by the Board to be independent. The Chairman of the Audit Committee is Ms Pak-Poy.
8.3	**ASX Recommendation 8.3** Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes / will comply	Disclosure regarding the remuneration of the Company's most senior officers is provided in Section 6 of the Prospectus.
8.4	**ASX Recommendation 8.4** Companies should provide the information indicated in the guide to reporting on Principle 8.	Yes / will comply	The Company intends to report on the number of Nomination and Remuneration Committee meetings held and the names and qualifications of Nomination and Remuneration Committee members and their attendance at those meetings in future annual reports. The Company does not currently have in place any schemes for retirement benefits, other than superannuation for non-executive Directors. If the Company proposes to depart from ASX Recommendations 8.1 to 8.4 in the future, it will disclose any departures in the relevant annual report. Under the Company's securities trading policy, employees are prohibited from using derivatives in a way which would have the effect of providing a greater benefit than would otherwise have been realised in respect of any unvested incentive securities in the Company granted to that employee. Further, all employees are prohibited from entering into margin loan arrangements to fund the acquisition of any of the Company's securities or from entering into arrangements where by their securities in the Company are used as collateral. Copies of the Nomination and Remuneration Committee charter and the securities trading policy will be available from Listing on the Company's website (www.isentia.com).

A.3 GLOSSARY

TERM	MEANING
1HFY13	The six months ended 31 December 2012
1HFY14	The six months ended 31 December 2013
1HFY15	The six months ending 31 December 2014
1QFY12	The three months ended 30 September 2011
1QFY13	The three months ended 30 September 2012
1QFY14	The three months ended 30 September 2013
2HFY13	The six months ended 30 June 2013
2HFY14	The six months ending 30 June 2014
2HFY15	The six months ending 30 June 2015
2QFY12	The three months ended 31 December 2011
2QFY13	The three months ended 31 December 2012
2QFY14	The three months ended 31 December 2013
3QFY12	The three months ended 31 March 2012
3QFY13	The three months ended 31 March 2013
3QFY14	The three months ended 31 March 2014
4QFY12	The three months ended 30 June 2012
4QFY13	The three months ended 30 June 2013
AAP	Australian Associated Press Pty Limited ACN 006 180 801
AAP Acquisition	The binding asset purchase agreements to acquire the clients and other select assets of AAP's media monitoring business in ANZ, which iSentia entered into on 11 October 2013 and completed on 11 December 2013 (in respect of the New Zealand aspects) and 20 February 2014 (in respect of the Australian aspects)
Americas	The region including the US and Canada
ANZ	Australia and NZ
APAC	Asia-Pacific or the Asia-Pacific region
Appendix	An Appendix to this Prospectus
Applicant	A person who validly applies for Shares under this Prospectus
Application	An application to apply for Shares
Application Form	The relevant form included in or accompanying this Prospectus, including the online application form available at www.isentia.com, pursuant to which Applicants apply for Shares
Application Monies	The amount accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange, as operated by ASX Limited ABN 98 008 624 691
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (second edition)
ASX Settlement	ASX Settlement Pty Limited ABN 49 008 504 532
ASX Settlement Operating Rules	The operating rules of ASX Settlement and, to the extent that they are applicable, the operating rules of each of ASX and ASX Clear Pty Limited ABN 48 001 314 503
ATO	Australian Taxation Office

A.3 GLOSSARY

TERM	MEANING
Auditor	Deloitte Touche Tohmatsu
AUD, A$, $ or Australian dollar or cent	The lawful currency of the Commonwealth of Australia
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations
Board or Board of Directors	The board of directors of the Company and, in Section 6, includes any committee or person to whom the Board delegates power to make determinations or exercise discretion under the LTIP
Brandtology	iSentia Brandtology Pte Ltd (a company incorporated in the Republic of Singapore) or, if the context requires, a service provided by iSentia via iSentia Brandtology Pte Ltd
Broker	Any ASX participating organisation selected by the Joint Lead Managers to participate in the Broker Firm Offer
Broker Firm Applicant	An Australian resident client of a Broker who is offered a firm allocation of Shares under the Broker Firm Offer
Broker Firm Offer	The offer of Shares under this Prospectus to Australian residents who are sophisticated investors or professional investors (within the meaning of sections 708(8) and 708(11) of the Corporations Act, respectively) or, following lodgement of this Prospectus, to Australian resident investors who are not Institutional Investors and have received a firm allocation from their Broker
Business Day	Has the meaning given in the Listing Rules
CAGR	Compound annual growth rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGT	Capital gains tax
Chairman's List Invitation	The invitation under this Prospectus to selected investors in Australia nominated by the Chairman of the Company to participate in the Chairman's List Offer on a firm basis up to the allocation of Shares nominated by the Chairman of the Company
Chairman's List Offer	The component of the Retail Offer under which investors who have received a Chairman's List Invitation are invited to apply for Shares, as described in Section 7.4
CHESS	Clearing House Electronic Subregister System operated in accordance with the Corporations Act
Closing Date	The date by which applications must be lodged for the Broker Firm Offer, being 3 June 2014, unless varied
Co-Lead Manager	CBA Equities Limited ABN 76 003 485 952
Company	iSentia Group Limited ACN 167 541 568
Company Secretary	The company secretary of the Company from time to time
Company VWAP	The volume weighted average price of the Shares (calculated to two decimal places of one cent) traded on ASX 'On-market' (as that term is defined in ASX Operating Rules) excluding special crossings, overseas trades, trades pursuant to the exercise of options or overnight trades, as determined by ASX in accordance with its customary practice
Company VWAP Period	Any period of 20 consecutive trading days after the Relevant Date
Completion of the Offer	Completion in respect of the issuance of Shares of the Offer in accordance with the Underwriting Agreement
Constitution	The constitution of the Company
Corporations Act	*Corporations Act 2001* (Cth)
Current Shareholders or Current Owners	The holders of iSentia Holdings Shares, including the Quadrant Funds, Yorkway and the Management Shareholders

TERM	MEANING
Director	Each of the directors of the Company from time to time
EBIT	Earnings before interest, FX gains and losses, remeasurement of financial liabilities and taxation
EBITA	Earnings before interest, FX gains and losses, remeasurement of financial liabilities, taxation and amortisation of acquired intangibles, which includes the uplift in value of acquired software as a result of the Current Shareholders' acquisition of iSentia in July 2010
EBITDA	Earnings before interest, FX gains and losses, remeasurement of financial liabilities, depreciation, amortisation and taxation
Eligible US Fund Manager	A dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States that is acting for an account (other than an estate or trust) held for the benefit or account of persons that are not US Persons for which it has and is exercising, investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S
EMEA	The region including Europe, the Middle East and Africa
Enterprise Value	Calculated as the Company's indicative market capitalisation, based on the Offer Price, plus pro forma net debt on Completion of the Offer
EPS	Earnings per Share
Escrowed Shareholders	Has the meaning given in Section 7.8
Expiry Date	19 June 2015, being the date which is 13 months after the Prospectus Date, after which no Shares will be issued or transferred under this Prospectus
Exposure Period	The period specified in section 727(3) of the Corporations Act, being a minimum of seven days from the Prospectus Date, during which an application must not be accepted. ASIC may extend this period by up to seven days after the end of this period
Financial Information	Has the meaning given in Section 4.1
Forecast Financial Information	Has the meaning given in Section 4.1
FX	Foreign exchange
FY11	Financial year ended 30 June 2011
FY12	Financial year ended 30 June 2012
FY13	Financial year ended 30 June 2013
FY14	Financial year ending 30 June 2014
FY15	Financial year ending 30 June 2015
FY16	Financial year ending 30 June 2016
GST	Goods and services or similar tax imposed in Australia
HIN	Holder identification number
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards

A.3 GLOSSARY

TERM	MEANING
Institutional Investor	An investor who is: → a person in Australia who is a sophisticated investor or professional investor under sections 708(8) and 708(11) of the Corporations Act; or → an institutional investor in certain other jurisdictions, as agreed between the Company 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, registration or qualification with, or approval by, any governmental agency (except one with which the Company is willing, in its absolute discretion, to comply), in either case, provided that if such person is in the United States, it is only an Institutional Investor if it is an Eligible US Fund Manager
Institutional Offer	The invitation to bid for Shares made to Institutional Investors to acquire Shares under this Prospectus, as described in Section 7.5
Internet	A global computer network providing a variety of information and communication facilities, consisting of interconnected networks using standardised communication protocols
Investigating Accountant	Deloitte Corporate Finance Pty Limited ACN 003 833 127
Investigating Accountant's Report	The Investigating Accountant's Report set out in Section 8
IPO	Initial public offering
iSentia or Group	Prior to Settlement, iSentia Holdings and its subsidiaries; and after Settlement, the Company and its subsidiaries, or, where the context requires, the business described in this Prospectus
iSentia Holdings	iSentia Holdings Pty Limited ABN 68 144 573 795
iSentia Holdings Shareholder	A holder of iSentia Holdings Shares
iSentia Holdings Shareholder Loans	The existing loans from the Quadrant Funds and Yorkway to iSentia Holdings
iSentia Holdings Shares	Ordinary shares in iSentia Holdings
iSentia Offer Information Line	1800 250 297 (toll free within Australia) or +61 1800 250 297 (outside Australia); between 8.30am to 5.30pm Sydney Time, Monday to Friday (Business Days only)
Joint Lead Managers	Macquarie Capital and UBS who have each been appointed by the Company to act as joint lead managers, joint bookrunners and joint underwriters pursuant to the terms of the Underwriting Agreement
Lender or WBC	Westpac Banking Corporation
Listing	The expected admission of the Company to the Official List
Listing Rules	The official listing rules of ASX
LTIP	The Company's long term incentive plan, as amended by the Company from time to time
Macquarie	Macquarie Group Limited ABN 94 122 169 279 or its applicable subsidiary or subsidiaries which are party to the relevant agreement or arrangement with the Company, other than Macquarie Capital and its role as a Joint Lead Manager and as an underwriter
Macquarie Capital	Macquarie Capital (Australia) Limited ABN 79 123 199 548
Management Loan	Each interest-bearing loan advanced to certain Management Shareholders by iSentia Holdings to facilitate the acquisition of iSentia Holdings Shares by those Management Shareholders
Management Shareholders	Current members of iSentia's management and staff that hold iSentia Holdings Shares
MediaBanc	iSentia Group Sdn. Bhd.
n.a.	Not applicable
n.m.	Not meaningful

TERM	MEANING
New Banking Facilities	The revolving cash advance facility and revolving multi-option facility provided the Lender
NPAT	Net profit after tax
NPATA	Net profit after tax before acquired amortisation (after tax), which includes the uplift in value of acquired software as a result of the Current Shareholders' acquisition of iSentia in July 2010
NZ	New Zealand
Offer	The invitation under this Prospectus to apply for Shares to be issued by the Company
Offer Documents	The documents issued or published by or on behalf of the Company in respect of the Offer, including this Prospectus, any Application Forms, any investor presentation used in connection with the Institutional Offer and any supplementary or replacement prospectus
Offer Price	The price payable for a Share under the Offer, being $2.04
Official List	The official list of entities that ASX has admitted to and not removed from listing
Options	Options over Shares granted pursuant to the LTIP
pcp	Prior corresponding period
PDF	Portable Document Format, being a file format used to represent documents in a manner independent of application software, hardware, and operating system
PR	Public relations
Pro Forma Historical Financial Information	Has the meaning given in Section 4.1
Prospectus	This document (including the electronic form of this document) 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 19 May 2014
Quadrant	Quadrant Private Equity, acting through one or more managers of various Quadrant private equity funds
Quadrant Funds	Quadrant Private Equity Fund No. 2 L.P. (acting via its general partner Quadrant Private Equity Management No. 2 Pty Limited) and QPE Co-Investment Pty Limited ACN 133 755 049 as trustee for the Quay MM Co-investment Trust
R&D	Research and development
Regulation S	Regulation S promulgated under the Securities Act
Relevant Date	Has the meaning given in Section 1.6
Relevant Interest	Has the meaning given in the Corporations Act. In summary, a person has a relevant interest in a security if that person is the holder of the security or if that person has the power to control the voting or the disposal of the security
Retail Investor	An investor who is not an Institutional Investor
Retail Offer	The Broker Firm Offer and the Chairman's List Offer
Rights	Rights to Shares granted pursuant to the LTIP
SaaS	Software-as-a-Service
Sale Deed	The share sale deed dated 14 May 2014 executed by the Company and all iSentia Holdings Shareholders
Sale Deed Offer	The offer by the Company to acquire all of the iSentia Holdings Shares under the Sale Deed

A.3 GLOSSARY

TERM	MEANING
Securities Act	Securities Act of 1933 (US)
Settlement	The settlement in respect of the Shares the subject of the Offer occurring under the Underwriting Agreement and associated settlement support arrangements
Share	A fully paid ordinary share in the Company
Share Registry	Link Market Services Limited ABN 54 283 214 537
Shareholder	The registered holder of a Share
SRN	Securityholder reference number
Sydney Time	The time in Sydney, Australia (GMT + 9 hours)
UBM	United Business Media
UBS	UBS AG, Australia Branch ABN 47 088 129 613
Underwriting Agreement	The underwriting agreement between the Company, iSentia Holdings and the Joint Lead Managers, dated 9 May 2014, as described in Section 9.5
US	The United States of America
USD, US$ or US dollar	United States dollar
US Person	Has the meaning given in Rule 902(k) of Regulation S
VAS	Value-added services
Yorkway	Yorkway Investment Limited (Hong Kong company number 1305231), Camalach Investors Pty Limited ACN 102 524 827 as trustee for the Paul J Batchelor Superannuation Fund and Wanaka Entities Pty Limited ACN 119 968 553 as trustee for the Wanaka Super Fund

A.4 CORPORATE DIRECTORY

iSENTIA GROUP LIMITED REGISTERED OFFICE

Level 3
219-241 Cleveland Street
Strawberry Hills NSW 2012

JOINT LEAD MANAGERS

Macquarie Capital (Australia) Limited
No. 1 Martin Place
Sydney NSW 2000

UBS AG, Australia Branch
Level 16
The Chifley Tower
2 Chifley Square
Sydney NSW 2000

CO-LEAD MANAGER

CBA Equities Limited
Ground floor, Tower 1
201 Sussex Street
Sydney NSW 2000

AUSTRALIAN LEGAL ADVISER

Minter Ellison
Aurora Place
88 Phillip Street
Sydney NSW 2000

INVESTIGATING ACCOUNTANT

Deloitte Corporate Finance Pty Limited
Grosvenor Place
225 George Street
Sydney NSW 2000

AUDITOR

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

Share Registry
Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

iSENTIA OFFER INFORMATION LINE

Number: 1800 250 297 (toll free within Australia)
or +61 1800 250 297 (outside Australia)

Hours of operation: 8.30am to 5.30pm Sydney Time,
Monday to Friday (Business Days only)

iSENTIA

iSentia Group Limited
Level 3, 219-241 Cleveland St,
Strawberry Hills NSW Australia 2012

isentia.com