Infomedia Ltd

ABN 63 003 326 243

Appendix 4D

Half-Year Ended 31 December 2005

CONTENTS

- Result For Announcement To The Market
- Half-Year Financial Report
- Independent Review Report

Appendix 4D

Half-year report

Name of entity

Infomedia Ltd

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Financial year ended ('current period')
A.B.N 63 003 326 243	✓		6 months ended 31 December 2005

Results for announcement to the market

				$A'000
Sales revenue	Down	**7%**	**to**	**27,390**
Profit after tax attributable to members	Up	**22%**	**to**	**8,427**
Profit (loss) from extraordinary items after tax attributable to members		**Nil**		**Nil**
Net profit for the period attributable to members	Up	**22%**	**to**	**8,427**

Dividends (distributions)	Amount per security	Franked amount per security
Current Year:		
Interim dividend	1.9¢	1.9¢
Special dividend – paid 15 December 2005	3.5¢	3.5¢
Previous Corresponding Period:		
Final dividend	1.7¢	1.7¢
Interim dividend	1.7¢	1.7¢

Record date for determining entitlements to the dividend	**8 March 2006**
Date the dividend is payable	**24 March 2006**

	31 December 2005	31 December 2004
Net Tangible Assets per security	8.7¢	9.6¢

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Infomedia Ltd

ABN 63 003 326 243

Financial Report

for the half-year ended 31 December 2005

INFOMEDIA LTD

ABN 63 003 326 243

Directors
Richard Graham – Chairman
Gary Martin – CEO
Geoffrey Henderson
Frances Hernon
Myer Herszberg
Andrew Moffat

Company Secretary
Nick Georges

Chief Financial Officer
Peter Adams

Registered Office
373 Warringah Road
Frenchs Forrest NSW 2086

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

Share Register
Computershare Registry Services Pty Ltd
GPO BOX 7045
Sydney NSW 1115

Solicitors
Cowley Hearne Lawyers Pty Ltd
Level 10
60 Miller Street
North Sydney NSW 2060

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DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2005.

DIRECTORS

The names and details of the directors of the Company in office during the half-year are:

Richard Graham	Chairman
Gary Martin	Chief Executive Officer
Geoffrey Henderson	Non-Executive Director (Chairman of Corporate Governance Committee)
Frances Hernon	Non-Executive Director (Chairman of Remuneration & Nomination Committee)
Myer Herszberg	Non-Executive Director
Andrew Moffat	Non-Executive Director (Chairman of Audit & Risk Committee)

All Directors were in office from the beginning of the half-year until the date of this report. Nick Georges acted as alternate director for Myer Herszberg at one meeting during the period.

PRINCIPAL ACTIVITIES

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

- developer and supplier of electronic parts catalogues 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 half-year.

REVIEW AND RESULTS OF OPERATIONS

The Company experienced a 22% increase in profit after tax against the previous corresponding period. The Company benefited from an improved performance in non-EPC divisions in conjunction with lower depreciation and taxation costs. There were no impairment writedowns during the period (versus $2,377,000 in the equivalent prior period).

Electronic Part Catalogue subscription numbers grew over the half to 47,636 whilst Superservice menu subscriptions grew by 172% over the corresponding half to 943. Notwithstanding this growth, currency exchange rates had a negative impact on overall sales revenue.

The Company paid a fully franked special dividend of 3.5 cents in December 2005.

DIRECTORS' REPORT (CONTINUED)

ROUNDING

The amounts contained in the half-year financial report have been rounded to the nearest $1,000 under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Ernst & Young (refer page 24).

Signed in accordance with a resolution of the directors.

Richard David Graham
Chairman
Sydney, 22 February 2006

CONDENSED INCOME STATEMENT

HALF-YEAR ENDED 31 DECEMBER 2005		CONSOLIDATED	
	Notes	**31 December 2005**	31 December 2004
		$'000	$'000
Revenue			
Sales revenue		**27,390**	29,610
Interest revenue		**164**	140
Rental income		**316**	304
		27,870	30,054
Cost of sales	2(i)	**(8,355)**	(8,877)
Gross Profit		**19,515**	21,177
Other income	2(ii)	**325**	2,922
Employee benefits expense	2(iii)	**(4,466)**	(4,632)
Depreciation and amortisation	2(iv)	**(1,623)**	(2,390)
Decrement in value of non-current assets	2(v)	**-**	(2,377)
Finance costs		**(25)**	(97)
Other expenses	2(vi)	**(2,664)**	(4,412)
Profit before income tax expense		**11,062**	10,191
Income tax expense	3	**(2,635)**	(3,311)
Profit after income tax expense		**8,427**	6,880
Basic earnings per share (cents per share)		**2.6**	2.1
Diluted earnings per share (cents per share)		**2.6**	2.1
Interim franked dividend per share (cents per share)	4	**1.9**	1.7
Special franked dividend per share (cents per share)	4	**3.5**	-

CONDENSED BALANCE SHEET

	Notes	CONSOLIDATED 31 December 2005 $'000	30 June 2005 $'000
CURRENT ASSETS			
Cash and cash equivalents		**7,072**	10,821
Trade and other receivables		**9,154**	6,042
Inventories		**119**	88
Prepayments		**525**	540
TOTAL CURRENT ASSETS		**16,870**	17,491
NON-CURRENT ASSETS			
Deferred receivables		**991**	1,260
Property, plant and equipment		**22,278**	22,582
Intangible assets		**9,925**	9,999
Deferred development costs		**4,199**	3,657
Deferred tax assets		**1,068**	988
TOTAL NON-CURRENT ASSETS		**38,461**	38,486
TOTAL ASSETS		**55,331**	55,977
CURRENT LIABILITIES			
Trade and other payables		**2,809**	3,640
Interest bearing liabilities		**2,000**	-
Provisions		**2,326**	1,971
Income tax payable		**883**	1,215
Deferred revenue		**1,127**	810
TOTAL CURRENT LIABILITIES		**9,145**	7,636
NON-CURRENT LIABILITIES			
Interest bearing liabilities		**6,000**	-
Provisions		**407**	534
Deferred tax liabilities		**1,576**	1,338
TOTAL NON-CURRENT LIABILITIES		**7,983**	1,872
TOTAL LIABILITIES		**17,128**	9,508
NET ASSETS		**38,203**	46,469
EQUITY			
Issued capital	5	**17,488**	17,488
Reserves		**938**	706
Retained profits		**19,777**	28,275
TOTAL EQUITY		**38,203**	46,469

CONDENSED CASH FLOW STATEMENT

		CONSOLIDATED	
HALF-YEAR ENDED 31 DECEMBER 2005		**31 December 2005**	31 December 2004
	Notes	**$'000**	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**24,135**	32,296
Payments to suppliers and employees		**(15,380)**	(21,026)
Interest received		**164**	140
Borrowing costs		**(25)**	(97)
Income tax paid		**(2,818)**	(3,795)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**6,076**	7,518
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(900)**	(749)
Proceeds from sale of property, plant and equipment		**-**	1,734
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(900)**	985
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**8,000**	1,000
Repayment of borrowings		**-**	(2,173)
Dividends paid on ordinary shares		**(16,925)**	(6,174)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(8,925)**	(7,347)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(3,749)**	1,156
Cash and cash equivalents at beginning of period		**10,821**	6,887
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**7,072**	8,043

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

Consolidated	**Issued capital $'000**	**Retained earnings $'000**	**Other reserves $'000**	**Total $'000**
At 1 July 2005	**17,488**	**28,275**	**706**	**46,469**
Currency translation differences	**-**	**-**	**15**	**15**
Profit for the period	**-**	**8,427**	**-**	**8,427**
Cost of share based payments	**-**	**-**	**217**	**217**
Equity dividends	**-**	**(16,925)**	**-**	**(16,925)**
At 31 December 2005	**17,488**	**19,777**	**938**	**38,203**

Consolidated	**Issued capital $'000**	**Retained earnings $'000**	**Other reserves $'000**	**Total $'000**
At 1 July 2004	17,488	33,629	404	51,521
Currency translation differences	-	-	6	6
Profit for the period	-	6,880	-	6,880
Cost of share based payments	-	-	162	162
Equity dividends	-	(6,174)	-	(6,174)
At 31 December 2004	17,488	34,335	572	52,395

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

31 December 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Infomedia Ltd as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by Infomedia Ltd and its controlled entities during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of preparation

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance

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

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the consolidated entity under AIFRS are disclosed in Note 1(c) below.

Reconciliations of:

- AIFRS equity as at 1 July 2004, 31 December 2004 and 30 June 2005; and
- AIFRS profit for the half-year 31 December 2004 and full year 30 June 2005, to the balances reported in the 31 December 2004 half-year report and 30 June 2005 full-year financial report prepared under AGAAP are detailed in Note 1(e) below.

(c) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Infomedia Ltd and its subsidiaries ('the Consolidated Entity'). 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 Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity. 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.

(ii) Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the entities within the consolidated entity 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.

Derivative Financial Instruments

The Consolidated Entity 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.

NOTES CONTINUED

31 December 2005
1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONTINUED)
(c) Summary of significant accounting policies (continued)

(ii) Foreign currencies (continued)

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.

(iii) Cash and cash equivalents

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

For the purposes of the Condensed 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.

(iv) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection is no longer probable. Bad debts are written-off as incurred.

(v) 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; and
- Work-in-progress – cost of direct labour and materials.

(vi) Property held for resale

Freehold property and other assets held for resale are valued at the lower of carrying amount and fair value less cost to sell.

(vii) Recoverable amount

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.
Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.
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.

NOTES CONTINUED

31 December 2005
1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONTINUED)
(c) Summary of significant accounting policies (continued)

(viii) Property, plant and equipment

Cost

Property, plant and equipment are carried at cost less accumulated depreciation.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, other than freehold land.

Major depreciation periods are:	**2006**	**2005**
Freehold buildings:	40 years	40 years
Leasehold improvements:	5 to 20 years	5 to 20 years
Plant and equipment:	3 to 15 years	3 to 15 years
Plant and equipment under lease:	3 years	3 years

(ix) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.
Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the consolidated entity are recognised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.
Capitalised lease assets are depreciated over the estimated useful life of the assets. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the income statement.
The cost of improvements to or on leasehold property is recognised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(x) Intangibles

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.
Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.
Goodwill is not amortised.
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.
As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.
Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.
Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.
Where goodwill forms part of a cash-generating unit and part of the 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 circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intellectual Property

Intellectual property relates to copyright and software codes over key products. Intellectual property is amortised over its useful life, being 10 years.

NOTES CONTINUED

31 December 2005
1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONTINUED)
(c) Summary of significant accounting policies (continued)

(xi) Trade and other payables

Liabilities for trade creditors and other amounts 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 consolidated entity.

(xii) Provisions

Provisions are recognised when the consolidated entity 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.

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.

(xiii) Revenue in advance

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.

(xiv) Loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

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

(xv) Issued capital

Issued capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(xvi) 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.

(xvii) 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.

(xviii) Research and development costs

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

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 carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

NOTES CONTINUED

31 December 2005
1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONTINUED)
(c) Summary of significant accounting policies (continued)

(xix) Taxes

Income taxes

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 where the deferred income tax liability 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; and
• in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences 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 that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:
• except where 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; and
• in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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.
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 the income statement.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:
• where 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 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.

(xx) Share-based payment transactions

The consolidated entity 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 award (‘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 awards that, in the opinion of the directors of the consolidated entity, 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.
No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

NOTES CONTINUED

31 December 2005
1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONTINUED)
(c) Summary of significant accounting policies (continued)

(xx) Share-based payment transactions (continued)

Where the terms of an equity-settled award 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 award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, 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 Consolidated Entity has applied the exemptions of AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' in respect of equity-settled awards 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.

(xxi) 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 reporting period.
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).

(d) AASB 1 Transitional exemptions

The consolidated entity has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Business combinations

AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to AIFRS).

Share-based payment transactions

AASB 2 'Share-Based Payments' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139

The consolidated entity has elected to adopt this exemption and has not applied AASB 132 'Financial Instruments: Presentation and Disclosure' and AASB 139 'Financial Instruments: Recognition and Measurement' to its comparative information. The accounting policy that relates to the previous corresponding period is as follows:

> *"Forward exchange contracts*
>
> The consolidated entity enters into forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from sales and purchases in foreign currencies, to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are usually for no longer than 12 to 24 months.
>
> Forward exchange contracts are recognised at the date the contract is entered. Exchange gains or losses on forward exchange contracts are charged to the profit and loss except those relating to hedges of specific commitments which are deferred and included in the measurement of the sale or purchase."

The implementation of these standards did not give rise to transitional adjustments at 1 July 2005.

NOTES CONTINUED

31 December 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONTINUED)
(e) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and net profit as reported under Australian Accounting Standards applicable before 1 January 2005 (‘AGAAP’) are illustrated below.

(i) Reconciliation of equity as presented under AGAAP to that under AIFRS

		Consolidated entity		
	Notes	**30 June 2005**	**31 December 2004**	**1 July 2004**
Total equity under AGAAP		**45,261**	**51,791**	**51,521**
Adjustment to retained earnings (net of tax)				
Write-back of goodwill amortisation	(A)	**1,238**	**634**	**-**
Impairment of assets including goodwill	(B)	**(30)**	**(30)**	**-**
Recognition of share based payment expense	(C)	**(725)**	**(557)**	**(395)**
		483	**47**	**(395)**
Adjustment to other reserves (net of tax)				
Recognition of share based payment expense	(C)	**725**	**557**	**395**
		725	**557**	**395**
Total equity under AIFRS		**46,469**	**52,395**	**51,521**

(ii) Reconciliation of net profit under AGAAP to that under AIFRS

		Consolidated entity	
	Notes	**Year ended 30 June 2005**	**Half-year ended 31 December 2004**
Net profit as reported under AGAAP		**5,469**	**6,438**
Amortisation of goodwill	(A)	**1,238**	**634**
Impairment of assets including goodwill	(B)	**(30)**	**(30)**
Share-based payment expense	(C)	**(330)**	**(162)**
Net profit under AIFRS		**6,347**	**6,880**

(A) Goodwill is not amortised under AASB 3 ‘Business Combinations’, but was amortised under AGAAP.

(B) 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.

(C) 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.

(iii) Explanation of material adjustments to the cash flow statements
There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

NOTES CONTINUED

31 DECEMBER 2005		CONSOLIDATED	
		31 December 2005	31 December 2004
	Notes	**$'000**	$'000
2. REVENUE AND EXPENSES			
(i) Cost of sales			
Direct wages		**5,175**	4,386
Other		**3,180**	4,491
Total cost of sales		**8,355**	8,877
(ii) Other income			
Gain on disposal of property held for resale		**-**	193
Foreign currency exchange gain		**325**	240
Proceeds from settlement of a legal claim	2(viii)	**-**	2,489
Total other income		**325**	2,922
(iii) Employee benefits expense			
Salaries & wages (including on-costs)		**4,249**	4,470
Share based payment expense		**217**	162
Total employee benefits expense		**4,466**	4,632
(iv) Depreciation and amortisation			
Depreciation of non-current assets			
- Buildings		**168**	174
- Leasehold improvements		**254**	238
- Office equipment		**557**	506
- Furniture and fittings		**28**	23
- Plant and equipment		**197**	152
Total depreciation of non-current assets		**1,204**	1,093
Amortisation of non-current assets			
- intellectual property		**75**	901
- deferred development costs		**344**	396
Total amortisation of non-current assets		**419**	1,297
Total depreciation and amortisation		**1,623**	2,390

NOTES CONTINUED

31 DECEMBER 2005		CONSOLIDATED	
		31 December 2005	31 December 2004
	Notes	**$'000**	$'000
2. REVENUE AND EXPENSES (Continued)			
(v) Decrement in value of non-current assets			
Development costs		**-**	813
Goodwill		**-**	381
Intellectual property		**-**	1,183
Total decrement in value of non-current assets	2(viii)	**-**	2,377
(vi) Other expenses			
Legal costs incurred in enforcement of contractual rights	2(viii)	**-**	1,227
Other expenses		**2,664**	3,185
Total other expenses		**2,664**	4,412
(vii) Research & Development Costs (included within item 2(iii) and 2(vi) above)			
Total research & development costs incurred during the period		**1,817**	1,801
Less: development costs deferred		**(886)**	(830)
Net research and development costs expensed		**931**	971
(viii) Net Significant Items			
Significant items charged to profit:			
Decrement in value of non-current assets		**-**	(2,377)
Legal costs incurred in enforcement of contractual rights		**-**	(1,227)
Less:			
Significant items credited to profit:			
Proceeds from settlement of a legal claim		**-**	2,489
Net significant items charged to profit before tax		**-**	(1,115)
Tax effect on significant items		**-**	(136)
Net significant items charged to profit after tax		**-**	(1,251)

NOTES CONTINUED

31 December 2005	Notes	CONSOLIDATED 31 December 2005 $'000	CONSOLIDATED 31 December 2004 $'000
3. INCOME TAX			
A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Consolidated Entity's effective income tax rate for the half-year is as follows:			
Accounting profit before income tax		**11,062**	10,191
Tax at the statutory rate of 30%		**3,319**	3,057
Expenditure not allowable for income tax purposes		**139**	101
Additional research and development deduction		**(477)**	(135)
Fair value adjustment of non-current assets		**-**	469
Tax losses not brought to account		**-**	65
Other		**(19)**	2
Adjustments in respect of current income tax of previous years		**(327)**	(248)
Income tax expense reported in income statement		**2,635**	3,311
4. DIVIDENDS PAID OR PROPOSED			
(a) Dividends paid during the period:			
Final June 2005 franked dividend - 1.7 cents per ordinary share (2004: 1.9 cents per ordinary share)		**5,533**	6,174
Special franked dividend – 3.5 cents per ordinary share		**11,392**	-
(b) Dividends proposed and not recognised as a liability:			
Interim franked dividend – 1.9 cents per ordinary share (2004: 1.7 cents per ordinary share)		**6,184**	5,528

		CONSOLIDATED 31 December 2005 $'000	CONSOLIDATED 30 June 2005 $'000
5. ISSUED CAPITAL			
Issued and paid up capital			
– 325,471,573 shares fully paid (June 2005: 325,156,205)		**17,488**	17,488
Movement in Shares on Issue	**Number**		
Opening balance – 1 July 2005	325,156,205		
Employee Share Plan ($Nil consideration per share)	315,368		
Closing balance – 31 December 2005	325,471,573		

Employee Option Plan

During the period 477,000 options were cancelled without being exercised.

A total of 1,500,000 options were issued to eligible employees during the half-year at an average exercise price of $0.50.

NOTES CONTINUED

6. SEGMENT INFORMATION

PRIMARY SEGMENT – CURRENT HALF YEAR
31 DECEMBER 2005

Business Segments	Notes	Electronic Catalogue Division	Other Divisions	Eliminations	Total
	Notes	$'000	$'000	$'000	$'000
REVENUE					
Sales revenue		24,221	3,169	-	27,390
Rental income		316	-	-	316
Intersegment revenue		8,243	344	(8,587)	-
Total segment revenue		32,780	3,513	(8,587)	27,706
Unallocated revenue:					
Interest revenue					164
Proceeds from sale of non current assets					-
Total consolidated revenue					27,870
RESULTS					
Segment result		10,782	141	-	10,923
Unallocated items:					
Interest revenue					164
Borrowing costs					(25)
Consolidated entity profit from ordinary activities before income tax expense					11,062
Income tax expense					(2,635)
Consolidated entity profit from ordinary activities after income tax expense					8,427
ASSETS					
Segment assets		43,769	4,490	-	48,259
Unallocated assets:					
Cash					7,072
Total Assets					55,331
LIABILITIES					
Segment liabilities		14,960	2,168	-	17,128
Other segment information:					
Acquisition of property, plant and equipment, intangible assets and other non-current assets		833	67	-	900
Depreciation	2(iv)	997	207	-	1,204
Amortisation	2(iv)	344	75	-	419

NOTES CONTINUED

6. SEGMENT INFORMATION (continued)

PRIMARY SEGMENT – PRIOR HALF YEAR
31 December 2004

Business Segments	Notes	Electronic Catalogue Division	Other Divisions	Eliminations	Total
	Notes	$'000	$'000	$'000	$'000
REVENUE					
Sales revenue		26,402	3,208	-	29,610
Rental income		304	-	-	304
Intersegment revenue		5,534	249	(5,783)	-
Total segment revenue		32,240	3,457	(5,783)	29,914
Unallocated revenue:					
Interest revenue					140
Total consolidated revenue					30,054
RESULTS					
Segment result		13,360	(3,212)	-	10,148
Unallocated items:					
Interest revenue					140
Borrowing costs					(97)
Consolidated entity profit from ordinary activities before income tax expense					10,191
Income tax expense					(3,311)
Consolidated entity profit from ordinary activities after income tax expense					6,880
ASSETS					
Segment assets		55,237	5,116	-	60,353
Unallocated assets:					
Cash					8,043
Total Assets					68,396
LIABILITIES					
Segment liabilities		13,833	2,168	-	16,001
Other segment information:					
Acquisition of property, plant and equipment, intangible assets and other non-current assets		681	68	-	749
Depreciation	2(iv)	837	256	-	1,093
Amortisation	2(iv)	1,036	261	-	1,297

NOTES CONTINUED

6. SEGMENT INFORMATION

SECONDARY SEGMENT – CURRENT HALF YEAR
31 December 2005

Geographical Segments	Notes	Australia	Europe	North America	Eliminations	Total
		$'000	$'000	$'000	$'000	$'000
Segment revenue* **		**26,132**	**5,091**	**5,234**	**(8,587)**	**27,870**
Segment assets		**49,326**	**2,437**	**3,568**	**-**	**55,331**
Other segment information: Acquisition of property, plant and equipment, intangible assets and other non-current assets		**736**	**12**	**152**	**-**	**900**

SECONDARY SEGMENT – PRIOR HALF YEAR
31 December 2004

Geographical Segments	Notes	Australia	Europe	North America	Eliminations	Total
		$'000	$'000	$'000	$'000	$'000
Total segment revenue ***		33,341	6,959	-	(5,783)	34,517
Segment assets		65,213	3,183	-	-	68,396
Other segment information: Acquisition of property, plant and equipment, intangible assets and other non-current assets		735	14	-	-	749

*** - The geographical segmental revenue is classified according to the originating billing source as opposed to customer destination.

NOTES CONTINUED

6. SEGMENT INFORMATION (continued)

SECONDARY SEGMENT

While the products of the consolidated entity are used globally, the Company has three distinguishable geographical segments, Australia, Europe and North America. The change from two geographic segments to three geographic segments was the result of the Company commencing its own distribution and billing operations in North America.

Segment products and locations

The consolidated entity'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, PartsImager and Partfinder electronic parts catalogues. These systems are specialised business tools designed to make the selection and sale of replacement parts fast, easy and accurate.

Included within "other divisions" are the Data Management and Business Systems divisions. Data Management provide a range of specialised data analysis and research services primarily to the automotive industry. Business Systems specialises in the development of business management and accounting systems, electronic automotive trading networks and system integration for retail automotive dealerships.

All products are sourced from Australia.

Segment accounting policies

The Consolidated Entity 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 consolidated entity's accounting policies described in Note 1.

7. CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since the last annual reporting date.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity :

(i) give a true and fair view of the financial position as at 31 December 2005 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 134: "Interim Financial Reporting" and the 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.

On behalf of the Board

Richard David Graham
Chairman

Sydney, 22 February 2006

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Auditor's Independence Declaration to the Directors of Infomedia Ltd

In relation to our review of the financial report of Infomedia Ltd for the half-year ended 31 December 2005, 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

J K Haydon
Partner

Date: 22 February 2006

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Independent review report to members of Infomedia Ltd

Scope

The financial report and directors' responsibility
The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Infomedia Ltd (the company) and the entities it controlled during the half year, and the directors' declaration for the company, for the half year ended 31 December 2005.

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 consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", 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.

Review approach
We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, 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 in the Financial Report on page 24.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Infomedia Ltd and the entities it controlled during the half year is not in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the half year ended on that date; and

  (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Ernst + Young

Ernst & Young

JK Haydon

J K Haydon
Partner
Sydney

Date: 22 February 2006