

**2015 AGM ADDRESS TO SHAREHOLDERS
MS FRAN HERNON – CHAIRMAN**

It is a pleasure to speak to you as Chairman of the Company.

I am very aware that shareholders today vote in a contested election for Board positions. I will not address matters in this speech in promotion of my own candidacy. However, at the end of this address I will clarify certain matters as an introduction to question time.

Your Board has worked diligently with the leadership team and an independent expert over the last few weeks to identify and prioritise the key value drivers for Infomedial's business.

Later in my presentation I will expand further on the specific steps we are taking to rebuild value.

Now I would like to move on to an overview of our results for 2015.

Overview of FY2015 Results

For FY2015 we announced sales revenue of \$60.4 million, up 6% on the previous financial year, and a profit of \$13.2 million, up 8% on FY2014. Cash flow remained strong increasing by 30% to \$16.1 million driven by increased profit and a reduction in working capital.

The Board declared a final dividend of 1.70 cents per share bringing the total dividend for the year to 3.89 cps. The Board further approved a fully franked special dividend of 0.25cps.

Of particular note was the three year renewal of our contract with Mobis. Mobis is the global parts distribution company operated as a joint venture by Hyundai and Kia. It is the entity with which we hold our EPC licence agreement which in turn allows us to sell our Microcat Parts Catalogue to Hyundai and Kia dealers around the world. IFM has partnered with Mobis since 2001.

Encouragingly, we also saw organic growth of Superservice in all regions. This growth was impacted by the non-renewal of the Jaguar Land Rover (JLR) Superservice contract due to commercial terms.

In Europe, new markets signing up to this impressive service platform effectively meant that we went a long way towards recouping the loss of revenue from JLR. Jason Thorpe, our regional head in Europe, will speak after the AGM about the business outlook for IFM Europe.

Growth in the Americas showed some encouraging results. Karen Blunden, regional head of IFM Americas, is here and following the close of AGM business she will take you through the opportunities as she sees them for her region. Karen will also

talk to Darryl Greer from Toyota Escondido in California who will speak about Infomedial's products from a customer's perspective.

And I'm sure Mike Roach, regional head of AsiaPac, will mention the signings of Volvo Australia and Nissan Australia for Superservice Menus.

Board and Executive Renewal

During the past year your Board has been active in undertaking a process of board renewal.

Richard Graham stepped down on 30 November 2014 although he remained in an advisory role as Director Emeritus. On 20 August 2013 we announced that co-founding Director Myer Herszberg intended to retire from the Board within 12 months. Myer was good enough to stay on and assist us through a challenging period until he retired at the end of August 2015.

In February 2014, Richard Graham and the rest of the Board unanimously supported my appointment as your new Chairman.

Consistent with ASX Corporate Governance Principles, we set about securing the best possible talent to serve the company going forward.

I am pleased to say that Anne O'Driscoll joined the Board in December 2014 and Bart Vogel joined the Board in August 2015. Anne's finance and governance experience, and Bart's wealth of experience in IT and telecommunications strategic consulting across the Asia Pacific region were key drivers in their selection.

Today we have a majority of independent non-executive directors, and our gender balance is 50% male / female.

Most of all, we have a Board that is experienced and passionate about our future prospects and proud to serve our shareholders.

In late August the Board accepted the resignation of Andrew Pattinson as CEO. The search for the new CEO is progressing well, with a short list of strong and well credentialed candidates identified and initial conversations held.

Our next CEO will bring experience in running a technology company, sales and marketing in the B2B sphere, and a proven track record in growing a business. We also have great belief in the broader leadership talent in our company, and consequently, we will work with our CEO elect to mentor and develop our talent, which we see as one of our greatest assets.

Q1 FY2016 Update

Q1 results reflect a growth in revenue of 15% and growth in profit of 2% over the same period last year. These figures include the impact of currency.

Our CFO Russel King will give you more detail in his presentation, which immediately follows this.

Looking ahead to the remainder of FY16, the signs are positive.

In my remarks at the full year results I stressed that the underlying business was sound, that we were showing growth, and that the pipeline was solid. This continues.

All key customer contracts have been maintained and our sales pipeline for new business is healthy.

In Asia-Pac JLR Australia has recently mandated the rollout of Superservice Triage to its dealer network in Australia. Mike Roach will have more to say on this during his presentation which follows this AGM.

In the Americas, the installs for Hyundai America (HMA) are proceeding well. In Europe, we continue with the successful rollout of Triage and Superservice Connect.

As I mentioned earlier, our immediate focus is to ensure that our operations are both highly efficient and scalable and meet and exceed customer requirements.

Our business model of long term contracts and recurring revenue remains unchanged. Our dividend policy remains in place.

While our operating environment is changing OEMs are relying on data more than ever before. We will continue to innovate to ensure we are delivering the right data in the right form at the right time.

Building for the Future

The Board and management together with an independent expert reviewed the Company's operations and identified three key areas of focus for the future.

These are:

Outsourced additional development resources to meet increased demand

This fits with our successful third party strategy for training and installs at, for example, Hyundai America and is a cost effective way to scale our organisation. It is a short to medium term benefit in releasing revenue.

Investment in innovation to change the composition of our R&D spend to stay ahead of our competition

This is for the long term benefit of the business and essentially changes the composition of the R&D spend to increase the Research (Innovation) element.

Building our strategic sales capabilities

This will develop organic growth and will deliver a medium to long term benefit.

As you can see this is a clear and well-considered plan, focussed on organic growth. It relies on in-house expertise and capability accelerated by selective use of external development resources where appropriate.

An encouraging element of this plan is that the Board and management are both aligned and committed to delivering on this.

We are entering a new phase in the development of the Company. Our Superservice product suite requires a greater level of integration into our clients' businesses, which provides opportunity for the medium to long term but will require some investment over the short term. The investment that we need to make for future growth may, however, put pressure on meeting our guidance on sustaining our NPAT margin for FY16. While we are still working through the detail we expect the financial impact on NPAT FY16 to be no more than \$2.5M.

Other than that, our expenses remain in line with expectation.

At this point we remain on track to deliver our revenue guidance of high single to low double digit growth. This is supported by a number of recent client wins and a strong pipeline.

The past few weeks have been a turbulent time, with our CEO Andrew Pattinson stepping down, and a deal of commentary from many parties. It is disappointing to have observed that much of this commentary has led to both confusion and concern for some shareholders.

I will share with you now some of the most common questions asked and my response to them based on the facts and logic surrounding some of the decisions made by the Board. Afterward the Board would like to invite you to ask any further questions.

Why did the CEO resign?

The Board made a decision that we needed to introduce fresh leadership due to the change in the operating environment: the challenges and opportunities in the automotive sector with our key customers and particularly how we best respond to those changes to maximise value for our customers. We were also concerned about why, despite a healthy new business pipeline, the revenue from this new business was taking so long to flow through.

This decision was clear and unanimous by the Board. We valued the previous CEO's experience and relationships and while we discussed the possibility of him taking another senior management role within the business, he chose to resign.

The decline in the share price

Share pricing is an outcome of market forces.

And while there is no doubt that the environment of a contested directors' election has contributed to the share price decline in recent weeks it was not helped by the general sell-down in global markets.

The Board is concerned about the decline and we have a clear plan to rebuild value in the business.

Consultant Costs and Travel is an area that had come under scrutiny

The Company's travel policy was set several years ago and remains unchanged. Given the nature of this business, the travel budget is reasonable. Independent consultant costs are both conservative and consistent with a business of this size.

Experience of Remaining Management

Infomedica has a management team who are extremely experienced and capable.

The Board and management work closely together to set the future course of the business and we have an engaged and aligned team at Infomedica.

Investment Required and Impact on Dividends

A number of shareholders have asked how much we will need to invest to implement our plan and what impact that will have on both profit and dividends. I have addressed this earlier but it is worth re-stating that our dividend policy was set at 75-85% of NPAT several years ago and that has not changed.

We do see the need to invest in key areas such as R&D. The Board and management recognise that we need to increase research expenditure to maintain our competitive advantage. We need to realise our revenue sooner and ensure that the Company's NPAT continues to deliver a sustainable return to shareholders.

So, there are the facts behind some of the decisions the Board has made.

We look forward to sharing our progress with you in due course. Thank you.
