Infomedia

Annual Report 06

Infomedia®

IFM 06

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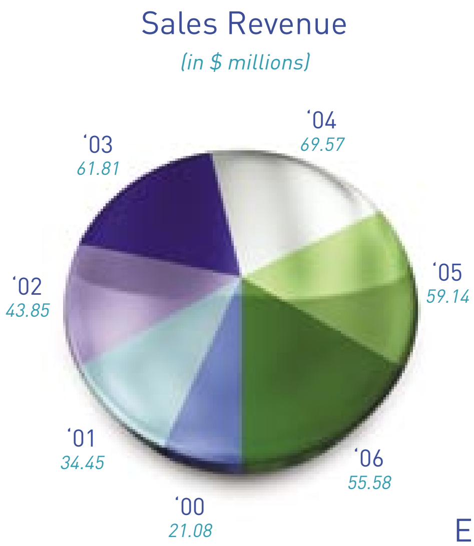
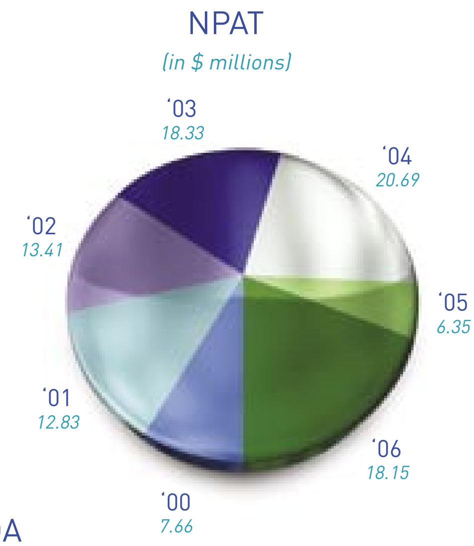
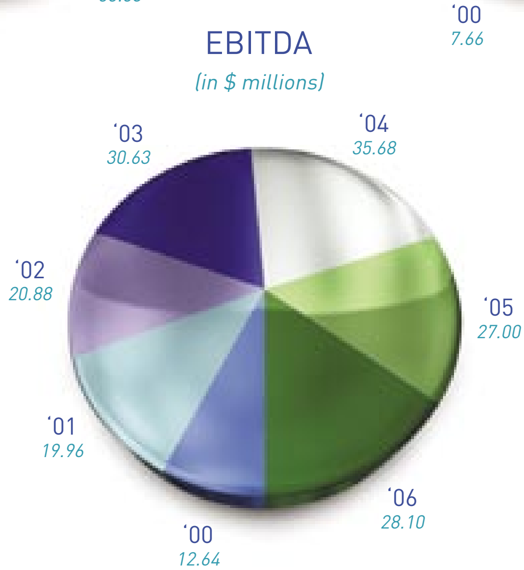
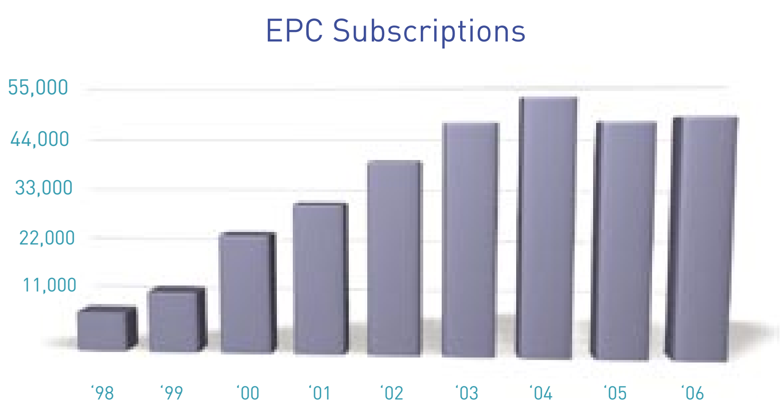
Results at a Glance[1]

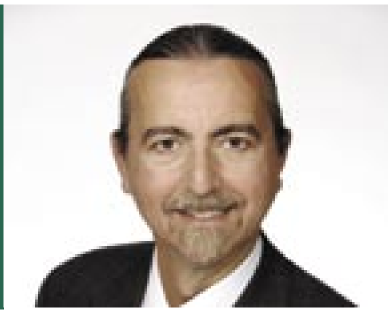








[1] Chart data for FY2006 and FY2005 prepared under Australian equivalents to International Financing Reporting Standards (AIFRS). Chart data for FY2004 and prior financial years prepared under Australian Generally Accepted Accounting Principles (AGAAP).



"...we will reap the benefits of new and organic growth in our subscription product lines. I am confident our teams around the world will build upon our good qualities and strengthen our relationships with users and licensors alike..."

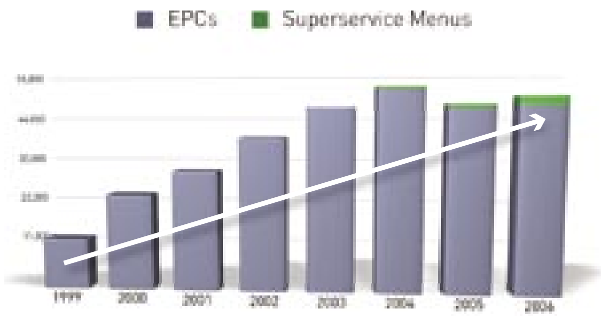
Dear Fellow Shareholders,

This year I believe investors have rediscovered the fundamental strengths of the Infomedia business model –

- mission critical subscription based products that yield strong recurring revenue;
- vertically integrated infrastructure that yields compound profit margins;
- leading edge product development that delivers new productivity innovations to a familiar customer base; and
- a management team which creates shareholder value by increasing value for all stakeholders.

This renewed recognition resulted in a 29% year-on-year growth in market capitalisation. Shareholders have witnessed time and again the Company's ability to bounce back from cyclical and market changes which in the short term have challenged growth, but have never halted its underlying positive momentum.

The Company's FY2006 financial results and operational performance bear this out. Total recurring revenue subscriptions increased by 4.3%, normalised profit after tax increased by 7%, and even sales revenue would have increased but for conversion of our significant export revenues at higher Australian dollar rates over the previous year. Normal year-on-year franked dividends increased by 18% from 3.4¢ to 4.0¢.



Product Subscriptions

In addition, by reviewing and right-sizing all Company divisions, management and staff, led by our CEO, Mr Gary Martin, we successfully established our important North American operation without a substantial increase in operating costs. You can also read in his CEO Report of the many other positive outcomes for the Company, including new data licences that bode well for our growth and sustainability.

The North American process also triggered the growth of our financial operations infrastructure from being domestic to being global in its nature and capabilities. The new system and procedures allow for the direct account management of nearly 20,000 customers worldwide, in their own language and currency. This is a commendable achievement performed by our whole financial team, and headed by our CFO, Mr Peter Adams.

As discussed at our last Annual General Meeting, your Board embarked upon a fresh approach to its capital management strategy, one which would firstly increase the return on assets employed in the business by releasing shareholder equity and franking credits that were held in non-core capital assets such as the Company's real estate holdings, and secondly lifting the dividend payout policy by approximately 60% to a payout range of 75% – 85%. Management completed a profitable campaign during the financial year that concluded in the sale and leaseback transaction of our Frenchs Forest headquarters for $23 million, which not only realised $2.4 million in net profit, but enabled a significant release of shareholder funds. Two special fully franked dividends of 3.5¢ each have been declared and paid to shareholders since this policy change was implemented. Despite the change, your Board and management have continued to investigate core acquisition opportunities throughout the year.

I would also like to take a moment to bring to your attention the good and professional work the Committee Chairpersons of your Board have done during the past year to ensure Infomedia Ltd is a model of good corporate governance. You'll see in this Annual Report the significant expansion of corporate governance disclosure that comes about through the leadership of Mr Geoff Henderson, Chairman of the Corporate Governance Committee. As Chairperson of the Remuneration & Nomination Committee, Ms Fran Hernon has diligently led the updating, benchmarking and harmonisation of all key policies involving executive management and Board performance evaluation and remuneration. Also, Mr Andrew Moffat's leadership of the Audit & Risk Committee is reflected in the honest and transparent working relationships between the Company's auditors, management and the Committee. Risk assessments are regularly considered and evaluated. It would also be appropriate to acknowledge, at this point, long standing Non-executive Director, Mr Myer Herszberg, for the contribution he brings as a member of these committees as well as to the Board as a whole.

For many years in this Report, I have expressed my views on the future of our Company. And here again, I reiterate my view that the future of Infomedia is positive. While projecting the future is always risky, especially in terms of timing and the effects of world events, looking back it's fair to say that the Company does what it says it will do. That is due in no small part to the vision, integrity, and dedication of the Company's leadership and staff and to the trust expressed in your act of ownership.

No doubt FY2007 will continue to present challenges of a similar nature to those that we have seen in the past; that's in the nature of being in a valued market. However, we will reap the benefits of new and organic growth in our subscription product lines. I am confident our teams around the world will build upon our good qualities and strengthen our relationships with users and licensors alike as they continue to identify and develop current and new market opportunities.

For these reasons and for its overall performance, which you will read about herein, you will see why I continue to view Infomedia as a good investment for both growth and yield.

I look forward to seeing you at the Annual General Meeting and commend this Annual Report to you.

Richard David Graham
Chairman of the Board

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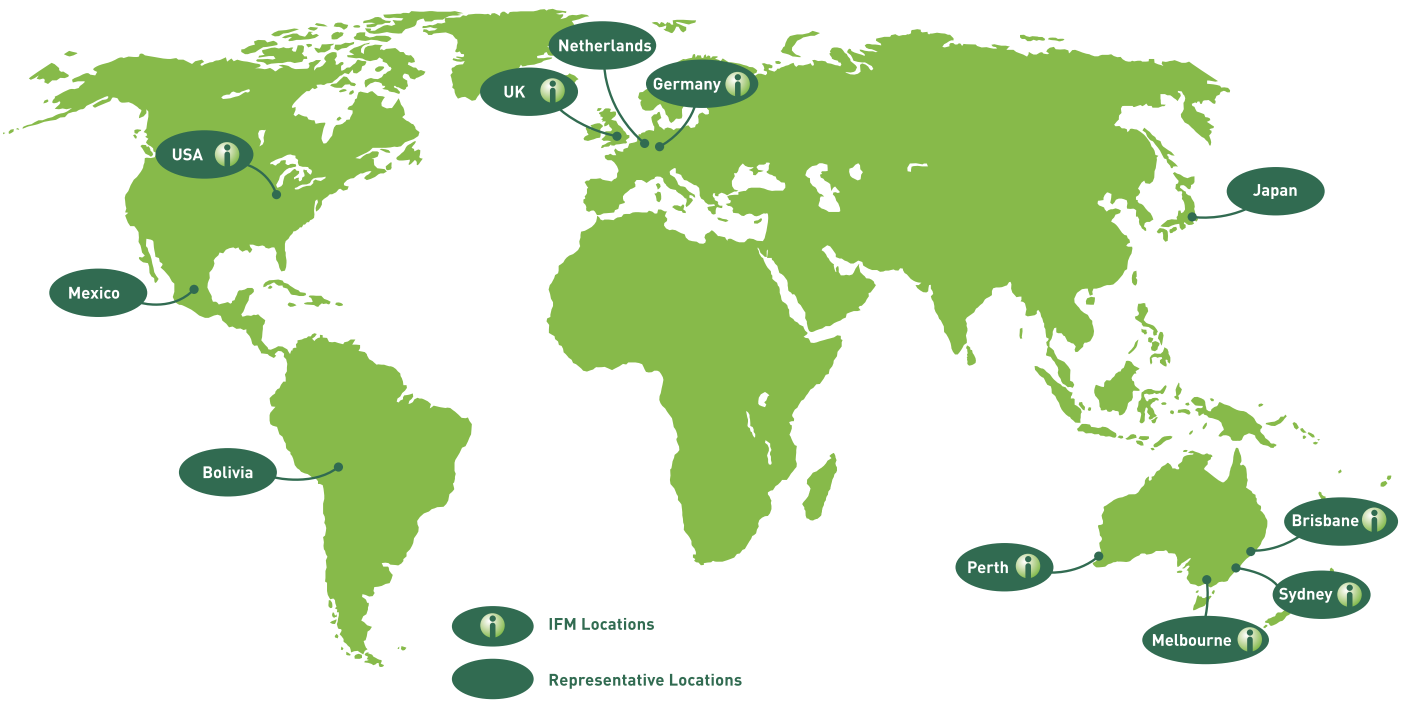
Company Profile

Infomedia Ltd is a leading provider of information solutions to the post-sale parts and service sector of the global automotive industry. The Company's automotive products are subscribed to by over 49,000 users from franchised dealers and independent auto dealers and independent auto trade repairers. Infomedia's Microcat® electronic parts catalogues, or EPCs, enable dealers to perform the critical function of quickly and accurately identifying for sale replacement auto parts manufactured by the world's leading auto manufacturers – often referred to as "genuine" or Original Equipment (OE) replacement parts. Infomedia also provides other high-value, complementary products to the dealer and trade repairer market, including its Superservice Menus™ for quick and accurate service quotations and other parts and service related data products. The Company is also utilising its proprietary technology and process expertise to introduce EPCs into other complex parts and service dependent industries, including the whitegoods industry with its PartFinder® brand EPC.

The Company's products are used every day by dealership staff in over 160 countries and in 28 languages and have a PC based user/client interface. There are thousands of parts in an average car and a significant portion of the manufacturers' parts data will change on a monthly basis. An ongoing monthly subscription with Infomedia ensures that dealers receive and access the very latest parts information on CD-ROM, DVD-ROM or via the Internet.

The Company's proprietary production systems, which have been developed and continuously evolved and improved for 16 years, provide the solid foundation that makes Microcat and its other products so reliable in terms of content quality, operational performance and speed of delivery.



History

2006
- Superservice Menus™ for Subaru UK, Cadillac Corvette Europe, and Daihatsu Germany released
- Microcat® for Kia released worldwide (excluding China, Korea and USA)
- Microcat for Isuzu (medium duty trucks) released in North America
- Microcat® LIVE™ for Mazda Motor Corporation released in Japan

2005
- Superservice Menus for Hyundai Sweden and Daihatsu UK released
- Microcat® MARKET™ for Toyota Australia released
- Lubrication & Tune-Up Guide™ released on CD-ROM
- Established office in North America – IFM North America Inc
- Awarded Australian Government Export Finance and Insurance Corporation Trailblazers award

2004
- Microcat MARKET for Toyota Europe and Ford Europe released
- Microcat LIVE for Toyota Germany released
- Superservice Menus for Ford Australia, Daihatsu Australia, Hyundai Australia and Holden Australia released
- Established office in Europe – IFM Europe Limited
- Established corporate headquarters in Australia
- Established multi-lingual international customer service centre

2003
- Superservice Menus for Toyota Australia and Mitsubishi Australia released
- Internet version of Lubrication & Tune-Up Guide released
- Awarded Australian Exporter of the Year (Information & Communications Technology)

2002
- Microcat for Hyundai USA, Toyota North America and Toyota Europe released
- Acquired PartsImager® EPC from EDS and commenced supporting GM and Saturn dealers in North America
- Awarded Australian Exporter of the Year (Information & Communications Technology)

2001
- Microcat for Daihatsu Rest of World, Ford Asia Pacific, GM Asia Pacific, Hyundai Global and Land Rover Global released
- Awarded Australian Manufacturing Company of the Year
- Awarded Australian Manufacturing Best Use of New Technology

2000
- Acquisition of Datateck Publishing Pty Ltd (publisher of the Lubrication & Tune-Up Guide)
- Listing on Australian Stock Exchange
- Acquisition of Online Computing Pty Ltd (integrated business systems developer)
- Microcat for Honda Australia and Hyundai Australia released and Partfinder® for Isuzu Australia released

1999
- Microcat for Daewoo Australia, Daihatsu Europe and Ford North America released

1998
- Partfinder for Mitsubishi Australia and Microcat for Toyota Australia released

1997
- Partfinder for Suzuki Australia and Microcat for Ford Europe released

1996
- Microcat for Daihatsu Australia and Nissan Australia released

1994
- Company sells wholesale operations to concentrate on developing and distributing software for the automotive industry and changed its name to Infomedia Australia Pty Ltd

1992
- Partfinder for Holden Australia released

1990
- Infomedia division formed to add software development capability to Infomagic
- Microcat for Ford Australia released

1988
- Software and peripherals importer and distributor Infomagic Australia Pty Ltd formed

"The inclusion of Kia in Infomedia's automotive manufacturer line up brings to 15 the number of automakers who depend on one of the Company's systems for their parts interpretation needs."

The Year in Review

It is with pleasure that I provide to you this update on your Company's achievements and activities during the 2006 financial year.

Key highlights from the last 12 months include:

- Successful establishment of the Company's North America operation
- Creation of a focussed and dynamic Global Business Development team
- Renewal of a number of the Company's key data contracts
- Successful launch of Microcat® Electronic Parts Catalogue (EPC) into new segment of the automotive industry
- Kia Motors chose Infomedia as their new global EPC solution partner
- Further expansion of the Company's leading edge product, Microcat® LIVE™
- Continued rapid expansion of Superservice Menus™ through Europe

IFM North America Up, Running and Making Scores

During the year, the Company moved to direct representation in the North American market. Prior to the establishment of the IFM North America operation, the Company's activities (including sales, marketing and customer support) were performed by third parties. The move to direct representation has been received favourably by customers and automakers alike. Employing Infomedia staff in the region has allowed the Company to deepen its understanding of customers' requirements and respond swiftly to opportunities to offer further products and services from the Company's line-up.

Led by Vice-President Mr Mark Kujacznski, the team in North America is to be commended on the smooth transition. This has given the Company a solid foundation with which to continue the growth in the United States, Canada and the Latin and South American markets.

Global Business Development Team Delivers Results

The new Global Business Development team was established from separately managed regional teams to give further momentum to the Company's growth strategies in the short and long term. The team has actively pursued new data contracts and also sought out opportunities for expansion of both existing and new products and market segments. Led by David Hawkins, the team was successful in securing a multi year agreement with Mazda Motor Corporation, and also Isuzu Motors America. In addition, existing contracts with Daihatsu, Electrolux, General Motors Holden, Honda Australia, Hyundai and Mitsubishi Australia were extended for a further term.

Towards the end of the year, the team secured a significant win when they secured a three year agreement to supply Kia Motors dealers around the world with the Microcat EPC. The inclusion of Kia in Infomedia's automotive manufacturer line up brings to 15 the number of automakers who rely on one of the Company's systems for their parts interpretation needs.

The Microcat EPC replaces an existing in-house solution and the Company is confident that the product will support Kia parts dealers in growing their businesses and improving efficiency, as it does for more than 47,000 users worldwide.

Microcat Drives into Truck Segment with Isuzu

This year, the Company made its successful move into the pure truck segment of the automotive industry. With the launch of Microcat for Isuzu, the applicability of the Company's parts selling technology and interpretation system was demonstrated for the first time in a segment outside of the passenger vehicle segment. The successful launch and subscription take up of the product has proven again that the combination of functionality, competitive pricing and flexible contract terms is an attractive proposition for industry stakeholders.

Rollout of Microcat LIVE for Mazda

After much anticipation, Microcat LIVE for Mazda was launched to dealers in Japan during the year. Japanese Ford dealers have been using the Microcat system since it was first introduced in Japan in 1999. With many Ford dealers also servicing Mazda built vehicles, Microcat LIVE for Mazda allows them to use one system for all of their parts sales needs. In keeping with Mazda Corporation's reputation for high quality vehicles, Infomedia assembled a dedicated team who worked closely with the key Mazda personnel to deliver a high quality, high performance EPC product.

Expansion of Superservice Menus through Europe

Superservice Menus has continued its positive forward momentum by demonstrating improved profitability for service departments through consistent and accurate service quotations. In the past financial year,

Infomedia now supplies Microcat for Isuzu Trucks

"The strong development work performed during the past financial year has delivered to the global sales force, market ready, leading edge technology solutions across the product portfolio."

the product has been successfully launched to an additional three automotive manufacturers, beginning with Subaru UK. Towards the end of the financial year, Superservice Menus was also delivered to Cadillac Corvette Europe dealers and Daihatsu dealers in Germany. In all instances, the implementation was aided by a close working relationship between Infomedia and each manufacturer. This partnership approach is critical in ensuring the product is suitably customised for each national market.

Superservice Menus also continued its positive growth performance within the Australian market. Dealership service departments are enjoying the benefits of using Superservice Menus' leading edge service quotation system and processes. Sales to Daihatsu, Ford, Holden, Hyundai, Mitsubishi and Toyota dealers experienced solid growth during the financial year. The Company now supplies Superservice Menus for eight automotive manufacturers in various regions.

The Year Ahead

Management is buoyant about the growth prospects for the Company and the great products in the year ahead. The strong development work performed during the past financial year has delivered to the global sales force, market ready, leading edge technology solutions across the product portfolio.

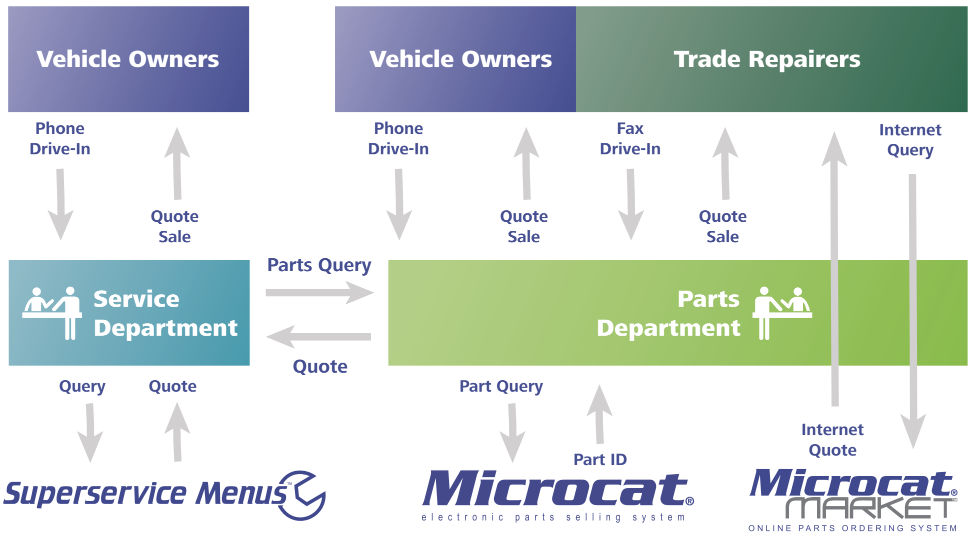
Further Expansion of Superservice Menus

The rapid rise of Superservice Menus during FY2006 is expected to continue through FY2007. The 158% rise this past financial year was testimony to the genuine benefits the system delivers to users in service workshops. The Company has a strong pipeline for adding further manufacturers and also strong sales momentum for the current eight manufacturers in production today.

Microcat MARKET Extending Reach to Other Complementary Segments

Microcat® MARKET™ is an online parts ordering system that provides 24/7 Internet connectivity

Infomedia's Product Integration Workflow



Andrew Pattinson
Managing Director – IFM Europe

Michael Roach
General Manager – EPC and Data Management

Mark Kujacznski
Vice President – IFM North America

between independent auto trade repairers and their genuine parts dealers. As a result of outstanding development work during the year, the system continues to evolve for new releases to automotive customers in both Australian and European markets. Today the system is used by Toyota Australia dealers and is soon to be released to other Australian franchises. Within Europe, the system is used today by Ford and Toyota dealers and will soon be utilised by Daihatsu dealers throughout Germany.

A Company of Strength

FY2006 was a year where the management and staff of Infomedia continued to grow as individuals and as quality global leaders. The development teams located in Sydney and Melbourne designed, constructed and delivered new releases of our market leading technologies and continued to research and develop new process improvement tools for the Company's increasing global footprint of customers. This solid platform allows the Company to expand its online solutions through the delivery of information utilising web services which allow for a wider range of integration possibilities. General Manager Mr Michael Roach and his team have further strengthened customer relationships around the globe and identified further platforms for growth in FY2007 and beyond.

Mr Roach is supported by his dedicated team of managers and staff. In particular, the operational management of Mr Michael Foster and Mr Peter Petrovski has improved production processes while at the same time reducing costs. Their efforts have directly translated to leaner, more efficient processes that will yield results within FY2007 and future periods.

Managing Director, Mr Andrew Pattinson, continues to lead the team in IFM Europe. The Company's European subsidiary has completed a stellar year of new product launches for all of the Company's systems. Mr Pattinson's leadership in the European market has delivered record results, in particular for sales of Superservice Menus. This region will continue to grow revenue and profits for the Company through current and new product sales.

I would also like to commend your Company's Chief Financial Officer, Mr Peter Adams, for his leadership this past year. Peter and his team have successfully implemented a new enterprise accounting and customer management system. In addition to this, the team successfully integrated the newly established North American office, including thousands of additional customers into the debtor portfolio. You will read more about the Company's solid financial performance within the CFO Report.

I look forward to another successful year ahead for your Company.

Gary Martin
Chief Executive Officer

"Superservice Menus continued its positive growth path during the 2006 financial year with a 158% increase to 1,671 subscribers."

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In the first year of reporting under the new Australian equivalents to International Financial Reporting Standards (AIFRS), the Company achieved sales revenue of $55.6 million and net profit after tax of $18.1 million. The Company's results were enhanced by the sale and leaseback of the Frenchs Forest corporate headquarters, which occurred on 30 June 2006. Gross proceeds for the transaction were $23 million, with a net profit on sale of $2.4 million. After taking into account taxation and other transactional costs, the net impact was to increase reported earnings by $1.6 million.

After excluding the benefit of the sale and leaseback transaction, profit after tax from normal operations increased by 7% to $16.5 million, which is at the higher end of the guidance provided earlier this year. The increase in profit was achieved through a combination of cost control, lower depreciation and taxation benefits. While total Company subscriptions grew by 4.3% over the previous financial year, sales revenue declined by 6% as a result of a stronger Australian dollar.

Cash flows from operations remain strong, with $19.0 million in cash generation. Total dividend payments to shareholders over the 2006 financial year amounted to $23.1 million. Notwithstanding these returns, the balance sheet remains in a strong position, with $26.0 million cash on hand at 30 June 2006.

A fully franked final dividend of two point one cents (2.1¢) was payable to shareholders of record at 22 September 2006. This, combined with the earlier interim dividend declared in February, brings the total franked dividend for the year to four cents (4.0¢) and represents a payout ratio of 79% of normalised profit after tax.

It was announced at the 2005 Annual General Meeting (AGM) the Board's intention to realise non-core assets such as the Company's real estate holdings to facilitate a release of built up shareholder value. As a result of the recent sale and leaseback of the Frenchs Forest corporate headquarters, a further fully franked special dividend of three point five cents (3.5¢) was payable to shareholders of record at 22 September 2006. This payment, taken together with the first special dividend paid in December 2005, brings the total special dividend distribution since the last AGM to seven cents (7.0¢).

The Company may make a further franked special dividend payment during the first half of the 2007 financial year. Such a payment will be dependent upon further analysis of factors including remaining franking credits, cash reserves and residual retained earnings.

Electronic Parts Catalogue subscription numbers grew by 2.1% to 47,718 over the year. The first half of the year saw the successful transitioning from a third party distributor in North America to direct representation. More recently, the Company has renewed data licences with Hyundai and signed a significant agreement with Kia Motors. Along with the other renewals and agreements during FY2006, the Company expects stronger growth of EPC subscriptions during the upcoming financial year.

As anticipated, Superservice Menus™ continued its positive growth path during the 2006 financial year with a 158% increase to 1,671 subscriptions. Providing the system now for eight franchises in Europe and Asia Pacific, the Company expects to begin sales throughout the Americas market during the upcoming year. The Company expects similar growth rates to those experienced during FY2006.

On the cost side, the establishment of the Company's new North American office in August 2005 was the key driver for the budgeted head count increase of 13% to finish the year at 230. The new office effectively replaced the variable cost of a third party distributor. Research and development expenditure for the Company was $4.5 million and reflects the continuing commitment to developing innovative leading edge technology products.

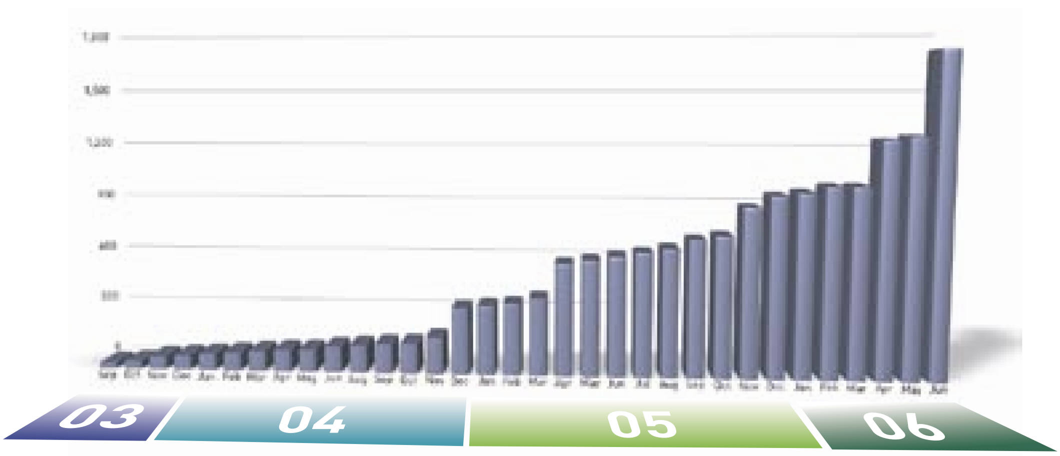
It should be noted that the Company's operating costs will increase in 2007 as the result of the sale and leaseback transaction through the introduction of corporate headquarter lease expenditure and the absence of rental income from an adjacent site to the headquarters.

It was encouraging to realise the benefits during the year of the Company's new enterprise accounting and customer management system. This new system, coupled together with the Company's highly skilled accounting and technology staff, has enhanced communication with customers and facilitated collections from the widely distributed customer base in both multiple currencies and languages. This is exemplified in the debtors days sales measurement, which at 30 June sat at a pleasing 44 days.

In summary, it is anticipated the 2007 outlook will be characterised by growth from new markets for both EPC and Superservice Menus products. This revenue growth, coupled with the Company's strong balance sheet, should facilitate the continuation of healthy shareholder returns into the future.

P. J. Adams

Peter Adams
Chief Financial Officer



Superservice Menus subscription growth

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DIRECTORS' REPORT

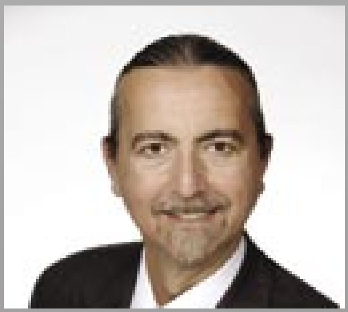
Your Directors submit their Report for the year ended 30 June 2006.

DIRECTORS

The names and details of the Directors of the Company in office during the financial year and until the date of this Report are:

Names, Qualifications, Experience and Special Responsibilities

Richard Graham



Chairman

Mr Richard Graham has held senior management positions in the American and Australian computer industry since 1977. Mr Graham co-founded the Company in 1988 and was its Chairman and CEO until his retirement in 2004. Since he retired as CEO Mr Graham has continued as Non-executive Chairman.

Myer Herszberg

Non-executive Director

Myer Herszberg has been a Director of Infomedia since 1992. Mr Herszberg is the founder of Melbourne's Denman Audio chain and has extensive consumer electronics experience. He was active in bringing home computers to Australia in the early 1980s and has also brought many other leading edge electronic products to Australia. He also has extensive experience in the commercial property market, and is active in a number of community service organisations. Mr Herszberg serves on the Company's Audit & Risk, Corporate Governance, and Remuneration & Nomination Committees. Mr Herszberg was last re-elected to the Board in October 2005.

Frances Hernon

Non-executive Director (Chairman of Remuneration & Nomination Committee)

Frances Hernon was appointed to the Infomedia Board of Directors on 19 June 2000. Ms Hernon has extensive experience in media, publishing, marketing and technology. She has held senior editorial positions at News Ltd and Murdoch Magazines and was General Manager, Harrison Communications, Director of Publicity at Channel Ten, Managing Editor of the NRMA's member magazine The Open Road, Manager, Business Communications for NRMA, and Senior Account Manager, Group IT&T for the Insurance Australia Group (IAG). Ms Hernon is currently Corporate Affairs Manager for Nestlé Australia Ltd. She also serves on Infomedia's Corporate Governance Committee. Ms Hernon was last re-elected to the Board in October 2004.

Geoffrey Henderson

Non-executive Director (Chairman of Corporate Governance Committee)

Geoffrey Henderson was appointed to the Infomedia Board of Directors on 25 February 2003. Mr Henderson is a qualified accountant and has had an extensive career, spanning positions in Australia, New Zealand, Europe and North America. He worked in a number of financial positions for Olympic Tyres in Melbourne for eight years and then for the Ford Motor Company for 30 years. During his time with Ford, Mr Henderson worked not only in the Finance Division, but also held senior positions in the Supply and Parts and Service Divisions. Immediately prior to his retirement from Ford, Mr Henderson headed up the company's Asia Pacific Parts and Service operation, which covered Ford's parts and service activities in 12 countries including Japan, South Africa, China, India and Australia. Mr Henderson also serves on Infomedia's Audit & Risk Committee. Mr Henderson was elected to the Board in October 2004.

Gary Martin

Chief Executive Officer

Gary Martin was promoted to the position of Chief Executive Officer on 1 January 2005. Mr Martin has extensive experience in the automotive industry. He has been with Infomedia since 1998, when he joined the Company as International Sales Manager. Mr Martin was appointed as General Manager, Electronic Catalogues Division in August 2001. Prior to joining Infomedia, he had 12 years of experience at automotive dealerships, including as General Manager, Parts and Accessories of a large multi-franchised dealership group. In his time with Ford dealers, Mr Martin was awarded the Ford Management Excellence Award in four consecutive years and participated on various Automaker committees.

Mr Martin was elected to the Board in October 2004.

Andrew Moffat

Non-executive Director (Chairman of Audit & Risk Committee)

Andrew Moffat was appointed to the Infomedia Board of Directors on 31 March 2005. Mr Moffat has more than 20 years of corporate and investment banking experience and is the sole principal of Cowoso Capital Pty Ltd, a company providing strategic corporate advisory services. Prior to establishing Cowoso Capital Pty Ltd, Andrew was a Director of Equity Capital Markets & Advisory for BNP Paribas Equities (Australia) Limited where he took principal responsibility for mergers and acquisition advisory services and a range of equity capital raising mandates including placements, initial public offerings, rights issues and dividend reinvestment plan underwritings. Andrew's corporate banking experience was gained whilst working in the United Kingdom and Australia with Standard Chartered Bank Group, National Westminster Banking Group and BNP Paribas.

Mr Moffat was elected to the Board in October 2005.

COMPANY SECRETARY

Nick Georges

General Counsel & Company Secretary

Nick Georges is a qualified lawyer, admitted to the Supreme Courts of Victoria in 1991 and New South Wales in 1999. Prior to joining Infomedia and becoming its General Counsel & Company Secretary in 1999, Mr Georges worked in general practice as a solicitor in Victoria before moving to Sydney to take up an executive role with Altium Limited (previously known as Protel International Pty Ltd), where he obtained extensive experience in the information technology industry.

Mr Georges acted as alternate Director for Mr Herszberg at one Board meeting during the year.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

Infomedia Ltd		
	Ordinary Shares fully paid	Options over Ordinary Shares
Wiser Equity Pty Limited	100,277,501	-
Yarragene Pty Limited	39,421,599	-
Wiser Centre Pty Limited	1,000,000	-
Richard Graham	926,559	-
Gary Martin	74,257	1,000,000
Frances Hernon	5,000	-
Geoffrey Henderson	-	-
Andrew Moffat	-	-

Richard Graham is the sole Director and beneficial shareholder of Wiser Equity Pty Limited (formerly "Wiser Laboratory Pty Limited"). Richard Graham is a Director of Wiser Centre Pty Limited, trustee for the Wiser Centre Pty Ltd Superannuation Fund. Myer Herszberg is a Director and major shareholder of Yarragene Pty Limited.

Directorships of other publicly listed entities

During the past three years, Andrew Moffat has been the non-executive chairman of Pacific Star Network Limited. He is also a non-executive Director of Cash Converters International Limited since February 2006.

PRINCIPAL ACTIVITIES

Infomedia Ltd is a company limited by shares that is incorporated and domiciled in Australia.

The principal activities during the year of entities within the consolidated entity were:

- developer and supplier of electronic parts catalogues and service quoting systems for the automotive industry globally;
- information management, analysis and creation for the domestic automotive and oil industries; and
- the provision of dealer management systems for the automotive industry.

There have been no significant changes in the nature of those activities during the year.

EMPLOYEES

The company employed 230 (2005: 203) full time employees as at 30 June 2006.

DIVIDENDS

	Cents	$'000
Final dividends recommended:		
On ordinary shares – final – fully franked	2.10	6,835
On ordinary shares – special – fully franked	3.50	11,391
Dividends paid in the year:		
On ordinary shares – 2006 interim – fully franked	1.90	6,184
On ordinary shares – special – fully franked	3.50	11,391
Final for the 2005 year:		
On ordinary shares – as recommended in the 2005 report	1.70	5,533

NET TANGIBLE ASSETS PER SECURITY

	Cents
The Company's net tangible assets per security are as follows:	
Net tangible assets per share at 30 June 2006	7.5
Net tangible assets per share at 30 June 2005	10.0

REVIEW AND RESULTS OF OPERATIONS

The following table presents sales revenue and profit after tax after excluding non-recurring significant items:

	CONSOLIDATED	
	2006	2005
	$'000	$'000
Sales revenue	**55,577**	59,137
Reported profit after tax	**18,146**	6,347
Adjustments:		
Sale and leaseback transaction after tax	**(1,616)**	-
Significant items in FY2005 (refer Note 3(viii) in notes)	**-**	9,108
Profit after tax excluding sale and leaseback transaction and significant items	**16,530**	15,455

The Company achieved a 186% increase in reported earnings over the equivalent prior year to $18,146,000. The Company's financial results were enhanced by the sale and leaseback of the Frenchs Forest corporate headquarters, which occurred on 30 June 2006. Gross proceeds for the transaction were $23,000,000, with a net profit on sale of $2,432,000. After taking into account taxation and other transactional costs, the net impact was to increase reported earnings by $1,616,000.

After excluding the benefit of the sale and leaseback transaction, profit after tax from normal operations increased by 7% to $16,530,000. This increase in profit was achieved through a combination of cost control, lower depreciation and taxation benefits. Sales revenue declined by 6%, primarily as a result of adverse movements in currency exchange rates.

Electronic Parts Catalogue subscription numbers grew by 2.1% to 47,718 over the year. Superservice Menus subscription numbers grew by 158% to 1,671 over the year.

The Company successfully commenced its own distributor operations in North America during the year.

Cash flows from operations remain strong with $19,029,000 in cash generation. Total dividend payments to shareholders over the 2006 financial year amounted to $23,108,000. Notwithstanding these returns, the balance sheet remains in a strong position with $26,021,000 cash on hand at 30 June 2006.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant change in the state of affairs of the Company since the last Directors' Report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected the operations of the Company, the results of those operations, or the state of affairs of the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors anticipate stronger growth from the Electronic Parts Catalogue (EPC) subscriber base with a focus on new markets including Isuzu, Kia and Mazda. It is anticipated that further changes in the EPC competitive landscape could provide further opportunity for growth over the next 12 to 24 months.

The outlook for Superservice Menus remains strong, with a firm pipeline for 2007. It is anticipated that similar Superservice Menus growth rates to the 2006 year will continue over the coming year, with growth anticipated both locally and abroad.

As the bulk of the Company's revenues are export in nature, the Company's results can be influenced either favourably or unfavourably by movements in currency exchange rates. Refer Notes 30 and 31 for more information.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is not subject to any particular or significant environmental regulation under a law of the Commonwealth of Australia or of a State or Territory.

SHARE OPTIONS

Unissued Shares

At the date of this Report, there were 1,950,000 unissued ordinary shares under options. Refer to Note 23 of the financial statements for further details of the options outstanding.

Shares Issued as a Result of the Exercise of Options

There were no options exercised by the employees during the year ended 30 June 2006.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year the Company paid a premium in relation to insuring Directors and other officers against liability incurred in their capacity as a Director or officer of the Company.

The insurance contract specifically prohibits the disclosure of the nature of the policy and amount of premium paid.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and executives of the Company.

Compensation Philosophy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives. To this end, the Company embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives.
- Link executive rewards to shareholder value.
- Establish appropriate performance hurdles in relation to variable executive compensation.

Remuneration Committee

The Remuneration & Nomination Committee (Remuneration Committee) of the Board of Directors is responsible for recommending to the Board the Company's remuneration and compensation policy arrangements for all Key Management Personnel. The Remuneration Committee assesses the appropriateness of the nature and amount of these emoluments on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Compensation Structure

In accordance with best practice corporate governance recommendations, the structure of non-executive Director and senior executive compensation is separate and distinct.

Non-executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level which provides the Company with the ability to attract and retain Directors of appropriate calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then available between the Directors as appropriate (for the year ending 30 June 2006, Non-executive Directors' compensation totalled $311,489). The latest determination was at the Annual General Meeting held on 30 October 2002, when shareholders approved a maximum aggregate compensation of $450,000 per year.

The Board has historically considered the advice from external consultants, as well as the fees paid to non-executive Directors of comparable companies when undertaking a review process.

Senior Executive and Executive Director Compensation

Objective

The Company aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of executive compensation, the Remuneration Committee engages an external consultant from time to time to provide independent advice in the form of a written report detailing market levels of compensation for comparable executive roles.

Compensation consists of the following key elements:

- Fixed Compensation
- Variable Compensation
    - Short Term Incentive (STI); and
    - Long Term Incentive (LTI).

The actual proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for Key Management Personnel (excluding the CEO and non-executive Directors) by the CEO in conjunction with the Remuneration Committee, and in the case of the CEO, by the Chairman of the Board in conjunction with the Remuneration Committee. Other executive salaries are determined by the CEO with reference to market conditions.

Fixed Compensation

Objective

The level of fixed compensation is set so as to provide a base level of compensation which is both appropriate to the position and competitive in the market. Fixed compensation is reviewed periodically by the CEO in conjunction with the Remuneration Committee for Key Management Personnel (excluding the CEO and non-executive Directors), and in the case of the CEO, by the Chairman of the Board in conjunction with the Remuneration Committee. All other executive positions are reviewed periodically by the CEO. As noted above, the Committee has access to external advice independent of management.

Structure

Executives are given the opportunity to receive their fixed (primary) compensation in a variety of forms, including cash or other designated employee expenditure such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable Compensation – Short Term Incentive (STI)

Objective

The objective of short term compensation is to link the achievement of both individual performance and Company performance with the compensation received by the executive.

Structure

The structure of short term compensation is a cash bonus dependent upon a combination of individual performance objectives and Company objectives being met. This reflects the Company wide practice of 'Performance Planning & Review' (PPR) procedures. Individual performance objectives centre on key focus areas. Company objectives include achieving budgetary targets that are set at the commencement of the financial year (adjusted where necessary for currency fluctuations).

These performance conditions were chosen, in the case of individual performance objectives, to promote and maintain the individual's focus on their own contribution to the Company's strategic objectives through individual achievement in key result areas (KRAs) which include, for example, 'leadership', 'decision making', 'results' and 'risk management'. In the case of Company objectives, budgetary performance conditions were chosen to promote and maintain a collaborative, Company wide focus on the achievement of those targets.

In assessing whether an individual performance condition has been satisfied, pre-agreed key performance indicators (KPIs) are used. In assessing whether Company objectives have been satisfied, Board level pre-determined budgetary targets are used. These methods have been chosen to create clear and measurable performance targets.

Variable Compensation – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner which aligns this element of compensation with the creation of shareholder wealth. As such LTI, grants are made to executives, who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long term performance hurdle.

Structure

The structure of long term compensation is in the form of share options pursuant to the employee option and employee share plans. Performance hurdles have been introduced for all share options issued after 31 December 2004 and are determined upon grant of those share options. These hurdles typically relate to the Company's share price reaching or exceeding a particular level. These methods were chosen to create clear and measurable performance expectations.

Specified Directors and Five Highest Remunerated Specified Executives for the Year Ended 30 June 2006 and 30 June 2005

	Short term			Post employment	Share based payments		Long term	Total	Total performance related
2006 Financial Year:	Salary and fees	Bonus	Non monetary benefits	Superannuation	Options	Employee share plan	Other	$	%
Directors:									
Richard Graham	**118,019**	**-**	**-**	**10,350**	**-**	**-**	**-**	**128,369**	**-**
Gary Martin	**280,000**	**63,000**	**-**	**24,445**	**51,232**	**-**	**3,267**	**421,944**	**27%**
Myer Herszberg	**42,000**	**-**	**-**	**3,780**	**-**	**-**	**-**	**45,780**	**-**
Geoffrey Henderson	**42,000**	**-**	**-**	**3,780**	**-**	**-**	**-**	**45,780**	**-**
Frances Hernon	**42,000**	**-**	**-**	**3,780**	**-**	**-**	**-**	**45,780**	**-**
Andrew Moffat	**42,000**	**-**	**-**	**3,780**	**-**	**-**	**-**	**45,780**	**-**
Executives:									
Andrew Pattinson	**305,523**	**-**	**14,537**	**27,497**	**-**	**1,000**	**5,092**	**353,649**	**-**
Peter Adams	**190,742**	**38,000**	**-**	**17,167**	**17,742**	**1,000**	**2,225**	**266,876**	**21%**
Nick Georges	**170,290**	**12,500**	**-**	**15,326**	**13,050**	**1,000**	**1,987**	**214,153**	**12%**
Michael Roach	**153,558**	**14,000**	**-**	**13,820**	**6,286**	**1,000**	**2,559**	**191,223**	**11%**
Mark Kujacznski	**170,186**	**-**	**9,589**	**-**	**-**	**-**	**-**	**179,775**	**-**
	1,556,318	**127,500**	**24,126**	**123,725**	**88,310**	**4,000**	**15,130**	**1,939,109**	
2005 Financial Year:									
Directors:									
Richard Graham[1]	257,751	100,000	37,982	13,815	-	-	3,200	412,748	24%
Andrew Pattinson	331,069	-	-	29,796	30,997	1,000	5,518	398,380	8%
Gary Martin	247,436	35,200	-	24,445	30,997	1,000	2,887	341,965	19%
Myer Herszberg	42,000	-	-	3,780	-	-	-	45,780	-
Geoffrey Henderson	42,000	-	-	3,780	-	-	-	45,780	-
Frances Hernon	42,000	-	-	3,780	-	-	-	45,780	-
Barry Ford	31,338	-	-	2,997	-	-	-	34,335	-
Andrew Moffat	10,823	-	-	974	-	-	-	11,797	-
Executives:									
Guy Bryant[2]	232,191	10,000	3,548	16,676	30,364	2,000	2,159	296,938	14%
Peter Adams	192,548	32,800	-	19,255	4,793	2,000	2,246	253,642	15%
Nick Georges	155,543	10,000	-	13,910	30,997	2,000	1,815	214,265	19%
Michael Roach	135,742	10,000	-	11,705	3,196	2,000	2,262	164,905	8%
Damon Fieldgate	131,238	10,957	-	11,617	-	2,000	2,187	157,999	7%
	1,851,679	208,957	41,530	156,530	131,344	12,000	22,274	2,424,314	

1. Salary and fees for Richard Graham includes $120,118 of leave entitlements paid upon resignation as Chief Executive Officer effective 31 December 2004.
2. Salary and fees for Guy Bryant includes $45,500 in termination benefits in 2005.

Compensation by Category: Key Management Personnel

	CONSOLIDATED		INFOMEDIA LTD	
	2006	2005	**2006**	2005
	$	$	**$**	$
Short term	**1,707,944**	2,056,666	**1,040,551**	1,579,855
Post employment	**123,725**	156,530	**82,408**	115,029
Other long term	**15,130**	22,274	**7,479**	14,494
Termination benefits	**-**	45,500	**-**	45,500
Share based payments	**92,310**	143,344	**84,024**	106,151
	1,939,109	2,424,314	**1,214,462**	1,861,029

Contract for Services

The table and notes below summarise current executive employment contracts with the Company as at the date of this Report:

	Commencement date per latest contract	Duration	Notice period – Company	Notice period - Executive
Gary Martin	1 January 2005	3 years	6 months*	6 months
Andrew Pattinson	5 April 2004	3 years	3 months	3 months
Nick Georges	1 January 2005	3 years	6 months*	6 months
Peter Adams	1 January 2005	3 years	6 months*	6 months
Michael Roach	1 January 2005	3 years	3 months	3 months
Mark Kujacznski	22 August 2005	3 years	3 months	3 months

The Company may terminate each of the contracts at any time without notice if serious misconduct has occurred. Options that have not yet vested upon termination will be forfeited.

* In the event of redundancy, in addition to six months notice, the Company will provide the individual with a severance payment equivalent to three weeks' base salary for each completed year of continuous service with the Company provided however, that the minimum severance payment will be 26 weeks' base salary and the maximum severance payment will not exceed 52 weeks' base salary.

Compensation Options: Granted and Vested during the Year

During the financial year options were granted as equity compensation benefits under the long term incentive plan to certain Key Management Personnel as disclosed below. No share options have been granted to the non-executive members of the Board of Directors under this scheme. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price equal to the strike price of the shares on the date of grant. The options vest at various hurdle rates dependent upon the share price of the Company. If this increase is not met by the last available exercise date, the options are forfeited. The contractual life of each option granted is up to three years.

30 June 2006	Vested Number	Granted Number	Terms and conditions for each grant: Grant date	Fair value per option at grant date (cents)	Exercise price per option (cents)	Expiry date	First exercise date	Last exercise date
Directors								
Gary Martin	333,333	1,000,000	27 Oct 2005	8.4	50.0	5 Feb 2008	5 Jan 2006	5 Feb 2008
Executives								
Peter Adams	83,333	250,000	8 Jul 2005	10.3	50.0	5 Feb 2008	5 Jan 2006	5 Feb 2008
Nick Georges	83,333	250,000	6 Oct 2005	8.1	48.0	5 Feb 2008	5 Jan 2006	5 Feb 2008
Michael Roach	-	200,000	16 Dec 2005	8.9	49.0	16 Jan 2009	16 Dec 2005	16 Jan 2009
	499,999	1,700,000						

There were no options granted in the 2005 Financial Year.

Shares Issued on Exercise of Compensation Options (Consolidated)

No options were exercised during the year by Key Management Personnel.

Option Holdings of Key Management Personnel (Consolidated)

30 June 2006	Balance at beginning of period 1 July 2005	Granted as compensation	Options exercised	Net change other	Balance at end of period 30 June 2006	Vested at 30 June 2006: Total	Not exercisable	Exercisable
Directors								
Gary Martin	-	1,000,000	-	-	1,000,000	1,000,000	666,667	333,333
Executives								
Peter Adams	-	250,000	-	-	250,000	250,000	166,667	83,333
Nick Georges	-	250,000	-	-	250,000	250,000	166,667	83,333
Michael Roach	-	200,000	-	-	200,000	200,000	200,000	-
	-	1,700,000	-	-	1,700,000	1,700,000	1,200,001	499,999

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors' meetings	Committee meetings: Audit & Risk	Corporate Governance	Remuneration & Nomination
Number of meetings held:	12	4	4	2
Number of meetings attended:				
Richard Graham	12	-	-	-
Gary Martin	11	-	-	-
Geoffrey Henderson	12	4	4	-
Myer Herszberg	11	2	3	2
Frances Hernon	10	-	4	2
Andrew Moffat	12	4	-	2
Nick Georges (Alternate)	1	-	-	-

ROUNDING

The amounts contained in this Report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the Directors of Infomedia Ltd support and have adhered to the principles of good corporate governance. The Company's corporate governance statement is after the independent audit report.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received an auditor's independence declaration from the auditor of the Company. This declaration can be found on the following page.

NON-AUDIT SERVICES

Ernst & Young did not provide any non-audit services during the financial year ended 30 June 2006.

Signed in accordance with a resolution of the Directors.

Richard David Graham

Chairman of the Board

Sydney, 23 August 2006

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Infomedia Ltd

In relation to our audit of the financial report of Infomedia Ltd for the financial year ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

J K Haydon
Partner
Sydney
Date: 23 August 2006

Liability limited by a scheme approved
under Professional Standards Legislation

INCOME STATEMENT

YEAR ENDED 30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	2006	2005
		$'000	$'000	$'000	$'000
Sales revenue		55,577	59,137	46,112	52,628
Rental revenue		646	618	-	-
Finance revenue		268	272	1,164	1,216
Revenue		56,491	60,027	47,276	53,844
Cost of sales	3(i)	(17,472)	(17,404)	(13,436)	(14,541)
Gross profit		39,019	42,623	33,840	39,303
Other income	3(ii)	2,892	2,682	677	2,489
Employee benefits expense	3(iii)	(8,009)	(9,914)	(6,851)	(8,703)
Depreciation and amortisation	3(iv)	(3,355)	(4,669)	(2,689)	(4,041)
Decrement in value of non-current assets	3(v)	-	(12,782)	-	(12,782)
Finance costs		(197)	(97)	(197)	(97)
Legal costs incurred in enforcement of contractual rights		-	(1,227)	-	(1,227)
Non-cancellable surplus lease space on other locations		-	(178)	-	(178)
Operating lease rental		(534)	(667)	(912)	(1,162)
Foreign currency exchange loss		-	(450)	-	(426)
Other expenses		(5,002)	(5,600)	(5,302)	(4,548)
Profit before income tax		24,814	9,721	18,566	8,628
Income tax expense	4	(6,668)	(3,374)	(4,866)	(2,917)
Profit after income tax		18,146	6,347	13,700	5,711
Basic earnings per share (cents per share)	5	5.58	1.95		
Diluted earnings per share (cents per share)	5	5.57	1.95		
Dividends per share – ordinary (cents per share)	6	4.00	3.40		
Dividends per share – special (cents per share)	6	7.00	-		

BALANCE SHEET

AT 30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	**2006**	2005
CURRENT ASSETS		**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents		**26,021**	10,821	**25,089**	8,803
Trade and other receivables	7	**6,751**	6,042	**4,409**	4,607
Inventories	8	**84**	88	**71**	44
Prepayments		**544**	540	**448**	434
Derivatives	31	**229**	-	**229**	-
TOTAL CURRENT ASSETS		**33,629**	17,491	**30,246**	13,888
NON-CURRENT ASSETS					
Intercompany	9	**-**	-	**451**	22,043
Other financial assets	10	**804**	1,260	**1,052**	1,507
Property, plant and equipment	12	**4,066**	22,582	**3,402**	5,263
Intangible assets and goodwill	13	**17,375**	13,656	**12,754**	9,683
Deferred tax assets	4	**1,790**	988	**1,592**	779
TOTAL NON-CURRENT ASSETS		**24,035**	38,486	**19,251**	39,275
TOTAL ASSETS		**57,664**	55,977	**49,497**	53,163
CURRENT LIABILITIES					
Trade and other payables	15	**3,974**	3,640	**2,988**	2,994
Interest bearing loans and borrowings	16	**500**	-	**500**	-
Provisions	17	**2,711**	1,971	**2,001**	1,294
Income tax payable		**3,451**	1,215	**3,126**	1,080
Deferred revenue	18	**816**	810	**405**	367
TOTAL CURRENT LIABILITIES		**11,452**	7,636	**9,020**	5,735
NON-CURRENT LIABILITIES					
Provisions	19	**2,339**	534	**2,187**	460
Deferred tax liabilities	4	**2,062**	1,338	**1,576**	1,097
TOTAL NON-CURRENT LIABILITIES		**4,401**	1,872	**3,763**	1,557
TOTAL LIABILITIES		**15,853**	9,508	**12,783**	7,292
NET ASSETS		**41,811**	46,469	**36,714**	45,871
EQUITY					
Contributed equity	20	**17,488**	17,488	**17,488**	17,488
Reserves	20	**1,010**	706	**976**	725
Retained profits		**23,313**	28,275	**18,250**	27,658
TOTAL EQUITY		**41,811**	46,469	**36,714**	45,871

CASH FLOW STATEMENT

YEAR ENDED 30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	2006	2005
		$'000	$'000	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**54,522**	64,097	**46,229**	48,754
Payments to suppliers and employees		**(31,036)**	(38,065)	**(23,556)**	(23,518)
Interest received		**268**	272	**1,164**	1,216
Borrowing costs		**(197)**	(97)	**(197)**	(97)
Income tax paid		**(4,528)**	(6,332)	**(4,528)**	(6,332)
NET CASH FLOWS FROM OPERATING ACTIVITIES	21 (a)	**19,029**	19,875	**19,112**	20,023
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		**(1,625)**	(1,801)	**(1,121)**	(1,679)
Proceeds from sale of property, plant and equipment including property held for resale	3(vi)	**23,000**	1,734	**1,750**	-
Non refundable payment for capital works	3(vi)	**(500)**	-	**-**	-
Purchase of intellectual property		**(2,096)**	-	**(2,096)**	-
Purchase of shares in controlled entity		**-**	-	**(1)**	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**18,779**	(67)	**(1,468)**	(1,679)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		**8,000**	1,000	**8,000**	1,000
Repayment of borrowings		**(7,500)**	(5,173)	**(7,500)**	(5,173)
Repayment of loan from controlled entity		**-**	-	**21,250**	-
Dividends paid on ordinary shares	6	**(23,108)**	(11,701)	**(23,108)**	(11,701)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(22,608)**	(15,874)	**(1,358)**	(15,874)
NET INCREASE IN CASH HELD		**15,200**	3,934	**16,286**	2,470
Add opening cash brought forward		**10,821**	6,887	**8,803**	6,333
CLOSING CASH CARRIED FORWARD	21 (b)	**26,021**	10,821	**25,089**	8,803

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 June 2006	CONSOLIDATED			
	Contributed equity	Retained earnings	Other reserves	Total
	$'000	$'000	$'000	$'000
At 1 July 2005	17,488	28,275	706	46,469
Currency translation differences	-	-	53	53
Profit for the year	-	18,146	-	18,146
Cost of share based payments	-	-	251	251
Equity dividends	-	(23,108)	-	(23,108)
At 30 June 2006	17,488	23,313	1,010	41,811

YEAR ENDED 30 June 2005	CONSOLIDATED			
	Contributed equity	Retained earnings	Other reserves	Total
	$'000	$'000	$'000	$'000
At 1 July 2004	17,488	33,629	404	51,521
Currency translation differences	-	-	(28)	(28)
Profit for the year	-	6,347	-	6,347
Cost of share based payments	-	-	330	330
Equity dividends	-	(11,701)	-	(11,701)
At 30 June 2005	17,488	28,275	706	46,469

YEAR ENDED 30 June 2006	INFOMEDIA LTD			
	Contributed equity	Retained earnings	Other reserves	Total
	$'000	$'000	$'000	$'000
At 1 July 2005	17,488	27,658	725	45,871
Profit for the year	-	13,700	-	13,700
Cost of share based payments	-	-	251	251
Equity dividends	-	(23,108)	-	(23,108)
At 30 June 2006	17,488	18,250	976	36,714

YEAR ENDED 30 June 2005	INFOMEDIA LTD			
	Contributed equity	Retained earnings	Other reserves	Total
	$'000	$'000	$'000	$'000
At 1 July 2004	17,488	33,648	395	51,531
Profit for the year	-	5,711	-	5,711
Cost of share based payments	-	-	330	330
Equity dividends	-	(11,701)	-	(11,701)
At 30 June 2005	17,488	27,658	725	45,871

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

1. CORPORATE INFORMATION

The financial report of Infomedia Ltd for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the Directors on 23 August 2006.

Infomedia Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

This is the first annual financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly except for the adoption of AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement*. Reconciliations of AIFRS equity and profit for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note 25.

The following Australian Accounting Standards have recently been issued or amended and are applicable to the Company in future periods but are not yet effective and have not been adopted for the annual reporting year ended 30 June 2006:

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AASB/UIG Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date of standard*	Application date for Company
2005-1	AASB 139: *Financial Instruments: Recognition and Measurement*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-4	AASB 139: *Financial Instruments: Recognition and Measurement*, AASB 132: *Financial Instruments: Disclosure and Presentation*, AASB 1: *First-time Adoption of AIFRS*, AASB 1023: *General Insurance Contracts* and AASB 1038: *Life Insurance Contracts*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-6	AASB 3: *Business Combinations*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-9	AASB 4: *Insurance Contracts*, AASB 1023: *General Insurance Contracts*, AASB 139: *Financial Instruments: Recognition and Measurement* and AASB 132: *Financial Instruments: Disclosure and Presentation*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-10	AASB 132: *Financial Instruments: Disclosure and Presentation*, AASB 101: *Presentation of Financial Statements*, AASB 114: *Segment Reporting*, AASB 117: *Leases*, AASB 133: *Earnings per Share*, AASB 139: *Financial Instruments: Recognition and Measurement*, AASB 1: *First-time Adoption of AIFRS*, AASB 4: *Insurance Contracts*, AASB 1023: *General Insurance Contracts* and AASB 1038: *Life Insurance Contracts*	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007
2006-1	AASB 121: *The Effects of Change in Foreign Currency Rates*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
New standard	AASB 7: *Financial Instruments: Disclosures*	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007
UIG4	UIG 4: *Determining whether an Arrangement contains a Lease*	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
UIG8	UIG 8: *Scope of AASB 2*	No change to accounting policy required. Therefore no impact.	1 May 2006	1 July 2006
UIG9	UIG 9: *Reassessment of Embedded Derivatives*	No change to accounting policy required. Therefore no impact.	1 June 2006	1 July 2006

* Application date is for the annual reporting periods beginning on or after the date shown in the above table.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Infomedia Ltd and its subsidiaries ('the Company'). The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Infomedia Ltd has control.

(d) Significant accounting judgements, estimates and assumptions

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

> Impairment of goodwill

The Company determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in Note 14.

> Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, using the assumptions detailed in Note 23.

(e) Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies of the Company are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the Company that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the reporting period.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments

The Company uses derivative financial instruments such as foreign currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For the purposes of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

For cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same reporting period in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the reporting period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the reporting period.

Translation of financial reports of overseas operations

Both the functional and presentation currency of Infomedia Ltd and its Australian subsidiaries is Australian dollars (A$).

All differences in the consolidated financial report are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The functional currency of the overseas subsidiaries is as follows:

IFM Europe Ltd	Euros
IFM North America Inc	United States Dollars (USD)

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Infomedia Ltd at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash and cash equivalents

Cash on hand and in banks and short term deposits are stated at nominal values.

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks, and money market investments readily convertible to cash within three months, net of outstanding bank overdrafts.

(g) Trade and other receivables

The Company has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below are the relevant accounting policies for trade and other receivables applicable for the years ended 30 June 2006 and 30 June 2005.

Accounting policies applicable for the year ended 30 June 2006

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Accounting policies applicable for the year ended 30 June 2005

Trade receivables were recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts was made when collection of the full amount was no longer probable. Bad debts were written off as incurred.

(h) Investments and other financial assets

The Company has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below are the relevant accounting policies for investments and other financial assets applicable for the years ended 30 June 2006 and 30 June 2005.

Accounting policies applicable for the year ended 30 June 2006

Financial assets in the scope of AASB 139: Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale investments, as appropriate. For the Company the relevant category is listed below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Accounting policies applicable for the year ended 30 June 2005

All non-current investments are held at the lower of cost and recoverable amount.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials – purchase cost on a first-in-first-out basis.

(j) Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Company at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Company's primary or the Company's secondary reporting format determined in accordance with AASB 114: *Segment Reporting*.

Impairment is determined by assessing the recoverable amount of the cash generating unit (group of cash generating units), to which the goodwill relates. When the recoverable amount of the cash generating unit (group of cash generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash generating unit (group of cash generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed (with the exception of goodwill) only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(m) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at cost less accumulated depreciation on buildings and less any impairment losses recognised.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Major depreciation periods are:	2006	2005
Freehold buildings:	40 years	40 years
Leasehold improvements:	5 to 20 years	5 to 20 years
Other plant and equipment:	3 to 15 years	3 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash generating units exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(n) 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Company as a lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(ii) Company as a lessor

Leases in which the Company retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income (i.e. on a straight-line basis).

(o) Trade and other payables

The Company has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below are the relevant accounting policies for trade and other payables applicable for the years ended 30 June 2006 and 30 June 2005.

Accounting policies applicable for the year ended 30 June 2006

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

Accounting policies applicable for the year ended 30 June 2005

Trade payables and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(p) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Deferred revenue

Certain contracts allow annual subscriptions to be invoiced in advance. The components of revenue relating to the subscription period beyond balance date are recorded as a liability.

(r) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(s) Contributed equity

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.

(t) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Subscriptions

Subscription revenue is recognised when the copyright article has passed to the buyer with related support revenue being recognised over the service period. Where the copyright article and related support revenue are inseparable, then the revenue is recognised over the service period.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(u) Cost of sales

Cost of sales includes the direct cost of raw materials, direct salary and wages, and agency costs associated with the manufacture and distribution of the product.

(v) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable thattaxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(w) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(x) Employee leave benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and 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 period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash flows.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Share based payment transactions

The Company provides benefits to employees in the form of share based payment transactions, whereby employees render services in exchange for shares or options over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

(i) the Employee Share Plan (ESP); and

(ii) the Employee Option Plan (EOP).

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Infomedia Ltd ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the option ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met, as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled option are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the option is recognised immediately. However, if a new option is substituted for the cancelled option, and designated as a replacement option on the date that it is granted, the cancelled and new option are treated as if they were a modification of the original option, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The Company has applied the exemptions of AASB 1: *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* in respect of equity-settled options and has applied AASB 2: *Share based Payments* only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Earnings per share

Basic earnings per share is determined by dividing the profit attributed to members of the parent after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- cost of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

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30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000
3. REVENUE AND EXPENSES					
(i) Cost of sales					
Direct wages		**10,922**	7,832	**6,009**	6,377
Other		**6,550**	9,572	**7,427**	8,164
Total cost of sales		**17,472**	17,404	**13,436**	14,541
(ii) Other income					
Net gain on disposal of property, plant and equipment including property held for resale	3(vi)	**2,432**	193	**194**	-
Unrealised gain on forward foreign currency exchange contracts		**231**	-	**254**	-
Fair value change on derivatives	31	**229**	-	**229**	-
Proceeds from settlement of legal claim	3(viii)	**-**	2,489	**-**	2,489
Total other income		**2,892**	2,682	**677**	2,489
(iii) Employee benefit expense					
Salaries and wages (including on-costs)		**7,758**	9,109	**6,600**	7,898
Redundancies and associated costs	3(viii)	**-**	475	**-**	475
Share based payment expense		**251**	330	**251**	330
Total employee benefit expense		**8,009**	9,914	**6,851**	8,703
(iv) Depreciation and amortisation					
Depreciation of non-current assets:					
- Buildings		**333**	345	**-**	-
- Leasehold improvements		**531**	495	**487**	455
- Office equipment		**1,135**	998	**1,006**	908
- Furniture and fittings		**55**	46	**44**	43
- Plant and equipment		**389**	354	**389**	354
Total depreciation of non-current assets		**2,443**	2,238	**1,926**	1,760
Amortisation of non-current assets					
- Intellectual property		**283**	1,702	**134**	1,552
- Deferred development costs		**629**	729	**629**	729
Total amortisation of non-current assets		**912**	2,431	**763**	2,281
Total depreciation and amortisation		**3,355**	4,669	**2,689**	4,041
(v) Decrement in value of non-current assets					
- Development		**-**	812	**-**	812
- Goodwill		**-**	381	**-**	381
- Intellectual property		**-**	11,589	**-**	11,589
Total decrement in value of non-current assets	3(viii)	**-**	12,782	**-**	12,782

30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000
3. REVENUE AND EXPENSES (CONTINUED)					
(vi) Profit on sale of assets					
Gross proceeds from the sale of property, plant and equipment		**23,000**	-	**1,750**	-
Gross proceeds from the sale of property held for resale		**-**	1,734		-
Non-refundable payment for capital works		**(500)**	-	**-**	-
Net proceeds from the sale of assets		**22,500**	1,734	**1,750**	-
Net book value of assets disposed:					
Freehold land and buildings	12	**(16,644)**	-	**-**	-
Leasehold improvements	12	**(1,309)**	-	**(1,309)**	-
Office equipment	12	**(29)**	-	**(29)**	-
Furniture and fittings	12	**(218)**	-	**(218)**	-
Property held for resale		**-**	(1,541)	**-**	-
Net book value of assets disposed		**(18,200)**	(1,541)	**(1,556)**	-
Gross profit on sale of assets		**4,300**	193	**194**	
Non-cancellable surplus lease space and other non recoverable lease incentives on corporate headquarters		**(1,868)**	-	**-**	-
Net profit on sale of assets		**2,432**	193	**194**	
(vii) Research & development costs					
Total research & development costs incurred during the period		**4,510**	3,482	**3,680**	3,482
Less: development costs deferred	13	**(2,221)**	(1,490)	**(1,424)**	(1,490)
Net research and development costs expensed		**2,289**	1,992	**2,256**	1,992
(viii) Net significant items					
Significant items charged to profit before income tax:					
Decrement in value of non-current assets		**-**	12,782	**-**	12,782
Legal costs incurred in enforcement of contractual rights		**-**	1,227	**-**	1,227
Redundancies and associated costs		**-**	475	**-**	475
Non-cancellable surplus lease space		**-**	178	**-**	178
Less:					
Significant items credited to profit:					
Proceeds from settlement of legal claims		**-**	(2,489)	**-**	(2,489)
Net significant items charged to profit before tax		**-**	12,173	**-**	12,173
Tax effect on significant items		**-**	(3,065)	**-**	(3,065)
Net significant items charged to profit after tax		**-**	9,108	**-**	9,108

30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000
4. INCOME TAX					
The major components of income tax expense are:					
Income statement					
Current income tax:					
Current income tax charge		**5,469**	5,649	**3,799**	5,529
Adjustments in respect of current income tax of previous years.		**(327)**	(248)	**(225)**	(205)
Deferred income tax:					
Relating to origination and reversal of temporary differences		**1,526**	(2,027)	**1,292**	(2,407)
Income tax expense reported in the income statement		**6,668**	3,374	**4,866**	2,917
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:					
Accounting profit before income tax		**24,814**	9,721	**18,566**	8,628
At the Company's statutory income tax rate of 30% (2005: 30%)		**7,444**	2,916	**5,570**	2,588
Adjustments in respect of current income tax of previous years		**(327)**	(248)	**(225)**	(205)
Additional research and development deduction		**(660)**	(283)	**(601)**	(283)
Decrement in value of non-current assets		**-**	607	**-**	607
Expenditure not allowable for income tax purposes		**211**	318	**122**	210
Other		**-**	64	**-**	-
Income tax expense reported in the income statement		**6,668**	3,374	**4,866**	2,917

Tax consolidation

Effective 1 July 2002, for the purposes of income taxation, Infomedia Ltd and its 100% owned Australian subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112: *Income Taxes*. Allocations under the tax funding agreement are made after the finalisation of the group's income tax return. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, Infomedia Ltd.

30 June 2006	Notes	BALANCE SHEET		INCOME STATEMENT	
		2006	2005	**2006**	2005
4. INCOME TAX (CONTINUED)		**$'000**	$'000	**$'000**	$'000
Deferred income tax					
Deferred income tax at 30 June relates to the following:					
CONSOLIDATED					
Deferred tax liabilities					
Prepayments		**(8)**	-	**8**	-
Derivatives		**(69)**	-	**69**	-
Property, plant and equipment		**(150)**	-	**150**	-
Deferred development costs		**(1,574)**	(1,097)	**477**	(15)
Intellectual property		**(243)**	(241)	**2**	(2,195)
Currency exchange		**(18)**	-	**18**	(56)
		(2,062)	(1,338)		
CONSOLIDATED					
Deferred tax assets					
Allowance for doubtful debts		**75**	169	**(94)**	127
Copyright intellectual property		**176**	-	**176**	-
Other payables		**97**	82	**15**	(186)
Employee entitlement provisions		**710**	663	**47**	224
Other provisions		**732**	51	**681**	51
Currency exchange		**-**	23	**(23)**	23
Gross deferred income tax assets		**1,790**	988		
Deferred tax income/(expense)				**1,526**	(2,027)
PARENT					
Deferred tax liabilities					
Prepayments		**(5)**	-	**5**	-
Derivatives		**(69)**	-	**69**	-
Property, plant and equipment		**(150)**	-	**150**	-
Deferred development costs		**(1,335)**	(1,097)	**238**	(15)
Intellectual property		**-**	-	**-**	(2,436)
Currency exchange		**(17)**	-	**17**	(56)
		(1,576)	(1,097)		
PARENT					
Deferred tax assets					
Allowance for doubtful debts		**69**	169	**(100)**	127
Copyright intellectual property		**176**	-	**176**	-
Other payables		**91**	63	**28**	(200)
Employee entitlement provisions		**524**	473	**51**	99
Other provisions		**732**	51	**681**	51
Currency exchange		**-**	23	**(23)**	23
		1,592	779		
Deferred tax income/(expense)				**1,292**	(2,407)

5. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	Notes	CONSOLIDATED	
		2006	2005
		$'000	$'000
Net profit attributable to equity holders from continuing operations		**18,146**	6,347
		Number of shares	Number of shares
Weighted average number of ordinary shares for basic earnings per share		**325,456,844**	325,037,011
Effect of dilution:			
Employee share plans		**14,729**	7,416
Share options		**132,313**	1,198
Adjusted weighted average number of ordinary shares for diluted earnings per share		**325,603,886**	325,045,625

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000
6. DIVIDENDS PROPOSED OR PAID					
(a) Dividends paid during the year:					
Franked interim dividend – 1.90 cents (2005:1.70) per share		**6,184**	5,527	**6,184**	5,527
Prior year final franked dividend – 1.70 cents (2005: 1.90 cents) per share		**5,533**	6,174	**5,533**	6,174
Special dividend – 3.50 cents per share		**11,391**	-	**11,391**	-
Total dividends paid during the year		**23,108**	11,701	**23,108**	11,701
(b) Dividends proposed and not recognised as a liability:					
Final franked dividend – 2.10 cents (2005: 1.70) per share		**6,835**	5,533	**6,835**	5,533
Special franked dividend – 3.50 cents (2005: Nil) per share		**11,391**	-	**11,391**	-
		18,226	5,533	**18,226**	5,533
(c) Franking credit balance:					
The amount of franking credits available for the subsequent financial year are:					
– franking account balance as at the end of the financial year				**6,362**	11,730
– franking credits that will arise from the payment of income tax payable as at the end of the financial year				**3,126**	1,080
				9,488	12,810
The tax rate at which paid dividends have been franked is 30% (2005: 30%). Dividends proposed will be franked at the rate of 30% (2005: 30%).					
7. TRADE AND OTHER RECEIVABLES (CURRENT)					
Trade debtors (a)		**6,707**	6,464	**4,180**	4,717
Allowance for doubtful debts		**(480)**	(877)	**(228)**	(562)
		6,227	5,587	**3,952**	4,155
Other debtors		**524**	455	**457**	452
		6,751	6,042	**4,409**	4,607

(a) Trade debtors are non-interest bearing and are generally on 30-60 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade debtor is impaired. The amount of the allowance/impairment loss is recognised as the difference between the carrying amount of the debtor and the estimated future cash flows expected to be received from the relevant debtors.

30 June 2006	Notes	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	INFOMEDIA LTD 2006 $'000	INFOMEDIA LTD 2005 $'000
8. INVENTORIES					
Raw materials					
At cost		84	88	71	44
Total Inventories at the lower of cost and net realisable value		84	88	71	44
9. INTERCOMPANY (NON-CURRENT)					
Wholly-owned controlled entities		-	-	451	22,043
		-	-	451	22,043
10. OTHER FINANCIAL ASSETS (NON-CURRENT)					
Investments in controlled entities	11	-	-	248	247
Other receivables		804	1,260	804	1,260
		804	1,260	1,052	1,507

11. INTERESTS IN CONTROLLED ENTITIES

Name	Country of incorporation	Percentage of equity interest held by the Company 2006 %	Percentage of equity interest held by the Company 2005 %	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	INFOMEDIA LTD 2006 $'000	INFOMEDIA LTD 2005 $'000
IFM Europe Ltd - ordinary shares	United Kingdom	100	100			247	247
Infomedia Investments Pty Ltd - ordinary shares - $2 only	Australia	100	100			-	-
Datateck Publishing Pty Ltd - ordinary shares - $4 only	Australia	100	100			-	-
AutoConsulting Pty Ltd - ordinary shares - $1 only	Australia	100	100			-	-
IFM North America Inc - ordinary shares	United States of America	100	100				
						1	-
						248	247

30 June 2006	Notes	CONSOLIDATED			INFOMEDIA LTD		
		2006	2005	2004	**2006**	2005	2004
		$'000	$'000	$'000	**$'000**	$'000	$'000
12. PROPERTY, PLANT AND EQUIPMENT							
Freehold land and buildings							
At cost		**-**	17,531	17,531	**-**	-	-
Accumulated depreciation		**-**	(555)	(210)	**-**	-	-
		-	16,976	17,321	**-**	-	-
Leasehold improvements							
At cost		**1,286**	3,039	2,664	**915**	2,764	2,391
Accumulated amortisation		**(369)**	(901)	(419)	**(148)**	(725)	(283)
		917	2,138	2,245	**767**	2,039	2,108
Total land and buildings		**917**	19,114	19,566	**767**	2,039	2,108
Office equipment							
At cost		**6,925**	5,772	4,691	**5,834**	4,995	4,024
Accumulated depreciation		**(4,616)**	(3,580)	(2,582)	**(3,943)**	(3,038)	(2,130)
		2,309	2,192	2,109	**1,891**	1,957	1,894
Furniture and fittings							
At cost		**334**	554	471	**212**	529	449
Accumulated depreciation		**(119)**	(167)	(121)	**(93)**	(151)	(108)
		215	387	350	**119**	378	341
Plant and equipment							
At cost		**2,597**	2,512	2,325	**2,597**	2,512	2,325
Accumulated depreciation		**(1,972)**	(1,623)	(1,324)	**(1,972)**	(1,623)	(1,324)
		625	889	1,001	**625**	889	1,001
Total plant and equipment		**3,149**	3,468	3,460	**2,635**	3,224	3,236
Total property, plant and equipment							
At cost		**11,142**	29,408	27,682	**9,558**	10,800	9,189
Accumulated depreciation and amortisation		**(7,076)**	(6,826)	(4,656)	**(6,156)**	(5,537)	(3,845)
Total written down amount		**4,066**	22,582	23,026	**3,402**	5,263	5,344

30 June 2006	CONSOLIDATED			INFOMEDIA LTD		
	2006	2005	2004	**2006**	2005	2004
	$'000	$'000	$'000	**$'000**	$'000	$'000
12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)						
Reconciliation of property, plant and equipment carrying values;						
Freehold land and buildings						
Carrying amount – opening balance	**16,976**	17,321	2,741	**-**	-	616
Additions	**-**	-	17,531	**-**	-	-
Disposals	**(16,644)**	-	(1,247)	**-**	-	(611)
Transfers to property held for resale	**-**	-	(1,437)	**-**	-	-
Depreciation	**(332)**	(345)	(267)	**-**	-	(5)
Carrying amount – closing balance	**-**	16,976	17,321	**-**	-	-
Leasehold Improvements						
Carrying amount – opening balance	**2,138**	2,245	1,066	**2,039**	2,108	910
Additions	**619**	388	1,945	**524**	386	1,827
Disposals	**(1,309)**	-	(98)	**(1,309)**	-	(98)
Transfers to property held for resale	**-**	-	(97)	**-**	-	-
Depreciation	**(531)**	(495)	(571)	**(487)**	(455)	(531)
Carrying amount – closing balance	**917**	2,138	2,245	**767**	2,039	2,108
Office equipment						
Carrying amount – opening balance	**2,192**	2,109	2,050	**1,957**	1,894	1,910
Additions	**1,281**	1,081	1,081	**969**	971	888
Disposals	**(29)**	-	-	**(29)**	-	-
Depreciation	**(1,135)**	(998)	(1,022)	**(1,006)**	(908)	(904)
Carrying amount – closing balance	**2,309**	2,192	2,109	**1,891**	1,957	1,894
Furniture and fittings						
Carrying amount – opening balance	**387**	350	371	**378**	341	358
Additions	**101**	83	47	**3**	80	47
Disposals	**(218)**	-	-	**(218)**	-	-
Depreciation	**(55)**	(46)	(68)	**(44)**	(43)	(64)
Carrying amount – closing balance	**215**	387	350	**119**	378	341
Plant and equipment						
Carrying amount – opening balance	**889**	1,001	854	**889**	1,001	808
Additions	**125**	249	498	**125**	242	498
Disposals	**-**	(7)	(58)	**-**	-	(12)
Depreciation	**(389)**	(354)	(293)	**(389)**	(354)	(293)
Carrying amount – closing balance	**625**	889	1,001	**625**	889	1,001

30 June 2006	CONSOLIDATED				INFOMEDIA LTD			
	Development costs[1]	Intellectual Property[2]	Goodwill[2]	Total	Development costs[1]	Intellectual Property[2]	Goodwill[2]	Total
	$'000	$'000	$'000	$'000	$000	$'000	$'000	$'000
13. INTANGIBLE ASSETS AND GOODWILL								
At 1 July 2005								
Cost (gross carrying amount)	4,008	1,500	8,837	14,345	4,008	-	6,026	10,034
Accumulated amortisation	(351)	(338)	-	(689)	(351)	-	-	(351)
Net carrying amount	3,657	1,162	8,837	13,656	3,657	-	6,026	9,683
Year ended 30 June 2006								
At 1 July 2005, net of accumulated amortisation and impairment	3,657	1,162	8,837	13,656	3,657	-	6,026	9,683
Additions – internal development	2,221	-	-	2,221	1,424	-	-	1,424
Purchased intellectual property	-	2,410	-	2,410	-	2,410	-	2,410
Impairment	-	-	-	-	-	-	-	-
Amortisation	(629)	(283)	-	(912)	(629)	(134)	-	(763)
At 30 June 2006, net of accumulated amortisation and impairment	5,249	3,289	8,837	17,375	4,452	2,276	6,026	12,754
At 30 June 2006								
Cost (gross carrying amount)	6,229	3,910	8,837	18,976	5,432	2,410	6,026	13,868
Accumulated amortisation	(980)	(621)	-	(1,601)	(980)	(134)	-	(1,114)
Net carrying amount	5,249	3,289	8,837	17,375	4,452	2,276	6,026	12,754

1. Internally generated.
2. Purchased as part of business/territory acquisition.

Development costs have been capitalised at cost. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period not exceeding four years. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Intellectual property includes intangible assets acquired through business or territory acquisition and relates primarily to copyright and software code over key products. Intellectual property is amortised over its useful life, being 10 years.

As from 1 July 2005, goodwill is no longer amortised but is now subject to annual impairment testing (see Note 14).

	CONSOLIDATED				INFOMEDIA LTD			
	Development costs	Intellectual Property	Goodwill	Total	Development costs	Intellectual Property	Goodwill	Total
	$'000	$'000	$'000	$'000	$000	$'000	$'000	$'000
13. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)								
At 1 July 2004								
Cost (gross carrying amount)	5,648	18,019	9,218	32,885	5,648	16,519	6,407	28,574
Accumulated amortisation	(1,940)	(3,566)	-	(5,506)	(1,940)	(3,378)	-	(5,318)
Net carrying amount	3,708	14,453	9,218	27,379	3,708	13,141	6,407	23,256
Year ended 30 June 2005								
At 1 July 2004, net of accumulated amortisation and impairment	3,708	14,453	9,218	27,379	3,708	13,141	6,407	23,256
Additions – internal development	1,490	-	-	1,490	1,490	-	-	1,490
Purchased intellectual property	-	-	-	-	-	-	-	-
Impairment	(812)	(11,589)	(381)	(12,782)	(812)	(11,589)	(381)	(12,782)
Amortisation	(729)	(1,702)	-	(2,431)	(729)	(1,552)	-	(2,281)
At 30 June 2005, net of accumulated amortisation and impairment	3,657	1,162	8,837	13,656	3,657	-	6,026	9,683
At 30 June 2005								
Cost (gross carrying amount)	4,008	1,500	8,837	14,345	4,008	-	6,026	10,034
Accumulated amortisation	(351)	(338)	-	(689)	(351)	-	-	(351)
Net carrying amount	3,657	1,162	8,837	13,656	3,657	-	6,026	9,683

Intangible assets that had a net zero carrying value at the end of the 2005 financial year, where the expected future use of those assets was considered highly unlikely, have been written out by crediting the gross carrying amount and debiting the accumulated amortisation.

14. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES

Goodwill acquired through business combinations has been allocated to two individual cash generating units for impairment testing as follows:

- Electronic Catalogue & Publishing cash generating unit
- Business Systems (NOVA product group) cash generating unit

Electronic Catalogue and Publishing cash generating unit

The recoverable amount of the Electronic Catalogue and Publishing cash generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management.

The discount rate applied to cash flow projections is 14% (2005: 14%) covering a five year period.

Business Systems (NOVA product group) cash generating unit

The recoverable amount of the Business Systems (NOVA product group) cash generating unit has also been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management.

The discount rate applied to cash flow projections is 14% (2005: 14%) covering a five year period

Carrying amount of goodwill allocated to each of the cash generating units is as follows:

CONSOLIDATED	Electronic Catalogue and Publishing		Business Systems (NOVA product group)		Total	
	2006	2005	**2006**	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Carrying amount of goodwill	**8,541**	8,541	**296**	296	**8,837**	8,837
PARENT						
Carrying amount of goodwill	**6,026**	6,026	**-**	-	**6,026**	6,026

Key assumptions used in value in use calculations for 30 June 2006 and 30 June 2005

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of its cash generating units:

- the Company will continue to have access to the data supply from automakers over the budgeted period;
- the Company will not experience any substantial adverse movements in currency exchange rates; and
- the Company's research and development program will ensure that the current suite of products remains leading edge.

30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000
15. TRADE AND OTHER PAYABLES (CURRENT)					
Trade creditors	15(a)	**1,131**	1,598	**565**	1,113
Other creditors		**2,843**	2,042	**2,423**	1,881
		3,974	3,640	**2,988**	2,994
(a) Trade creditors are non-interest bearing and are normally settled on 30 day terms.					
16. INTEREST BEARING LOANS AND BORROWINGS (CURRENT)					
Bank loans	16(a)	**500**	-	**500**	-
		500	-	**500**	-
(a) The bank loan drawings have been made under a multi-currency cash advance facility. The drawings at balance date are denominated in Australian dollars. The USD13 million facility terminates in August 2008 (refer also Notes 21(c), 22(c) and 31).					
17. PROVISIONS (CURRENT)					
Employee entitlements		**2,063**	1,971	**1,353**	1,294
Provision for non-cancellable surplus lease space and other lease incentives	19(a)	**648**	-	**648**	-
		2,711	1,971	**2,001**	1,294
18. DEFERRED REVENUE (CURRENT)					
Revenue in advance		**816**	810	**405**	367
		816	810	**405**	367

30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	2006	2005
		$'000	$'000	$'000	$'000
19. PROVISIONS (NON-CURRENT)					
Employee entitlements		545	356	393	282
Provision for non-cancellable surplus lease space and other lease incentives	19(a)	1,294	178	1,294	178
Make good provision	19(b)	500	-	500	-
		2,339	534	2,187	460
(a) Movement in non-cancellable surplus lease space and other lease incentives provision:					
Carrying amount at the beginning of the year		178	-	178	-
Arising during the year		1,868	178	1,868	178
Utilised		(104)	-	(104)	-
Carrying amount at the end of the year		1,942	178	1,942	178
Current	17	648	-	648	-
Non-current		1,294	178	1,294	178
		1,942	178	1,942	178
The provision for non-cancellable lease space and other lease incentives has been made pursuant to the lease obligations under contract to the extent that no future benefits are anticipated.					
(b) Movement in make good provision:					
Carrying amount at the beginning of the year		-	-	-	-
Arising during the year		500	-	500	-
Carrying amount at the end of the year		500	-	500	-
The provision for make good has been made pursuant to the Company's obligation to restore leased premises to original condition at the end of the lease term.					

30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
20. CONTRIBUTED EQUITY AND RESERVES		**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000
Ordinary shares		**17,488**	17,488	**17,488**	17,488
		17,488	17,488	**17,488**	17,488

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Parent does not have authorised capital nor par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Notes	Number	$'000
Movement in ordinary shares on issue			
At 1 July 2004		**324,762,959**	**17,488**
Employee Share Plan issuance – 15/7/2004	23	**192,816**	**-**
Employee Share Plan issuance – 20/1/2005	23	**200,430**	**-**
At 1 July 2005		**325,156,205**	**17,488**
Employee Share Plan issuance – 18/7/2005	23	**315,368**	**-**
At 30 June 2006		**325,471,573**	**17,488**

Employee Option Plan

A total of 1,700,000 options were issued to eligible employees during the year at an average exercise price of $0.50. Refer to Note 23.

30 June 2006	Notes	CONSOLIDATED			INFOMEDIA LTD
Movement in ordinary shares on issue		**Employee equity benefits reserve**	**Foreign currency translation reserve**	**Total**	**Employee equity benefits reserve**
		$'000	**$'000**	**$'000**	**$'000**
At 1 July 2004		**395**	**9**	**404**	**395**
Currency translation differences		**-**	**(28)**	**(28)**	**-**
Share based payments		**330**	**-**	**330**	**330**
At 30 June 2005		**725**	**(19)**	**706**	**725**
Currency translation differences		**-**	**53**	**53**	**-**
Share based payments		**251**	**-**	**251**	**251**
At 30 June 2006		**976**	**34**	**1,010**	**976**

Nature and purpose of reserves

Employee equity benefits reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their compensation. Refer to Note 23 for further details.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	**2006**	2005
21. STATEMENT OF CASH FLOWS		**$'000**	$'000	**$'000**	$'000
(a) Reconciliation of profit after tax to the net cash flows from operations					
Profit from ordinary activities after income tax expense		**18,146**	6,347	**13,700**	5,711
Depreciation of non-current assets		**2,443**	2,238	**1,926**	1,760
Amortisation of non-current assets		**912**	2,431	**763**	2,281
Amortisation of employee options		**251**	330	**251**	330
Decrement in value of non-current assets		**-**	12,782	**-**	12,782
Gross profit on sale of property, plant and equipment including property held for resale		**(4,300)**	(193)	**(194)**	-
Changes in assets and liabilities					
(Increase)/decrease in trade and other debtors		**(31)**	595	**2,475**	2,685
(Increase)/decrease in inventories		**4**	7	**(29)**	24
(Increase)/decrease in prepayments		**(4)**	(176)	**(14)**	(106)
(Increase)/decrease in future income tax benefit		**(803)**	(240)	**(813)**	(101)
(Increase)/decrease in deferred development costs		**(2,221)**	(1,489)	**(1,424)**	(1,489)
Decrease/(increase) in trade and other creditors		**21**	(1,463)	**(320)**	(1,719)
Decrease/(increase) in allowance for doubtful debts		**(399)**	737	**(332)**	422
Decrease/(increase) in provision for employee entitlements		**178**	483	**66**	330
Decrease/(increase) in other provisions		**1,868**	178	**1,868**	178
Decrease/(increase) in income tax payable		**2,236**	(458)	**673**	(593)
Decrease/(increase) in deferred income tax liability		**721**	(2,267)	**478**	(2,508)
Decrease/(increase) in revenue in advance		**7**	33	**38**	36
Net cash flow from operating activities		**19,029**	19,875	**19,112**	20,023
(b) Reconciliation of cash					
Cash balance comprises:					
– cash at bank		**25,853**	8,189	**25,079**	6,171
– cash on deposit		**168**	2,632	**10**	2,632
		26,021	10,821	**25,089**	8,803
(c) Financing facilities available					
At reporting date, the following financing facilities had been negotiated and were available:					
Total facilities:					
USD13 million multi-currency cash advance facility		**17,580**	17,060	**17,580**	17,060
Facilities used at reporting date:					
Bank loans		**500**	-	**500**	-
Facilities unused at reporting date:					
Bank loans		**17,080**	17,060	**17,080**	17,060

30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000
22. COMMITMENTS AND CONTINGENCIES					
(a) Lease expenditure commitments					
Operating leases (non-cancellable):					
Minimum lease payments					
– not later than one year		**1,657**	505	**1,199**	334
– later than one year and not later than five years		**4,483**	117	**3,453**	117
– aggregate operating lease expenditure contracted for at balance date		**6,140**	622	**4,652**	451

Operating lease commitments are for office accommodation both in Australia and abroad.

(b) Performance bank guarantee

Infomedia Ltd has a performance bank guarantee to a maximum value of $700,000 relating to the lease commitments of its corporate headquarters.

(c) Interlocking guarantees

The bank loan drawings have been made pursuant to a multi-currency cash advance facility. The facility has been provided on the condition of interlocking guarantees between the Parent entity and its controlled entities (the guarantors).

23. SHARE BASED PAYMENT PLANS

Employee Option Plan

The Employee Option Plan entitles the Company to offer 'eligible employees' options to subscribe for shares in the Company. Options will be granted at a nil issue price unless otherwise determined by the Directors of the Company and each option enables the holder to subscribe for one share. The exercise price for the options granted will be as specified on the option certificate or, if not specified, the volume weighted average price for shares of the Company for the five days' trading immediately before the day on which the options were granted. The options may be exercised in accordance with the date determined by the Board, which must be within four years of the option being granted.

Information with respect to the number of options granted under the employee share incentive scheme is as follows:

	Notes	2006		2005	
		Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at beginning of year	23(a)	**727,000**	**$0.73**	6,908,000	$0.86
– granted	23(b)	**1,700,000**	**$0.50**	100,000	$0.67
– forfeited		**(477,000)**	**$0.73**	(6,281,000)	$0.88
– exercised	23(c)	**-**	**-**	-	-
Balance at end of year	23(d)	**1,950,000**	**$0.52**	727,000	$0.73

23. SHARE BASED PAYMENT PLANS (CONTINUED)

(a) Options held at the beginning of the reporting period

The following table summarises information about options held by employees at 1 July 2005

Number of options	Grant date	Earliest vesting date	Expiry date	Weighted average exercise price
477,000	1/7/2002	1/7/2004	1/8/2005	$0.73
150,000	24/5/2004	24/5/2005	31/5/2007	$0.75
100,000	20/9/2004	20/9/2005	20/9/2007	$0.67

(b) Options granted during the reporting period

The following table summarises information about options granted by Infomedia Ltd to employees during the year

Number of options	Grant date	Earliest vesting date	Expiry date	Weighted average exercise price
250,000	8/7/2005	5/1/2006	5/2/2008	$0.50
1,000,000	27/10/2005	5/1/2006	5/2/2008	$0.50
250,000	6/10/2005	5/1/2006	5/2/2008	$0.48
200,000	16/12/2005	16/12/2006	16/1/2009	$0.49

(c) Options exercised during the reporting period

There were no options exercised during the year ended 30 June 2006.

(d) Options held at the end of the reporting period

The following table summarises information about options held by employees at 30 June 2006.

Number of options	Grant date	Earliest vesting date	Expiry date	Weighted average exercise price
150,000	24/5/2004	24/5/2005	31/5/2007	$0.75
100,000	20/9/2004	20/9/2005	20/9/2007	$0.67
250,000	8/7/2005	5/1/2006	5/2/2008	$0.50
1,000,000	27/10/2005	5/1/2006	5/2/2008	$0.50
250,000	6/10/2005	5/1/2006	5/2/2008	$0.48
200,000	16/12/2005	16/12/2006	16/1/2009	$0.49

(e) Other details re options

The weighted average fair value of options granted during the year was $0.087.

The fair value of the equity-settled options granted under the option plan is estimated as at the grant date using a binomial model taking into account the term and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year.

	2006	2005
Dividend yield (%)	**6.8%**	5.0%
Expected volatility (%)	**37.9%**	31%
Risk free rate (%)	**5.4%**	5.4%
Option exercise price	**$0.50**	$0.67
Weighted average share price at grant date	**$0.50**	$0.67

23. SHARE BASED PAYMENT PLANS (CONTINUED)

Employee Share Plan

The Company provides employees, not including Directors, the opportunity to acquire shares in the Company. The scheme applies to employees with at least 12 months service and provides that offers be made to at least 75% of the persons employed by the Company for at least 12 months and not more than twice in each financial year. Each offer to each employee cannot exceed a market value of $1,000. The consideration for each share offered will be nil unless otherwise determined by the Board. Shares may not be offered to employees who are ineligible, being employees with legal or beneficial interest in more than 5% of the Company or who control or may cast more than 5% of the maximum votes at a general meeting of the Company. The total number of shares issued pursuant to the Employee Share Plan at the date of this Report is 1,488,912 (2005: 1,488,912). The following table lists the number of shares issued by tranche since the inception of the plan.

Date of issue	Number of shares	Rounded unit price $	Value of tranche $'000
5/2/2001	60,168	1.81	109
5/10/2001	64,872	1.57	102
21/1/2002	74,765	1.27	95
19/7/2002	125,280	0.77	96
6/2/2003	130,986	0.87	114
21/7/2003	169,644	0.79	134
23/1/2004	154,583	0.93	144
15/7/2004	192,816	0.75	145
20/1/2005	200,430	0.76	153
18/7/2005	315,368	0.50	158
Total	1,488,912		1,250

24. PENSIONS AND OTHER POST-EMPLOYMENT PLANS

Superannuation commitments

Contributions are made by the Company in accordance with the relevant statutory requirements. Contributions by the Company for the year ended 30 June 2006 were 9% (2005: 9%) of employees' wages and salaries, which are legally enforceable in Australia. The superannuation plans provide accumulation benefits.

25. TRANSITION TO AIFRS

For all periods up to and including the year ended 30 June 2005, the Company prepared its financial statements in accordance with Australian Generally Accepted Accounting Principles (AGAAP). These annual financial statements for the year ended 30 June 2006 are the first the Company is required to prepare in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

Accordingly, the Company has prepared financial statements that comply with AIFRS applicable for periods beginning on or after 1 January 2005 and the significant accounting policies meeting those requirements are described in Note 2. In preparing these financial statements, the Company has started from an opening balance sheet as at 1 July 2004, the Company's date of transition to AIFRS, and made those changes in accounting policies and other restatements required by AASB 1: *First-time Adoption of AIFRS*.

This note explains the principal adjustments made by the Company in restating its AGAAP balance sheet as at 1 July 2004 and its previously published AGAAP financial statements for the year ended 30 June 2005.

Exemptions applied

AASB 1 allows first-time adopters certain exemptions from the general requirement to apply AIFRS retrospectively.

The Company has taken the following exemptions:

- Comparative information for financial instruments is prepared in accordance with AGAAP and the Company has adopted AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* from 1 July 2005.

25. TRANSITION TO AIFRS (CONTINUED)

- AASB 2: *Share based Payment* has not been applied to any equity instruments that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2005.

Explanation of material adjustments to the cash flow statement

There are no material differences between the cash flow statement presented under AIFRS and the cash flow statement presented under previous AGAAP.

Balance sheet reflecting reconciliation of adjustments to AIFRS as at 1 July 2004:

	Notes	CONSOLIDATED			INFOMEDIA LTD		
		AGAAP	AIFRS impact	AIFRS	AGAAP	AIFRS impact	AIFRS
CURRENT ASSETS							
Cash and cash equivalents		6,887	-	6,887	6,333	-	6,333
Trade and other receivables		9,389	-	9,389	8,565	-	8,565
Inventories		95	-	95	68	-	68
Property held for resale		1,534	-	1,534	-	-	-
Other		364	-	364	328	-	328
TOTAL CURRENT ASSETS		18,269	-	18,269	15,294	-	15,294
NON-CURRENT ASSETS							
Inter-company		-	-	-	23,180	-	23,180
Other financial assets		-	-	-	247	-	247
Property, plant and equipment		23,026	-	23,026	5,344	-	5,344
Intangible assets and goodwill		27,379	-	27,379	23,255	-	23,255
Deferred tax assets		748	-	748	678	-	678
TOTAL NON-CURRENT ASSETS		51,153	-	51,153	52,704	-	52,704
TOTAL ASSETS		69,422	-	69,422	67,998	-	67,998
CURRENT LIABILITIES							
Trade and other payables		5,103	-	5,103	4,713	-	4,713
Provisions		1,140	-	1,140	950	-	950
Income tax payable		1,673	-	1,673	1,673	-	1,673
Deferred revenue		1,503	-	1,503	1,057	-	1,057
TOTAL CURRENT LIABILITIES		9,419	-	9,419	8,393	-	8,393
NON-CURRENT LIABILITIES							
Interest bearing liabilities		4,173	-	4,173	4,173	-	4,173
Provisions		704	-	704	296	-	296
Deferred tax liabilities		3,605	-	3,605	3,605	-	3,605
TOTAL NON-CURRENT LIABILITIES		8,482	-	8,482	8,074	-	8,074
TOTAL LIABILITIES		17,901	-	17,901	16,467	-	16,467
NET ASSETS		51,521	-	51,521	51,531	-	51,531
EQUITY							
Contributed equity		17,488	-	17,488	17,488	-	17,488
Reserves	A	9	395	404	-	395	395
Retained profits	A	34,024	(395)	33,629	34,043	(395)	33,648
TOTAL EQUITY		51,521	-	51,521	51,531	-	51,531

25. TRANSITION TO AIFRS (CONTINUED)

Balance sheet reflecting reconciliation of adjustments to AIFRS as at 30 June 2005:

	Notes	CONSOLIDATED			INFOMEDIA LTD		
		AGAAP	AIFRS impact	AIFRS	AGAAP	AIFRS impact	AIFRS
CURRENT ASSETS							
Cash and cash equivalents		10,821	-	10,821	8,803	-	8,803
Trade and other receivables		6,042	-	6,042	4,607	-	4,607
Inventories		88	-	88	44	-	44
Other		540	-	540	434	-	434
TOTAL CURRENT ASSETS		17,491	-	17,491	13,888	-	13,888
NON-CURRENT ASSETS							
Receivables		1,260	-	1,260	23,303	-	23,303
Investments		-	-	-	247	-	247
Property, plant and equipment		22,582	-	22,582	5,263	-	5,263
Intangible assets and goodwill	B,C	12,448	1,208	13,656	8,946	737	9,683
Deferred tax assets		988	-	988	779	-	779
TOTAL NON-CURRENT ASSETS		37,278	1,208	38,486	38,538	737	39,275
TOTAL ASSETS		54,769	1,208	55,977	52,426	737	53,163
CURRENT LIABILITIES							
Trade and other payables		3,640	-	3,640	2,994	-	2,994
Provisions		1,971	-	1,971	1,294	-	1,294
Income tax payable		1,215	-	1,215	1,080	-	1,080
Deferred revenue		810	-	810	367	-	367
TOTAL CURRENT LIABILITIES		7,636	-	7,636	5,735	-	5,735
NON-CURRENT LIABILITIES							
Provisions		534	-	534	460	-	460
Deferred tax liabilities		1,338	-	1,338	1,097	-	1,097
TOTAL NON-CURRENT LIABILITIES		1,872	-	1,872	1,557	-	1,557
TOTAL LIABILITIES		9,508	-	9,508	7,292	-	7,292
NET ASSETS		45,261	1,208	46,469	45,134	737	45,871
EQUITY							
Contributed equity		17,488	-	17,488	17,488	-	17,488
Reserves	A	(19)	725	706	-	725	725
Retained profits	A,B,C	27,792	483	28,275	27,646	12	27,658
TOTAL EQUITY		45,261	1,208	46,469	45,134	737	45,871

25. TRANSITION TO AIFRS (CONTINUED)

Income statement for the year ended 30 June 2005:

YEAR ENDED 30 June 2005	Notes	CONSOLIDATED			INFOMEDIA LTD		
		AGAAP $'000	AIFRS impact $'000	AIFRS $'000	AGAAP $'000	AIFRS impact $'000	AIFRS $'000
Sales revenue		59,137	-	59,137	52,628	-	52,628
Rental income		618	-	618	-	-	-
Interest revenue		272	-	272	255	-	255
		60,027	-	60,027	52,883	-	52,883
Cost of sales		(17,404)	-	(17,404)	(14,541)	-	(14,541)
Gross profit		42,623	-	42,623	38,342	-	38,342
Other income		2,682	-	2,682	2,489	-	2,489
Employee benefits expense	A	(9,584)	(330)	(9,914)	(8,373)	(330)	(8,703)
Depreciation and amortisation	B	(5,907)	1,238	(4,669)	(4,808)	767	(4,041)
Decrement in value of non-current assets	C	(12,752)	(30)	(12,782)	(12,752)	(30)	(12,782)
Finance costs		(97)	-	(97)	(97)	-	(97)
Other expenses		(8,122)	-	(8,122)	(6,580)	-	(6,580)
Profit before income tax expense		8,843	878	9,721	8,221	407	8,628
Income tax expense		(3,374)	-	(3,374)	(2,917)	-	(2,917)
Profit after income tax expense		5,469	878	6,347	5,304	407	5,711

Impact of adopting AIFRS

Outlined below are the areas impacted by adoption of AIFRS, including the financial impact on equity and profit.

(A) Under AASB 2: *Share based Payments*, the Company has recognised the fair value of options granted to employees as remuneration as an expense on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity. This standard extends to other forms of equity based remuneration such as Infomedia's Employee Share Plan. Share based payment costs were not recognised under AGAAP.

(B) Goodwill is not amortised under AASB 3: *Business Combinations*, but was amortised under AGAAP.

(C) Under AASB 136: *Impairment of Assets* the recoverable amount of an asset is determined as the higher of net selling price and value in use. The asset base subject to impairment testing under AIFRS is higher than AGAAP due to the non-amortisation of goodwill. The result is that the impairment writedown for FY2005 is higher by $30,000 under AIFRS.

26. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

(i) DIRECTORS

Richard Graham[1]	Chairman
Gary Martin[2]	Chief Executive Officer
Barry Ford (resigned 31 March 2005)	Non-executive Director
Myer Herszberg	Non-executive Director
Geoffrey Henderson	Non-executive Director
Frances Hernon	Non-executive Director
Andrew Moffat (appointed 31 March 2005)	Non-executive Director

(ii) EXECUTIVES

Andrew Pattinson[3]	Managing Director – IFM Europe Ltd
Peter Adams	Chief Financial Officer
Nick Georges	Company Secretary, Legal Counsel and Alternate Director
Michael Roach	General Manager – Electronic Catalogues and Data Management
Mark Kujacznski[4]	Vice President – IFM North America Inc

1. Retired from the position of Chief Executive Officer effective 31 December 2004.
2. Appointed as an Executive Director on 31 October 2004 and promoted to the position of Chief Executive Officer effective 1 January 2005.
3. Resigned as a Director of Infomedia Ltd on 31 October 2004. Continues in capacity as an executive.
4. Commenced employment on 22 August 2005.

(b) Compensation of Key Management Personnel

(i) COMPENSATION PHILOSOPHY

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives. To this end, the Company embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives.
- Link executive rewards to shareholder value.
- Establish appropriate performance hurdles in relation to variable executive compensation.

Remuneration Committee

The Remuneration & Nomination Committee (Remuneration Committee) of the Board of Directors is responsible for recommending to the Board the Company's remuneration and compensation policy arrangements for all Key Management Personnel. The Remuneration Committee assesses the appropriateness of the nature and amount of these emoluments on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

26. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

Compensation structure

In accordance with best practice corporate governance recommendations, the structure of non-executive Director and senior executive compensation is separate and distinct.

Non-executive Director compensation

Objective

The Board seeks to set aggregate compensation at a level which provides the Company with the ability to attract and retain Directors of appropriate calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then available between the Directors as appropriate (for the year ended 30 June 2006, Non-executive Directors' compensation totalled $311,489). The latest determination was at the Annual General Meeting held on 30 October 2002, when shareholders approved a maximum aggregate compensation of $450,000 per year.

The Board has historically considered the advice from external consultants, as well as the fees paid to non-executive Directors of comparable companies when undertaking a review process.

Senior Executive and Executive Director compensation

Objective

The Company aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of executive compensation, the Remuneration Committee engages an external consultant from time to time to provide independent advice in the form of a written report detailing market levels of compensation for comparable executive roles.

Compensation consists of the following key elements:

- Fixed Compensation
- Variable Compensation
  - Short Term Incentive (STI); and
  - Long Term Incentive (LTI).

The actual proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for Key Management Personnel (excluding the CEO and non-executive Directors) by the CEO in conjunction with the Remuneration Committee, and in the case of the CEO, by the Chairman of the Board in conjunction with the Remuneration Committee. Other executive salaries are determined by the CEO with reference to market conditions.

26. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

Fixed Compensation

Objective

The level of fixed compensation is set so as to provide a base level of compensation which is both appropriate to the position and competitive in the market. Fixed compensation is reviewed periodically by the CEO in conjunction with the Remuneration Committee for Key Management Personnel (excluding the CEO and non-executive Directors), and in the case of the CEO, by the Chairman of the Board in conjunction with the Remuneration Committee. All other executive positions are reviewed periodically by the CEO. As noted above, the Committee has access to external advice independent of management.

Structure

Executives are given the opportunity to receive their fixed (primary) compensation in a variety of forms, including cash or other designated employee expenditure such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable Compensation – Short Term Incentive (STI)

Objective

The objective of short term compensation is to link the achievement of both individual performance and Company performance with the compensation received by the executive.

Structure

The structure of short term compensation is a cash bonus dependent upon a combination of individual performance objectives and Company objectives being met. This reflects the Company wide practice of 'Performance Planning & Review' (PPR) procedures. Individual performance objectives centre around key focus areas. Company objectives include achieving budgetary targets that are set at the commencement of the financial year (adjusted where necessary for currency fluctuations).

These performance conditions were chosen, in the case of individual performance objectives, to promote and maintain the individual's focus on their own contribution to the Company's strategic objectives through individual achievement in key result areas (KRAs) which include, for example, 'leadership', 'decision making', 'results' and 'risk management'. In the case of Company objectives, budgetary performance conditions were chosen to promote and maintain a collaborative, Company wide focus on the achievement of those targets.

In assessing whether an individual performance condition has been satisfied, pre-agreed key performance indicators (KPIs) are used. In assessing whether Company objectives have been satisfied, Board level pre-determined budgetary targets are used. These methods have been chosen to create clear and measurable performance targets.

Variable Compensation – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner which aligns this element of compensation with the creation of shareholder wealth. As such, LTI grants are made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long term performance hurdle.

Structure

The structure of long term compensation is in the form of share options pursuant to the employee option and employee share plans. Performance hurdles have been introduced for all share options issued after 31 December 2004 and are determined upon grant of those share options. These hurdles typically relate to the Company's share price reaching or exceeding a particular level. These methods were chosen to create clear

26. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

(ii) COMPENSATION OF KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 30 JUNE 2006 AND 30 JUNE 2005

	Short term			Post employment	Share based payments		Long term	Total	Total performance related
2006 Financial Year:	**Salary and fees**	**Bonus**	**Non monetary benefits**	**Superannuation**	**Options**	**Employee share plan**	**Other**	**$**	**%**
DIRECTORS:									
Richard Graham	**118,019**	**-**	**-**	**10,350**	**-**	**-**	**-**	**128,369**	**-**
Gary Martin	**280,000**	**63,000**	**-**	**24,445**	**51,232**	**-**	**3,267**	**421,944**	**27%**
Myer Herszberg	**42,000**	**-**	**-**	**3,780**	**-**	**-**	**-**	**45,780**	**-**
Geoffrey Henderson	**42,000**	**-**	**-**	**3,780**	**-**	**-**	**-**	**45,780**	**-**
Frances Hernon	**42,000**	**-**	**-**	**3,780**	**-**	**-**	**-**	**45,780**	**-**
Andrew Moffat	**42,000**	**-**	**-**	**3,780**	**-**	**-**	**-**	**45,780**	**-**
EXECUTIVES:									
Andrew Pattinson	**305,523**	**-**	**14,537**	**27,497**	**-**	**1,000**	**5,092**	**353,649**	**-**
Peter Adams	**190,742**	**38,000**	**-**	**17,167**	**17,742**	**1,000**	**2,225**	**266,876**	**21%**
Nick Georges	**170,290**	**12,500**	**-**	**15,326**	**13,050**	**1,000**	**1,987**	**214,153**	**12%**
Michael Roach	**153,558**	**14,000**	**-**	**13,820**	**6,286**	**1,000**	**2,559**	**191,223**	**11%**
Mark Kujacznski	**170,186**	**-**	**9,589**	**-**	**-**	**-**	**-**	**179,775**	**-**
	1,556,318	**127,500**	**24,126**	**123,725**	**88,310**	**4,000**	**15,130**	**1,939,109**	
2005 Financial Year[1]:									
DIRECTORS:									
Richard Graham[2]	257,751	100,000	37,982	13,815	-	-	3,200	412,748	24%
Andrew Pattinson	331,069	-	-	29,796	30,997	1,000	5,518	398,380	8%
Gary Martin	247,436	35,200	-	24,445	30,997	1,000	2,887	341,965	19%
Myer Herszberg	42,000	-	-	3,780	-	-	-	45,780	-
Geoffrey Henderson	42,000	-	-	3,780	-	-	-	45,780	-
Frances Hernon	42,000	-	-	3,780	-	-	-	45,780	-
Barry Ford	31,338	-	-	2,997	-	-	-	34,335	-
Andrew Moffat	10,823	-	-	974	-	-	-	11,797	-
EXECUTIVES:									
Peter Adams	192,548	32,800	-	19,255	4,793	2,000	2,246	253,642	15%
Nick Georges	155,543	10,000	-	13,910	30,997	2,000	1,815	214,265	19%
Michael Roach	135,742	10,000	-	11,705	3,196	2,000	2,262	164,905	8%
	1,488,250	188,000	37,982	128,237	100,980	8,000	17,928	1,969,377	

1. Group totals for 2005 are not the same as disclosed in the 2005 report as different individuals and different components were disclosed in the 2005 financial report.

2. Salary and fees for Richard Graham includes $120,118 of leave entitlements paid upon resignation as Chief Executive Officer effective 31 December 2004.

26. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

(iii) COMPENSATION BY CATEGORY: KEY MANAGEMENT PERSONNEL

	CONSOLIDATED		INFOMEDIA LTD	
	2006	2005	**2006**	2005
	$	$	**$**	$
Short term	**1,707,944**	1,714,232	**1,040,551**	1,237,421
Post employment	**123,725**	128,237	**82,408**	86,736
Other Long term	**15,130**	17,928	**7,479**	10,148
Termination benefits	**-**	-	**-**	-
Share based Payments	**92,310**	108,980	**84,024**	71,787
	1,939,109	1,969,377	**1,214,462**	1,406,092

(iv) Contract for services

The table and notes below summarise current executive employment contracts with the Company as at the date of this report:

	Commencement date per latest contract	Duration	Notice period – Company	Notice period - Executive
Gary Martin	1 January 2005	3 years	6 months*	6 months
Andrew Pattinson	5 April 2004	3 years	3 months	3 months
Nick Georges	1 January 2005	3 years	6 months*	6 months
Peter Adams	1 January 2005	3 years	6 months*	6 months
Michael Roach	1 January 2005	3 years	3 months	3 months
Mark Kujacznski	22 August 2005	3 years	3 months	3 months

The Company may terminate each of the contracts at any time without notice if serious misconduct has occurred. Options that have not yet vested upon termination will be forfeited.

* In the event of redundancy, in addition to six months notice, the Company will provide the individual with a severance payment equivalent to three weeks' base salary for each completed year of continuous service with the Company provided, however, that the minimum severance payment will be 26 weeks' base salary and the maximum severance payment will not exceed 52 weeks' base salary.

26. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

(c) Compensation options: Granted and vested during the year (consolidated)

During the financial year options were granted as equity compensation benefits under the long term incentive plan to certain Key Management Personnel as disclosed above. No share options have been granted to the non-executive members of the Board of Directors under this scheme. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price equal to the strike price of the shares on the date of grant. The options vest at various hurdle rates dependent upon the share price of the Company. If this increase is not met by the last available exercise date, the options are forfeited. The contractual life of each option granted is approximately three years.

	Vested	Granted	Terms and conditions for each grant					
30 June 2006	Number	Number	Grant date	Fair value per option at grant date (cents)	Exercise price per option (cents)	Expiry date	First Exercise date	Last Exercise date
Directors								
Gary Martin	333,333	1,000,000	27 Oct 2005	8.4	50.0	5 Feb 2008	5 Jan 2006	5 Feb 2008
Executives								
Peter Adams	83,333	250,000	8 Jul 2005	10.3	50.0	5 Feb 2008	5 Jan 2006	5 Feb 2008
Nick Georges	83,333	250,000	6 Oct 2005	8.1	48.0	5 Feb 2008	5 Jan 2006	5 Feb 2008
Michael Roach	-	200,000	16 Dec 2005	8.9	49.0	16 Jan 2009	16 Dec 2005	16 Jan 2009
	499,999	1,700,000						

There were no options granted in the 2005 Financial Year.

(d) Shares issued on exercise of compensation options (consolidated)

No options were exercised during the year by Key Management Personnel.

(e) Option holdings of Key Management Personnel (consolidated)

	Balance at beginning of period	Granted as compensation	Options exercised	Net change other	Balance at end of period	Vested at 30 June 2006		
30 June 2006	1 July 2005				30 June 2006	Total	Not exercisable	Exercisable
Directors								
Gary Martin	-	1,000,000	-	-	1,000,000	1,000,000	666,667	333,333
Executives								
Peter Adams	-	250,000	-	-	250,000	250,000	166,667	83,333
Nick Georges	-	250,000	-	-	250,000	250,000	166,667	83,333
Michael Roach	-	200,000	-	-	200,000	200,000	200,000	-
	-	1,700,000	-	-	1,700,000	1,700,000	1,200,001	499,999

26. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

30 June 2005	Balance at beginning of period 1 July 2004	Granted as compensation	Options exercised	Net change other	Balance at end of period 30 June 2005	Vested at 30 June 2005 Total	Vested at 30 June 2005 Not exercisable	Vested at 30 June 2005 Exercisable
Directors								
Gary Martin	582,000	-	-	(582,000)	-	-	-	-
Andrew Pattinson	582,000	-	-	(582,000)	-	-	-	-
Executives								
Nick Georges	582,000	-	-	(582,000)	-	-	-	-
Peter Adams	90,000	-	-	(90,000)	-	-	-	-
Michael Roach	60,000	-	-	(60,000)	-	-	-	-
	1,896,000	-	-	(1,896,000)	-	-	-	-

(f) Shareholdings of Key Management Personnel

30 June 2006 Number of shares held in Infomedia Ltd	Balance 1 July 2005	Granted as compensation	On exercise of options	Net change other	Balance 30 June 2006
Directors					
Richard Graham	102,204,060	-	-	-	102,204,060
Myer Herszberg	39,421,599	-	-	-	39,421,599
Gary Martin	74,257	-	-	-	74,257
Frances Hernon	5,000	-	-	-	5,000
Executives					
Andrew Pattinson	2,545,571	1,996	-	(100,000)	2,447,567
Nick Georges	22,425	1,996	-	-	24,421
Michael Roach	16,725	1,996	-	-	18,721
Peter Adams	9,425	1,996	-	-	11,421
Total	144,299,062	7,984	-	(100,000)	144,207,046

26. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

30 June 2005 Number of shares held in Infomedia Ltd	Balance 1 July 2004	Granted as compensation	On exercise of options	Net change other	Balance 30 June 2005
Directors					
Richard Graham	102,204,060	-	-	-	102,204,060
Myer Herszberg	39,421,599	-	-	-	39,421,599
Gary Martin	707,918	1,339	-	(635,000)	74,257
Frances Hernon	5,000	-	-	-	5,000
Executives					
Andrew Pattinson	4,407,716	1,310	-	(1,863,455)	2,545,571
Nick Georges	16,776	2,649	-	3,000	22,425
Michael Roach	9,276	2,649	-	4,800	16,725
Peter Adams	6,776	2,649	-	-	9,425
Total	146,779,121	10,596	-	(2,490,655)	144,299,062

All equity transactions with Key Management Personnel other than those arising from the exercise of compensation options and compensation shares have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(g) Loans to Key Management Personnel

There were no loans at the beginning or the end of the reporting period to Key Management Personnel. No loans were made available during the reporting period to Key Management Personnel.

(h) Other transactions and balances with Key Management Personnel (including related entities)

(i) Infomedia Ltd previously rented office space from Wiser Equity Pty Limited (formerly Wiser Laboratory Pty Limited), a company in which Richard Graham is a Director. A lease termination payment of $170,000 was made on 9 August 2005 to Wiser Equity Pty Limited to relinquish the Company from its future lease commitments as the space was no longer used.

(ii) Infomedia Ltd rents office space from Richard Graham. The total rent payments for the year ended 30 June 2006 of $176,898 (2005: $168,144) were on commercial terms.

(iii) Infomedia Ltd received financial consulting services from Cowoso Capital Pty Limited, a company in which Andrew Moffat is a Director. The total consulting services paid for the year ended 30 June 2006 of $12,500 (2005: $15,250) were on commercial terms.

30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	**2006**	2005
		$	$	**$**	$
27. AUDITOR'S REMUNERATION					
Amounts received or due and receivable by the auditors of Infomedia Ltd for:					
– an audit or review of the financial report of the entity and any other entity in the consolidated entity		**183,350**	170,075	**158,350**	152,675
– other services in relation to the entity and any other entity in the consolidated entity		**-**	20,280	**-**	20,280
		183,350	190,355	**158,350**	172,955

28. RELATED PARTY DISCLOSURES

Ultimate Parent

Infomedia Ltd is the ultimate Australian parent company

Wholly-owned group transactions

(a) An unsecured, interest bearing loan of $Nil (2005: $17,137,486) remains owing from Infomedia Investments Pty Limited to Infomedia Ltd. Interest is charged at commercial rates.

(b) An unsecured, interest free loan of $2,793,213 (2005: $Nil) remains owing to Infomedia Investments Pty Limited from Infomedia Ltd.

(c) An unsecured, interest free loan of $2,126,248 (2005: $2,217,581) remains owing from Datateck Publishing Pty Limited to Infomedia Ltd. The loan is repayable in seven days upon demand.

(d) An unsecured, interest free loan of $987,913 (2005: $1,231,967) remains owing from AutoConsulting Pty Limited to Infomedia Ltd. The loan is repayable in seven days upon demand.

(e) An unsecured, interest free loan of $1,013,333 (2005: $1,456,912) remains owing to IFM Europe Ltd from Infomedia Ltd.

(f) An unsecured, interest free loan of $1,143,345 (2005: $Nil) remains owing from IFM North America Inc. to Infomedia Ltd.

(g) During the year a management fee of $480,000 (2005: $917,484) was paid to Datateck Publishing Pty Limited by Infomedia Ltd.

(h) During the year Infomedia Ltd received $7,004,846 from IFM Europe Ltd for intra-group sales.

(i) During the year Datateck Publishing Pty Limited received $279,441 from IFM Europe Ltd for intra-group sales.

(j) During the year IFM Europe Ltd received $1,571,822 from Infomedia Ltd for intra-group distribution services.

(k) During the year Infomedia Ltd received $8,827,526 from IFM North America Inc. for intra-group sales.

(l) During the year IFM North America Inc. received $813,558 from Infomedia Ltd for intra-group distribution services.

Entity with deemed significant influence over the Company

Wiser Equity Pty Limited, a company in which Richard Graham is a Director, owns 30.8% of the ordinary shares in Infomedia Ltd (2005: 30.8%).

29. SEGMENT INFORMATION

PRIMARY SEGMENT

30 June 2006

Business segments	Notes	Catalogue and Publishing	Business Systems	Total
		$'000	$'000	$'000
REVENUE				
Sales revenue		51,635	3,942	55,577
Rental income		646	-	646
Total segment revenue		52,281	3,942	56,223
Unallocated revenue:				
Finance revenue				268
Total consolidated revenue				56,491
Segment result		24,634	109	24,743
Unallocated items:				
Finance revenue				268
Finance costs				(197)
Consolidated profit before income tax				24,814
Income tax expense	4			(6,668)
Consolidated profit after income tax				18,146
ASSETS				
Segment assets		28,889	2,754	31,643
Unallocated assets:				
Cash				26,021
Total assets				57,664
LIABILITIES				
Segment liabilities		14,754	1,099	15,853
Other segment information:				
Capital expenditure		1,522	103	1,625
Depreciation	3(iv)	2,149	294	2,443
Amortisation	3(iv)	762	150	912
Decrement in value of non-current assets	3(v)	-	-	-

29. SEGMENT INFORMATION (CONTINUED)

30 June 2005

Business segments	Notes	Catalogue and Publishing	Business Systems	Total
		$'000	$'000	$'000
REVENUE				
Sales revenue		55,086	4,051	59,137
Rental income		618	-	618
Total segment revenue		55,704	4,051	59,755
Unallocated revenue:				
Finance revenue				272
Total consolidated revenue				60,027
RESULTS				
Segment result		14,013	(4,467)	9,546
Unallocated items:				
Finance revenue				272
Finance costs				(97)
Consolidated profit before income tax				9,721
Income tax expense	4			(3,374)
Consolidated profit after income tax				6,347
ASSETS				
Segment assets		42,209	2,947	45,156
Unallocated assets:				
Cash				10,821
Total assets				55,977
LIABILITIES				
Segment liabilities		8,153	1,355	9,508
Other segment information:				
Capital expenditure		1,703	98	1,801
Depreciation	3(iv)	1,842	396	2,238
Amortisation	3(iv)	2,095	336	2,431
Decrement in value of non-current assets	3(v)	10,405	2,377	12,782

29. SEGMENT INFORMATION (CONTINUED)

SECONDARY SEGMENT

30 June 2006

Geographical segments	Notes	Australia	Europe	North America	Eliminations	Total
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue	(a)	**51,642**	**10,765**	**13,061**	**(18,977)**	**56,491**
Segment assets		**54,844**	**1,027**	**1,793**	**-**	**57,664**
Capital expenditure		**1,395**	**19**	**211**	**-**	**1,625**

30 June 2005

Geographical segments	Notes	Australia	Europe	North America	Eliminations	Total
		$'000	$'000	$'000	$'000	$'000
Segment revenue	(a)	58,071	13,113	-	(11,157)	60,027
Segment assets		53,589	2,388	-	-	55,977
Capital expenditure		1,762	39	-	-	1,801

(a) While the products of the Company are used globally, the Company has three distinguishable geographical segments, Australia, Europe and North America. The geographic segmental revenue is classified according to the originating billing source as opposed to customer destination.

Segment products and locations

The Company's operating divisions are organised and managed separately according to the nature of the products and the services they provide, with each segment offering different products. Infomedia's core business involves the production of the Microcat and Partfinder Electronic Parts Catalogues and the Superservice Menus service quoting system. These systems are specialised business tools designed to make the selection and sale of replacement parts fast, easy and accurate.

All products are sourced from Australia.

Segment accounting policies

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Segment accounting polices are the same as the Company's accounting policies described in Note 2. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments, other than derivatives, comprise bank loans, cash and short term deposits.

The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Company also enters into derivative transactions through forward currency contracts. The purpose is to manage the currency risks arising from the Company's operations. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Cash flow interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash holdings with a floating interest rate.

The Company's policy is to accept the floating interest rate risk with both its cash holdings and bank loans. Cash is held primarily with leading Australian banks for periods not exceeding 30 days. Bank loans are drawn with varying bill maturities ranging from 30 to 180 days accepting the floating rate of interest.

Foreign currency risk

The Company has transactional currency exposures. These exposures mainly arise from the transactional sale of products and, to a lesser extent, the associated cost of sales component relating to these products. As the Company's product offerings are typically made on a recurring monthly subscription basis, there is a relatively high degree of reliability in estimating a proportion of future cash flow exposures. Approximately half of the Company's sales are denominated in United States Dollars and around one-third of the Company's sales are denominated in Euros. The Company seeks to mitigate exposure to movements in these currencies by entering into forward exchange derivative contracts. Typically the forward exchange coverage will seek to cover between 0% to 100% of underlying exposures over a 12 month horizon. The forward currency contracts must be in the same currency as the hedged item.

As a result of the Company's recent investment in both its European and United States subsidiaries, the Company's balance sheet can be affected by movements in both the Euro and United States Dollar against the Australian Dollar. As the net earnings from these operations are repatriated back to Australia on a regular basis, the Company does not seek to hedge this exposure.

Credit risk

The Company's credit risk with regard to accounts receivables is spread broadly across three automotive groups – manufacturers, distributors and dealerships. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. As the products typically have a monthly life cycle and are priced on a relatively low subscription price, the concentration of credit risk is typically low with automotive manufacturers being the exception.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Since the Company trades only with recognised third parties, there is no requirement for collateral.

Liquidity risk

The Company's exposure to liquidity risk is minimal, given the relative strength of the balance sheet and strong cash flows from operations.

31. FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments recognised in the financial statements. The fair values of derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates.

	Carrying amount		Fair value	
CONSOLIDATED	**2006**	2005	**2006**	2005
Financial assets	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**26,021**	10,821	**26,021**	10,821
Trade receivables	**6,227**	5,587	**6,227**	5,587
Forward currency contracts	**229**	-	**229**	-
Other financial assets (non-current)	**804**	1,260	**804**	1,260
Financial liabilities				
Trade payables	**3,974**	3,640	**3,974**	3,640
Interest-bearing loans and borrowings	**500**	-	**500**	-
Off balance sheet				
Contingencies	**-**	-	**700**	-

	Carrying amount		Fair value	
PARENT	**2006**	2005	**2006**	2005
Financial assets	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	**25,089**	8,803	**25,089**	8,803
Trade receivables	**3,952**	4,155	**3,952**	4,155
Forward currency contracts	**229**	-	**229**	-
Intercompany	**451**	22,043	**451**	22,043
Other financial assets (non-current)[1]	**1,052**	1,507	**5,901**	1,858
Financial liabilities				
Trade payables	**2,988**	2,994	**2,988**	2,994
Interest-bearing loans and borrowings	**500**	-	**500**	-
Off balance sheet				
Contingencies	**-**	-	**700**	-

1. Other financial assets for the parent entity include investment in wholly-owned subsidiaries. The fair value of the underlying net assets of the subsidiaries is higher than the carrying amount in the parent entity accounts.

Contingencies

The Company and certain controlled entities have potential financial liabilities that may arise from certain contingencies disclosed in Note 22. As explained in that note, no material losses are anticipated in respect of any of those contingencies and the fair value disclosed above is the Directors' estimate of amounts that would be payable by the Company as consideration of the assumption of those contingencies by another party.

31. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk.

YEAR ENDED 30 JUNE 2006	CONSOLIDATED				PARENT			
	Less than one year $'000	Two to five years $'000	Greater than five years $'000	Weighted average effective interest rate %	Less than one year $'000	Two to five years $'000	Greater than five years $'000	Weighted average effective interest rate %
Floating rate								
Cash and cash equivalents	26,021	-	-	5.7%	25,089	-	-	5.7%
Interest-bearing liabilities	(500)	-	-	6.3%	(500)	-	-	6.3%

YEAR ENDED 30 JUNE 2005	CONSOLIDATED				PARENT			
	Less than one year $'000	Two to five years $'000	Greater than five years $'000	Weighted average effective interest rate %	Less than one year $'000	Two to five years $'000	Greater than five years $'000	Weighted average effective interest rate %
Floating rate								
Cash and cash equivalents	10,821	-	-	5.0%	8,803	-	-	5.0%
Interest-bearing liabilities	-	-	-	-	-	-	-	-

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The other financial instruments of the Group and Parent that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

31. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative contracts

The following table summarises the forward exchange contracts outstanding at 30 June 2006.

	CONSOLIDATED			PARENT		
Maturity	**Company buys**	**Company sells**	**Exchange rate**	**Company buys**	**Company sells**	**Exchange rate**
Company sells United States Dollars (USD)	$A'000	USD'000		$A'000	USD'000	
Quarter 1 2007 financial year	1,392	1,000	0.7186	1,392	1,000	0.7186
Quarter 2 2007 financial year	2,087	1,500	0.7186	2,087	1,500	0.7186
Quarter 3 2007 financial year	-	-	-	-	-	-
Quarter 4 2007 financial year	-	-	-	-	-	-
Company sells Euros (E)	$A'000	E '000		$A'000	E '000	
Quarter 1 2007 financial year	3,077	1,775	0.5768	3,077	1,775	0.5768
Quarter 2 2007 financial year	3,248	1,875	0.5773	3,248	1,875	0.5773
Quarter 3 2007 financial year	3,248	1,875	0.5773	3,248	1,875	0.5773
Quarter 4 2007 financial year	3,248	1,875	0.5773	3,248	1,875	0.5773

The mark to market valuation of these outstanding contracts is $229,000.

32. SUBSEQUENT EVENTS

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected the operations of the Company, the results of those operations, or the state of affairs of the Company.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Infomedia Ltd, I state that:

(1) In the opinion of the Directors:

(a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2006.

On behalf of the Board

Richard David Graham

Chairman

Sydney, 23 August 2006

Ernst & Young

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Independent audit report to members of Infomedia Ltd

Scope

The financial report and Directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements, and the Directors' declaration for Infomedia Ltd (the company) and the consolidated entity, for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The Directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the Directors and management of the company.

Independence

We are independent of the company and the consolidated entity, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the Directors of the company a written Auditor's Independence Declaration, a copy of which is included after the Directors' Report.

Audit opinion

In our opinion, the financial report of Infomedia Ltd is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of Infomedia Ltd and the consolidated entity at 30 June 2006 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Ernst + Young

Ernst & Young

J K Haydon

J K Haydon
Partner
Sydney, 23 August 2006

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"Infomedia Ltd remains committed to corporate governance practices that are compatible with the Company's age and size, that enhance effectiveness and which ensure an appropriate degree of accountability and transparency to shareholders and other stakeholders."

Geoffrey Henderson –
Corporate Governance Committee (Chair)

Corporate Governance Statement

How to Read this Corporate Governance Statement

This Corporate Governance Statement is divided into the following sections:

- an introduction, providing an overview of Infomedia's approach to corporate governance;
- a discussion of major corporate governance initiatives during the reporting period;
- a discussion of the areas where Infomedia Ltd reports under the 'if not, why not?' obligation; and
- a subject based commentary on Infomedia Ltd's approach to the ASX Corporate Governance Council Guidelines.

Introduction

This Corporate Governance Statement, which is current as at the date of the Directors' Report, addresses the approach adopted by the Company to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*[1] and has been updated to reflect the actions taken by the Company since its last annual report.

By way of background, the Board first began its consideration of the ASX Corporate Governance Council Guidelines during the course of the 2003 financial year. To aid the review process, the Board made adjustments to the structure of its Committees so that they comprise the Corporate Governance Committee, the Audit & Risk Committee and the Remuneration & Nomination Committee. Each Committee continues to be chaired by an independent Director, with its membership determined by the Board on the basis of greatest expertise in the areas of relevance to each Committee.

Background details and meeting attendance records during FY2006 for members of each of the Corporate Governance, Audit & Risk and Remuneration & Nomination Committees are set out in the Directors' Report.

The Board and its committees endorse the 'if not, why not?' framework adopted by the ASX Corporate Governance Council (CGC) and in FY2006 the Company continued applying the relevant ASX CGC Recommendations to Infomedia's particular circumstances. In their approach to the ASX CGC Recommendations, the Board and relevant committees continue to develop the Company's corporate governance practices in ways which are both pragmatic and appropriate to its age and size. In allocating resources and prioritising tasks, the high level, top down approach also continues. Consequently, the various procedures and policies considered appropriate by Infomedia continue at differing stages of development and organisational implementation, as permitted by its resources.

The material set out in this Corporate Governance Statement has been prepared in accordance with the ASX Listing Rules and, in particular, the various 'Guide(s) to reporting...' included in the ASX CGC Recommendations. Unless otherwise indicated, the ASX CGC Recommendations were in place for the whole financial year. In addition, as a result of suggestions for enhanced reporting made in recent corporate governance literature[2], some slight format and other changes, such as the introduction of additional content designed to assist the reader in locating the information contained within it, have been introduced.

Major Corporate Governance Initiatives

During the reporting year, the Board continued, through the appropriate committee, to monitor the charters, policies and procedures adopted by the Company in support of the ASX CGC Principles and remains satisfied that the Company's corporate governance practices are consistent with the spirit and intent of the ASX Corporate Governance Council Guidelines. The Company continues, as it has since 2004, to engage a part time external consultant whose primary role is to facilitate the Company's corporate governance initiatives.

In FY2006 the Corporate Governance Committee entrenched the rolling review process it had introduced in FY2005, under which the Company's various corporate governance documents, and in particular the various policies, are reviewed and refined. Briefly, the process involves:

- selecting a corporate governance document and taking a 'snapshot' of its effectiveness by examining, through sounding a randomly selected representative sample of employees, how well the existence, purpose and operating framework of that corporate governance document is understood;
- reporting the outcome of the sounding process to the Corporate Governance Committee, along with any recommendations; and
- Senior Management implementing those recommendations adopted (for example, publishing summary documents, increasing employee awareness through further education sessions, improving access to corporate governance documents by establishing a governance page on the Company's intranet and including certain governance documents in employee induction packages).

A number of policies were reviewed in accordance with this process, including the Share Trading Policy, the Code of Conduct and the Market Disclosure Policy, and where appropriate, were also refined. As a separate exercise, the Audit & Risk Committee Charter was amended to reflect the policy and procedure adopted by the Board for the selection and appointment of the Company's external auditor and for the rotation of external audit engagement partners.

In yet another exercise, representatives from both the Audit & Risk Committee and the Corporate Governance Committee worked together with Senior Management to develop a question and answer assessment document that examined the effectiveness of Infomedia's risk management initiatives. Once completed, the question and answer assessment bridged the gap between the FY2006 Risk Management Plan and the FY2007 Risk Management Plan. The question and answer assessment and the FY2007 Risk Management Plan, along with the annual risk management review cycle, were considered and, as appropriate, approved by both the Audit & Risk Committee and the Board in June and July 2006 (respectively).

In May 2006, Infomedia voluntarily took part in the UTS – Centre for Corporate Governance Research Project on *The changing roles and responsibilities of company boards and directors.* This involved the General Counsel/Company Secretary participating in a one on one interview during which Infomedia's response was canvassed to some 42 questions drawn largely from the 10 principles and 28 recommendations which comprise the ASX Corporate Governance Council Guidelines. This involvement allowed the Company to demonstrate its willingness to be a part of the wider corporate governance community and provided an invaluable opportunity to undertake a self-assessment of the corporate governance work it had done to date. In addition, as the UTS – Centre for Corporate Governance Research Project moved toward finalising its June 2006 *Interim Report*[3], the Corporate Governance Committee sought out Infomedia specific feedback from the UTS Centre for Corporate Governance regarding the perceived effectiveness of its corporate governance initiatives.

Also in May 2006 the Remuneration & Nomination Committee, with some assistance from external consultants, turned its attention to establishing the framework for the first formal 'whole of Board' review. The self-assessment, which utilises individual survey responses, is being conducted with the purpose of:

- obtaining a consensus view on how effectively the Board is operating by assessing its performance around a range of key issues;
- identifying opportunities for enhancing the Board's performance;
- generating recommendations/actions for improving the Board's effectiveness by reference to 'best practice'; and
- introducing a process which can be expanded upon in subsequent reporting years (by, for example, providing data to benchmark against and by establishing a methodology which can later be applied to the Board's committees and its individual Directors).

In July 2006, each Director was asked to complete a self-assessment survey and in August 2006 the individual Directors' assessments of effectiveness of various Board matters were benchmarked against the importance of the issue, creating a gap analysis report. It is intended that this report be presented to the Board at a subsequent meeting in 2006.

The summaries of the Company's various charters, policies and procedures included on Infomedia's website have been updated as required by the Board and committees' ongoing review process.

Management information sessions with specific presentations on risk management and corporate governance were also conducted during the financial year.

'If Not, Why Not?'

ASX CGC Recommendation 2.1 – A majority of the board should be independent directors

ASX CGC Recommendation 2.2 – The chairperson should be an independent director

ASX CGC Recommendation 2.3 – The roles of chairperson and chief executive should not be exercised by the same individual

Traditionally, the Board has applied an Executive Director/Non-executive Director classification to its members. Following the appointment of Geoffrey Henderson as an additional Non-executive Director in February 2003, the Infomedia Board then comprised four Non-executive Directors and two Executive Directors until 31 December 2004. The ratio of Executive to Non-executive Directors then altered when Richard Graham, who continues as Non-executive Chairman, retired as Chief Executive Officer. Since then the Board has comprised five Non-executive Directors and one Executive Director.

As a result of the changes noted above, the role of Chairman and Chief Executive Officer has, as contemplated by ASX CGC Recommendation 2.3, been split since 31 December 2004. However, having recently retired as an executive, Richard Graham is not considered by the Board as an independent Chairman. Accordingly, the Company does not comply with ASX CGC Recommendation 2.2 that the chairperson be an independent director. Nevertheless, the Board remains of the view that its independence as a whole is not compromised and that it is in the best interests of the Company for Richard Graham to continue as Chairman. The Board believes that during this stage of growth, Infomedia is best served by keeping a strong focus on the development and implementation of strategic platforms. It believes that Richard Graham's industry knowledge, both technological and automotive, uniquely positions him for the kind of strategic thinking required of the Chairman. As suggested in the commentary accompanying ASX CGC Recommendation 2.2, under the Board Charter, Board members may elect a lead Non-executive Director to chair informal discussion meetings of Non-executive Directors. To date, the Non-executive Directors have not had occasion to follow this course.

Gary Martin, in his role as Executive Director, is also not considered by the Board as independent. However, three of the Company's Directors, Frances Hernon, Geoffrey Henderson and Andrew Moffat, meet an objective assessment of quantitative and qualitative criteria for independence. A fourth Non-executive Director, Myer Herszberg, whilst being a major shareholder, is considered by the Board, having regard to the quantitative, qualitative and cumulative criteria, to operate independently and objectively.

The Board is firmly of the view that good, or sound, leadership and judgement and ethical practice are driven by the culture of an organisation, not process. Infomedia has long had a strong and well developed informal culture of corporate governance and compliance. Originally grounded in proprietary company roots, this culture has now become more formalised as is appropriate for a public company.

The Board's approach finds support in this view in other corporate governance commentary, including in the observations the Royal Commissioner, Mr Justice Owen, who in his official report into the collapse of HIH stated that the critical issue is not so much whether, on objective criteria, the director is independent but rather whether he or she is subjectively capable of exercising independent judgement. Mr Justice Owen also said that "...I am not convinced that a mandatory requirement for boards to have a majority of non-executive directors is either necessary or desirable. In most cases it will be desirable (assuming the non-executive directors are truly independent) but flexibility ought to be maintained to enable corporations to be structured in a way that best suits their circumstances".

"An emphasis has been placed on promoting, among other attributes, an appropriate mix of relevant skills, independence, expertise, business knowledge and executive and non-executive participation."

Frances Hernon – Remuneration & Nomination Committee (Chair)

Accordingly, the Board believes it comprises a majority of independent Directors and so complies with ASX CGC Recommendation 2.1.

This independence will continue to be reviewed periodically by the Board to ensure its continued good practice in this area. Ultimately, however, the Board accepts that its members remain in office upon the vote of the Company's shareholders and that they may elect members to the Board regardless of their standing, independent or otherwise.

In order to facilitate the discharge of their duties, including in respect of independent decision making, the Board confirmed in April 2004 its policy for Directors obtaining independent professional advice at the expense of the Company.

Commentary

The Board and Senior Management – Structure and Remuneration

ASX CGC Principle 1 – Lay solid foundations for management and oversight

Recognise and publish the respective roles and responsibilities of board and management

ASX CGC Principle 2 – Structure the board to add value

Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties

ASX CGC Principle 8 – Encourage enhanced performance

Fairly review and actively encourage enhanced board and management effectiveness

ASX CGC Principle 9 – Remunerate fairly and responsibly

Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined

The Company's Constitution requires a minimum of three and a maximum of seven Directors, of whom at least two must ordinarily be resident in Australia. Under the Company's Constitution, one third of the Directors, and any other Director not in such one third who has held office for three years or more, other than the Chief Executive Officer, must retire by rotation each year. If eligible, the retiring Directors may offer themselves for re-election.

The Infomedia Board comprises six Directors and details of the names, terms of office, committee memberships, meeting attendance record, skills, experience and expertise of each, along with photographs, appear in the Directors' Report.

Since listing on the ASX in August 2000 in particular, the composition and size of the Infomedia Board has been shaped by its Constitution and the contribution Directors are able to make, both individually and collectively. An emphasis has been, and through the interaction of the Board and the Remuneration & Nomination Committee, will continue to be, placed on promoting, among other attributes, an appropriate mix of relevant skills, independence, expertise, business knowledge and executive and non-executive participation.

ASX CGC Recommendation 1.1 – Formalise and disclose the functions reserved to the board and those delegated to management

A formal Charter of the Board of Directors was adopted in early July 2004, following careful and considered deliberation by both the Corporate Governance Committee and the Board itself. As noted in the introduction above, the priority was to document an appropriate division of Board and management responsibilities. The Board's focus is on the Company's objectives, determining the strategy for achieving those objectives and setting the overall policy framework within which the business of the Company is conducted whilst ensuring that the Company operates in accordance with good management and governance practices.

The Corporate Governance Committee was established to support the Board in the areas not covered by the Audit & Risk and Remuneration & Nomination Committees. The members of the Corporate Governance Committee are Geoffrey Henderson (Chair), Myer Herszberg and Frances Hernon. Each is a Non-executive Director.

ASX CGC Recommendation 2.1 – A majority of the board should be independent directors

ASX CGC Recommendation 2.2 – The chairperson should be an independent director and

ASX CGC Recommendation 2.3 – The roles of chairperson and chief executive should not be exercised by the same individual

Commentary on these three ASX CGC Recommendations is found under the heading "If Not, Why Not?" above.

ASX CGC Recommendation 2.4 – The board should establish a nomination committee and

ASX CGC Recommendation 9.2 – The board should establish a remuneration committee

The members of the Remuneration & Nomination Committee are Frances Hernon (Chair), Myer Herszberg and Andrew Moffat. Each is a Non-executive Director. Upon the recommendation of the Remuneration & Nomination Committee, in April 2004 the Board adopted an amended Remuneration & Nomination Committee Charter.

The Remuneration & Nomination Committee and the Board, as appropriate, consider all Board nominees, having regard to both the nominee's individual merits and overall Board composition. In each case the recommendations of the Remuneration & Nomination Committee are then endorsed by the Board and then by shareholders upon the recommendation of the Board.

The Remuneration & Nomination Committee formalised a policy for the nomination and induction of Directors, which was adopted by the Board in early July 2005. A summary of the Director Nomination & Induction Policy was made available on the Infomedia website thereafter. In preparing the Director Nomination & Induction Policy, regard was had to the ASX CGC Commentary accompanying ASX CGC Recommendation 8.1 and, in particular, the suggestions for an induction program. Both Gary Martin and Andrew Moffat were inducted as Directors of Infomedia under the guidance of the Remuneration & Nomination Committee and in accordance with the Director Nomination & Induction Policy.

ASX CGC Recommendation 8.1 – Disclose the process for performance evaluation of the board, its committees and individual directors and key executives and

ASX CGC Recommendation 9.1 – Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance

Upon recommendation of the Remuneration & Nomination Committee, a Remuneration and Performance Evaluation Policy for Directors and Senior Executives was adopted by the Board in July 2004. The Policy clearly outlines the criteria for assessing the performance of the Board as a whole, the Directors as individuals, the Chairman of the Board and the senior executives, and aims to provide a framework for structuring total remuneration that will facilitate both the short and long term growth and success of the Company, that is competitive with the market place and that is demonstrably linked to the Company's overall performance as discussed more fully in the Remuneration Report included within the Directors' Report. In preparing the remuneration information contained in the Remuneration Report, regard was had to the ASX CGC Commentary accompanying ASX CGC Recommendation 9.1 and, in particular, the suggestions for disclosure in box 9.1. Commentary on the work undertaken during the reporting period by the Remuneration & Nomination Committee regarding a 'whole of board' self-assessment is found under the heading "Major Corporate Governance Initiatives" above.

ASX CGC Recommendation 9.3 – Clearly distinguish the structure of non-executive directors' remuneration from that of executives

In formulating the Remuneration and Performance Evaluation Policy for Directors and Senior Executives, regard was had to both market practice and to the best practice guidance provided in the ASX CGC Commentary accompanying ASX CGC Recommendation 9.3.

In contrast to Executive Directors, Non-executive Directors are remunerated by way of fees and statutory superannuation contributions only: they do not receive any additional retirement benefits and nor do they currently participate in any of the Company's incentive arrangements. Non-executive Directors have previously received options, but this practice was reconsidered with the introduction of the Remuneration and Performance Evaluation Policy for Directors and Senior Executives in FY2004, as a result of Remuneration & Nomination Committee discussion on ASX CGC Recommendation 9.3 and the accompanying ASX CGC Commentary. The Remuneration & Nomination Committee, and in turn the Board, will continue to monitor the issue as each recognises that for smaller companies option based remuneration may be an appropriate method of remunerating Non-executive Directors when accompanied by an appropriate framework and proper disclosure.

ASX CGC Recommendation 9.4 – Ensure that the payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders

The Company has two equity based incentive plans: an Employee Option Plan, applicable to certain eligible employees, including senior executives and Executive Directors and an Employee Share Plan, applicable to all permanent employees of one or more years of service, including senior executives but excluding both Executive and Non-executive Directors. These plans were established prior to Infomedia's listing in August 2000 in accordance with both the Corporations Act and the ASX Listing Rules and were disclosed in the 14 July 2000 prospectus. As a result of the altered accounting treatment required under the Australian equivalents to International Financial Reporting Standards, in June 2005 the Board resolved to indefinitely suspend the Employee Share Plan with effect immediately following the scheduled July 2005 allocation.

Given this background, there is no present intention to obtain shareholder approval of the Employee Option Plan (or, if re-activated, the Employee Share Plan) as proposed by ASX CGC Recommendation 9.4 unless otherwise required by the ASX Listing Rules.

Further details of senior executive remuneration under these plans is included in the Remuneration Report.

Business Conduct

ASX CGC Principle 3 – Promote ethical and responsible decision making

Actively promote ethical and responsible decision making

ASX CGC Principle 10 – Recognise the legitimate interests of stakeholders

Recognise legal and other obligations to all legitimate stakeholders

ASX CGC Recommendation 3.1 – Establish a code of conduct to guide the directors, the chief executive officer and any other key executives as to:

3.1.1 the practices necessary to maintain the confidence in the company's integrity

3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices and

ASX CGC Recommendation 10.1 – Establish a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders

A formal Code of Conduct was adopted in April 2004 following careful and considered deliberation by both the Corporate Governance Committee and the Board itself.

The Infomedia Code of Conduct applies to all Infomedia personnel, including Directors, senior executives and employees and was developed having regard to the ASX CGC Commentary accompanying ASX CGC Recommendations 3.1 and 10.1. Whilst Infomedia has long held and emphasised personal integrity, respect and ethical business practices as core tenets, the Infomedia Code of Conduct strengthens the Company's commitment to them by further articulating the cultural values which permeate the Company and better guiding dealings with all non-shareholder stakeholders.

As noted above, under the direction of the Corporate Governance Committee, a number of policy document reviews occurred during the financial year. As part of the process the Code of Conduct was refined, primarily to formalise guidelines for the resolution of internal grievances. The soundings conducted as part of the review process served to promote greater awareness

"During the last reporting period the Audit & Risk Committee reviewed the policy closely and recommended that the Board adopt a revised Risk Management Policy and a Risk Management Plan which would better promote the establishment and implementation of an effective and appropriate risk management framework for the Company."

Andrew Moffat – Audit & Risk Committee (Chair)

and use of enhanced procedures for seeking guidance where areas of concern exist, for the management of grievance issues and for the notification of matters which potentially involve a compliance or business risk element.

The implications of the Work Choices legislation for Infomedia's employees were the subject of an Australia wide joint presentation by the Human Resources Manager and the Chief Executive Officer in June 2006. The 'face to face' approach was designed to alleviate any concerns employees may have had regarding loss of entitlements or benefits. The presentations were both well attended and warmly received, particularly in light of the negative publicity surrounding the introduction of the legislation.

ASX CGC Recommendation 3.2 – Disclose the policy concerning trading in company securities by directors, officers and employees

A formal Policy on Share Trading by Company Directors, Officers and Employees was originally established in October 2001 and was reviewed, amended and adopted by the Infomedia Board in April 2004, upon the recommendation of the Corporate Governance Committee. It was further reviewed by the Corporate Governance Committee as part of its review calendar and, in turn by the Board, in the last quarter of FY2006. In July 2005, a revised Policy on Securities Trading by Company Directors, Officers and Employees was adopted by the Board and a summary was placed on the Company's website shortly thereafter.

Financial Reporting and Risk Management

ASX CGC Principle 4 – Safeguard integrity in financial reporting

Have a structure to independently verify and safeguard the integrity of the company's financial reporting

ASX CGC Principle 7 – Recognise and manage risk

Establish a sound system of risk oversight and management and internal control

Infomedia fully complied throughout this reporting period with the ASX CGC Recommendations accompanying ASX CGC Principle 4, relating to audit committee composition, operation and responsibility.

ASX CGC Recommendation 4.1 – Require the chief executive officer and the chief financial officer to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards and

ASX CGC Recommendation 7.2 – The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:

7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board

7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects

The Company's financial reporting obligations for FY2006 have been fulfilled, as they have in previous years, in accordance with applicable legal and accounting requirements: see the financial statements and notes contained in the Directors' Report and the independent Audit Report.

Having acted in accordance with the Board endorsed revised Risk Management Policy and Board endorsed Risk Management Plan, the Chief Executive Officer and the Chief Financial Officer have provided to the Board the certifications under ASX CGC Recommendation 7.2 and in turn, the certifications under ASX CGC Recommendation 4.1. and the Corporations Act.

ASX CGC Recommendation 4.2 – The board should establish an audit committee

ASX CGC Recommendation 4.3 – Structure the audit committee so that it consists of only

- non-executive directors;
- a majority of independent directors;
- an independent chairperson, who is not chairperson of the board; and
- at least three members.

ASX CGC Recommendation 4.4 – The audit committee should have a formal charter

Infomedia originally established an audit committee prior to its listing on the ASX in August 2000. Today it is known as the Audit & Risk Committee and its members are Andrew Moffat (Chair), Myer Herszberg and Geoffrey Henderson. Each is a Non-executive Director.

The Board continues to firmly believe the Audit & Risk Committee is of '...sufficient size, independence and technical expertise to discharge its mandate effectively'. As noted in the discussion around ASX CGC Recommendation 2.1 above, although traditionally the Board has applied an Executive Director/Non-executive Director classification to its membership, the Board believes that Andrew Moffat, Myer Herszberg and Geoffrey Henderson meet an objective assessment of quantitative and qualitative criteria for independence. As such the Committee meets the requirements for an independent Chairman and a majority of independent Directors under ASX CGC Recommendation 4.3.

A formal Audit & Risk Committee Charter was originally adopted in 2000 and an amended version approved by the Board in April 2004 following careful and considered deliberation by both the Audit & Risk Committee and the Board itself. Consistent with the Company's policy, a summary of the Charter was placed on the Company's website during the first half of FY2005.

The Audit & Risk Committee acknowledges the importance of external auditor independence. The Company's external auditor's engagement partner was rotated in FY2002. In response to both legislative change and to the ASX CGC Commentary, in the last quarter of FY2004 the Audit & Risk Committee began reconsidering the policy for the selection and appointment of the Company's external auditor and the rotation of engagement partners. As noted above, the

Committee recommended, and the Board approved, formalised procedures during FY2006, and made a summary of them available on the Infomedia website shortly thereafter.

ASX CGC Recommendation 7.1 – The board or appropriate committee should establish policies on risk oversight and management

Upon the recommendation of the Audit & Risk Committee, the Board adopted the Risk Management Policy in July 2004. During the last reporting period, the Audit & Risk Committee reviewed it closely and recommended that the Board adopt a revised Risk Management Policy and a Risk Management Plan which would better promote the establishment and implementation of an effective and appropriate risk management framework for the Company.

The revised Risk Management Policy allocates oversight responsibility to the Board and the Audit & Risk Committee whilst the establishment of risk management procedures, compliance and control rests with the Chief Executive Officer, Chief Financial Officer and Senior Executives and, at a daily operating level, with departmental managers, line managers and individuals as part of regular business conduct.

Work undertaken during FY2006 examining the effectiveness of Infomedia's risk management initiatives is discussed under the heading "Major Corporate Governance Initiatives" above.

A summary of the Company's Risk Management Policy is available on the Company's website, however, given the strategic nature of its content, the Board does not feel it is appropriate for details of the Company's Risk Management Plan to be made publicly available as contemplated by the guidance accompanying ASX CGC Recommendation 7.3.

ASX CGC Principle 5 – Make timely and balanced disclosure

Promote timely and balanced disclosure of all material matters concerning the company

ASX CGC Recommendation 5.1 – Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance

A Market Disclosure Policy was adopted by the Board in April 2004 following careful and considered deliberation by both the Corporate Governance Committee and the Board itself. The Market Disclosure Policy was developed having regard to the ASX CGC Commentary and suggested content accompanying ASX CGC Recommendation 5.1.

A review of the Market Disclosure Policy was conducted by the Corporate Governance Committee as part of its review calendar in the final quarter of FY2006. The review concluded that both the continuous and periodic reporting obligations imposed under the ASX Listing Rules, and the Company's internal procedures in respect of them, were well understood by Senior Management.

Shareholders

ASX CGC Principle 6 – Respect the rights of the shareholders

Respect the rights of shareholders and facilitate the effective exercise of those rights

ASX CGC Recommendation 6.1 – Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings and

ASX CGC Recommendation 6.2 – Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the audit

Through a series of initiatives, Infomedia continues to demonstrate its commitment to promoting effective communication with all shareholders. Such initiatives include the continued development of the Company website, where this Corporate Governance Statement, summaries of the various corporate governance charters, policies and guidelines, annual, half yearly and quarterly reports, a synopsis of the Infomedia business model, media releases, achievements, share price information and the July 2000 prospectus, along with the FY2006 Notice of Annual General Meeting and Explanatory Statement are all available.

Infomedia continues to monitor how it might best and most cost effectively introduce e-communications to shareholders, and in the process, save paper and assist in preserving the environment. Infomedia will carefully consider any e-communication initiative permitted by the regulatory environment or which its share registry, or any other provider, introduces in response to ASX CGC Recommendations 6.1 and 6.2.

Infomedia also acknowledges, and has considered and adopted as appropriate to its circumstances, the Guidelines for notices of meeting included in the ASX CGC Commentary accompanying ASX CGC Recommendation 6.1.

Shareholder participation at general meetings is encouraged and Infomedia's auditor, Ernst & Young, will attend the Annual General Meeting and be available to answer shareholder questions.

[1] The ASX Corporate Governance Council Guidelines containing the ASX CGC Principles, the ASX CGC Recommendations and the ASX CGC Commentary, March 2003.

[2] For example, ASX, *Corporate Governance (Market Research Project)*, Final March 2006, page 9 and ASX – *2005 Analysis of corporate governance practice disclosure* May 2006, page 6.

[3] UTS Centre for Corporate Governance *et al*, *Interim Report*, June 2006.

Additional Information

Top 20 holders of shares as at 31 August 2006			
Name	Shares	% of Total	Rank
WISER EQUITY PTY LIMITED	100,277,501	30.81	1
YARRAGENE PTY LIMITED	39,421,599	12.11	2
J P MORGAN NOMINEES AUSTRALIA LIMITED	17,011,248	5.23	3
WESTPAC CUSTODIANS	8,809,603	2.71	4
CITICORP NOMINEES PTY LIMITED	4,472,651	1.37	5
ANZ NOMINEES LIMITED	4,051,295	1.24	6
NATIONAL NOMINEES LIMITED	2,956,147	0.91	8
ANZ NOMINEES LIMITED CASH INCOME A/C	2,464,379	0.76	7
MR ANDREW PATTINSON	2,447,567	0.75	9
WOODROSS NOMINEES PTY LTD	2,208,000	0.68	10
BIG BEAR ENTERPRISES PTY LTD	2,000,000	0.61	11
ANZ NOMINEES LIMITED	1,403,458	0.43	12
TOM HADLEY ENTERPRISES PTY LTD	1,250,000	0.38	13
WARBONT NOMINEES PTY LTD UNPAID ENTREPOT A/C	1,000,000	0.31	14
WISER CENTRE PTY LTD	1,000,000	0.31	15
RICHARD GRAHAM	926,559	0.28	16
MR YET-KWONG CHIANG MRS HO YUK LIN CHIANG	635,342	0.20	17
PORTFOLIO MANAGEMENT PTY LTD	625,000	0.19	18
AUSTRALIAN REWARD INVESTMENT ALLIANCE	588,151	0.18	19
AUSTIE DEVELOPMENTS PTY LTD	500,000	0.15	20

Range of shares as at 31 August 2006			
Range	Shareholders	Shares held	% of total
1 - 1,000	446	369,501	0.11
1,001 - 5,000	2,623	8,703,583	2.67
5,001 - 10,000	2,232	18,666,680	5.74
10,001 - 100,000	3,015	83,856,217	25.76
100,001+	132	213,875,592	65.72
Total	8,448	325,471,573	100

As at 31 August 2006 there were 96 shareholders holding less than a marketable parcel of shares (minimum parcel $500.00)

Corporate Directory

Infomedia Ltd

357 Warringah Road
Frenchs Forest NSW 2086

ABN 63 003 326 243

Telephone: (02) 9454 1500
Facsimile: (02) 9454 1844
Internet: infomedia.com.au

Directors

Richard Graham – Chairman of the Board

Myer Herszberg – Non-executive Director

Frances Hernon – Non-executive Director

Geoffrey Henderson – Non-executive Director

Gary Martin – Chief Executive Officer and Executive Director

Andrew Moffat – Non-executive Director

Company officers

Nick Georges – Company Secretary

Peter Adams – Chief Financial Officer

Auditors

Ernst & Young
Ernst & Young Centre
680 George Street
Sydney NSW 2000

Share registry

Computershare Registry Services Pty Ltd
GPO Box 7045
Sydney NSW 1115

Lawyers

Thomson Playford Lawyers

Level 25 Australia Square Tower

264 George Street

Sydney NSW 2000

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