

Infomedia Ltd

ABN 63 003 326 243

Appendix 4E

Year Ended 30 June 2006

CONTENTS

- Result For Announcement To The Market
- Commentary On Results For the Period
- Annual Financial Report
- Independent Audit Report

Appendix 4E

Preliminary final report

Name of entity

Infomedia Ltd

ABN or equivalent company reference

A.B.N 63 003 326 243

Half yearly
(tick)

Preliminary
final (tick)

Financial year ended ('current period')

12 months ended 30 June 2006

Results for announcement to the market

		\$A'000	
Revenues	Down	6%	to 56,491
Profit after income tax attributable to members	Up	186%	to 18,146
Profit (loss) from extraordinary items after tax attributable to members			Nil
Net profit for the period attributable to members	Up	186%	to 18,146
Dividends (distributions)	Amount per security	Franked amount per security	
Current Year:			
Final dividend – declared and not paid	2.1¢	2.1¢	
Special dividend – declared and not paid	3.5¢	3.5¢	
Special dividend – paid	3.5¢	3.5¢	
Interim dividend – paid	1.9¢	1.9¢	
Previous Corresponding Period:			
Final dividend	1.7¢	1.7¢	
Interim dividend	1.7¢	1.7¢	
Record date for determining entitlements to the dividend	22 September 2006		
Date the dividends are payable	6 October 2006		
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:			
Profit after income tax attributable to members includes \$1,616,000 of profit from the sale and leaseback of the Frenchs Forest corporate headquarters. (Net profit after tax excluding the sale and leaseback transaction is \$16,530,000 and is at the higher end of the guidance of \$15M to \$17M provided in February 2006).			

Infomedia Ltd

Year Ended 30 June 2006

Commentary on the results for the period:

The earnings per security and nature of any dilution aspects:

Earnings per share were 5.58 cents. Refer to income statement and note 5 to the accounts for more information.

Return to shareholders including distributions and buy backs:

Final dividend distributions:

A fully franked final dividend of two point one cents (2.1¢) will be paid 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% based upon profit after tax (excluding property sale and leaseback).

Special dividend distributions:

It was announced at the 2005 Annual General Meeting 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¢) will be paid to shareholders of record at 22 September 2006. This declaration taken together with the first special dividend, takes total special dividend distributions to seven cents (7.0¢).

Significant features of operating performance:

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.

The result of segments that are significant to an understanding of the business as a whole:

Details of segmental results are located in the Financial Report (Note 29).

A discussion of trends in performance:

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 menu growth rates to the 2006 year will continue over the coming year with growth anticipated both locally and abroad.

Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified

Factors that may influence or affect future results either favourably or unfavourably include:

- Movements in foreign currency exchange rates
- Renewal of data licence contracts with automakers and other key suppliers
- Continuous research & development of leading edge technology products
- Rate of rollout & growth of new and existing products

Infomedia Ltd

ABN 63 003 326 243

Annual Financial Report
for the year ended 30 June 2006

ABN 63 003 326 243

Directors

Richard Graham – Chairman
Gary Martin – Chief Executive Officer
Geoffrey Henderson
Frances Hernon
Myer Herszberg
Andrew Moffat

Company Secretary & Alternate Director

Nick Georges

Chief Financial Officer

Peter Adams

Registered Office

357 Warringah Road
Frenchs Forest NSW Australia 2086

Auditors

Ernst & Young

Share Register

Computershare Registry Services Pty Ltd

Solicitors

Thomson Playford Lawyers

Internet Address

www.infomedia.com.au

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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 Managing Director/CEO from its establishment. Since he retired as CEO in December 2004 Mr Graham has continued as Chairman.

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 & 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.

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.

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.

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.

DIRECTORS' REPORT

DIRECTORS (Continued)

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.

Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

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 Ltd since February 2006.

DIRECTORS' REPORT

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

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

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 menu 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.

DIRECTORS' REPORT

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.

DIRECTORS' REPORT

REMUNERATION REPORT (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 is competitive in the market. Fixed compensation is reviewed periodically by the CEO in conjunction with the Remuneration Committee for the 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.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

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
	Salary & Fees	Bonus	Non Monetary Benefits	Superannuation	Options	Employee Share Plan	Other		
2006 Financial Year:								\$	%
<u>Directors:</u>									
Richard Graham	118,019	-	-	10,350	-	-	-	128,369	-
Gary Martin	280,000	63,000	-	24,445	51,232	-	3,267	421,944	27%
Myer Herzberg	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	-
<u>Executives:</u>									
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:									
<u>Directors:</u>									
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 Herzberg	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	-
<u>Executives:</u>									
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	

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

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

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 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 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.

	Vested	Granted	Terms & 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
30 June 2006	No.	No.						
Directors								
Gary Martin	333,333	1,000,000	27 October 2005	8.4	50.0	5 February 2008	5 January 2006	5 February 2008
Executives								
Peter Adams	83,333	250,000	8 July 2005	10.3	50.0	5 February 2008	5 January 2006	5 February 2008
Nick Georges	83,333	250,000	6 October 2005	8.1	48.0	5 February 2008	5 January 2006	5 February 2008
Michael Roach	-	200,000	16 December 2005	8.9	49.0	16 January 2009	16 December 2005	16 January 2009
	499,999	1,700,000						

There were no options granted in the 2005 Financial Year.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

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	Granted as compensation	Options exercised	Net change other	Balance at end of period	Vested at 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

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 in the annual report.

DIRECTORS' REPORT

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received an auditor's independence declaration from the auditor of the Company (refer page 13).

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.

A handwritten signature in black ink, appearing to read 'Richard David Graham', with a horizontal line extending from the end of the signature.

Richard David Graham

Chairman

Sydney, 23 August 2006

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

J K Haydon
Partner

Sydney, 23 August 2006

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
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
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 \$'000	2005 \$'000	2006 \$'000	2005 \$'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			Total \$'000
	Contributed equity \$'000	Retained earnings \$'000	Other reserves \$'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			Total \$'000
	Contributed equity \$'000	Retained earnings \$'000	Other reserves \$'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			Total \$'000
	Contributed equity \$'000	Retained earnings \$'000	Other reserves \$'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			Total \$'000
	Contributed equity \$'000	Retained earnings \$'000	Other reserves \$'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 ending 30 June 2006:

AASB/UITG Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date of standard*	Application date for Company
2005-1	AASB 139: <i>Financial Instruments: Recognition and Measurement</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-4	AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> , AASB 1 <i>First-time adoption of AIFRS</i> , AASB 1023 <i>General insurance Contracts</i> and AASB 1038 <i>Life Insurance Contracts</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-6	AASB 3: <i>Business Combinations</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-9	AASB 4 <i>Insurance Contracts</i> , AASB 1023 <i>General insurance Contracts</i> , AASB 139 <i>Financial Instruments: Recognition and Measurement</i> and AASB 132 <i>Financial Instruments: Disclosure and Presentation</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-10	AASB 132: <i>Financial Instruments: Disclosure and Presentation</i> , AASB 101: <i>Presentation of Financial Statements</i> , AASB 114: <i>Segment Reporting</i> , AASB 117: <i>Leases</i> , AASB 133: <i>Earnings per Share</i> , AASB 139: <i>Financial Instruments: Recognition and Measurement</i> , AASB 1: <i>First-time adoption of AIFRS</i> , AASB 4: <i>Insurance Contracts</i> , AASB 1023: <i>General Insurance Contracts</i> and AASB 1038: <i>Life Insurance Contracts</i>	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of compliance (continued)

AASB/UIG Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date of standard*	Application date for Company
2006-1	AASB 121 <i>The Effects of Change in Foreign Currency Rates</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
New standard	AASB 7 <i>Financial Instruments: Disclosures</i>	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007
UIG4	UIG 4 <i>Determining whether an Arrangement contains a Lease</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
UIG8	UIG 8 <i>Scope of AASB 2</i>	No change to accounting policy required. Therefore no impact.	1 May 2006	1 July 2006
UIG9	UIG 9 <i>Reassessment of Embedded Derivatives</i>	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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

(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 ending 30 June 2006 and 30 June 2005.

Accounting policies applicable for the year ending 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 ending 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 ending 30 June 2006 and 30 June 2005.

Accounting policies applicable for the year ending 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 ending 30 June 2005

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

(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 ending 30 June 2006 and 30 June 2005.

Accounting policies applicable for the year ending 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 ending 30 June 2005

Trade payables and other payables are carried at costs 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 that taxable 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.

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 cashflows.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

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				
<i>Current income tax</i>				
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)
<i>Deferred income tax</i>				
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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

Notes

4. INCOME TAX (CONTINUED)**Deferred income tax**

Deferred income tax at 30 June relates to the following:

CONSOLIDATED*Deferred tax liabilities*

	BALANCE SHEET		INCOME STATEMENT	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
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)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

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6. DIVIDENDS PROPOSED OR PAID

(a) Dividends paid during the year:

Franked interim dividend - 1.90 cents (2005:1.70) per share

Prior year final franked dividend - 1.70 cents (2005: 1.90 cents) per share

Special dividend - 3.50 cents per share

Total dividends paid during the year

(b) Dividends proposed and not recognised as a liability:

Final franked dividend - 2.10 cents (2005: 1.70) per share

Special franked dividend - 3.50 cents (2005: Nil) per share

(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
- franking credits that will arise from the payment of income tax payable as at the end of the financial year

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

Allowance for doubtful debts

Other debtors

- (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.

	CONSOLIDATED		INFOMEDIA LTD	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
	6,184	5,527	6,184	5,527
	5,533	6,174	5,533	6,174
	11,391	-	11,391	-
	23,108	11,701	23,108	11,701
	6,835	5,533	6,835	5,533
	11,391	-	11,391	-
	18,226	5,533	18,226	5,533
			6,362	11,730
			3,126	1,080
			9,488	12,810
	6,707	6,464	4,180	4,717
	(480)	(877)	(228)	(562)
	6,227	5,587	3,952	4,155
	524	455	457	452
	6,751	6,042	4,409	4,607

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

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8. INVENTORIES

Raw materials

At cost

Total inventories at the lower of cost and net realisable value

CONSOLIDATED		INFOMEDIA LTD	
2006	2005	2006	2005
\$'000	\$'000	\$'000	\$'000
84	88	71	44
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

Other receivables

-	-	248	247
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

2005

%

%

IFM Europe Ltd

United Kingdom

100

100

247

247

Infomedia Investments Pty Ltd

Australia

100

100

-

-

Datateck Publishing Pty Ltd

Australia

100

100

-

-

AutoConsulting Pty Ltd

Australia

100

100

-

-

IFM North America Inc

United States of America

100

100

1

-

248**247**

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

Notes

	CONSOLIDATED			INFOMEDIA LTD		
	2006	2005	2004	2006	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
12. PROPERTY, PLANT & 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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

	CONSOLIDATED			INFOMEDIA LTD		
	2006 \$'000	2005 \$'000	2004 \$'000	2006 \$'000	2005 \$'000	2004 \$'000
12. PROPERTY, PLANT & EQUIPMENT (CONTINUED)						
(b) 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

NOTES TO THE FINANCIAL STATEMENTS

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).

NOTES TO THE FINANCIAL STATEMENTS

	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.

NOTES TO THE FINANCIAL STATEMENTS

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

Electronics Catalogue & Publishing cash generating unit

The recoverable amount of the Electronic Catalogue & 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	Catalogue & 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 remain leading edge.

NOTES TO THE FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

Notes

	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'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.					

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2006	2005	2006	2005
20. CONTRIBUTED EQUITY AND RESERVES		\$'000	\$'000	\$'000	\$'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
		Employee equity benefits reserve	Foreign currency translation reserve	Total	Employee equity benefits reserve
20. CONTRIBUTED EQUITY AND RESERVES (CONTINUED)		\$'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.

NOTES TO THE FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

Notes

	CONSOLIDATED		INFOMEDIA LTD	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
22. COMMITMENTS & CONTINGENCIES				
(a) Lease expenditure commitments				
<i>Operating leases (non-cancellable):</i>				
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

NOTES TO THE FINANCIAL STATEMENTS

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

(d) 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

NOTES TO THE FINANCIAL STATEMENTS

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 employee's 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 practice (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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS

25. TRANSITION TO AIFRS (CONTINUED)

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

	Notes	CONSOLIDATED			PARENT		
		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

NOTES TO THE FINANCIAL STATEMENTS

25. TRANSITION TO AIFRS (CONTINUED)

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

	Notes	CONSOLIDATED			PARENT		
		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

NOTES TO THE FINANCIAL STATEMENTS

25. TRANSITION TO AIFRS (CONTINUED)

Income statement for the year ended 30 June 2005.

YEAR ENDED 30 June 2005	Notes	CONSOLIDATED			INFOMEDIA LTD		
		AGAAP	AIFRS Impact	AIFRS	AGAAP	AIFRS Impact	AIFRS
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'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.

NOTES TO THE FINANCIAL STATEMENTS

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 Catalogue 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.

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 AGM 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.

NOTES TO THE FINANCIAL STATEMENTS

26. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

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 is competitive in the market. Fixed compensation is reviewed periodically by the CEO in conjunction with the Remuneration Committee for the 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 and measurable performance expectations.

NOTES TO THE FINANCIAL STATEMENTS

26. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

(b) Compensation of Key Management Personnel (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
	Salary & Fees	Bonus	Non Monetary Benefits	Superannuation	Options	Employee Share Plan	Other		
								\$	%
2006 Financial Year:									
<u>Directors:</u>									
Richard Graham	118,019	-	-	10,350	-	-	-	128,369	-
Gary Martin	280,000	63,000	-	24,445	51,232	-	3,267	421,944	27%
Myer Herzberg	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	-
<u>Executives:</u>									
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 Year¹:									
<u>Directors:</u>									
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 Herzberg	42,000	-	-	3,780	-	-	-	45,780	-
Geoffrey Henderson	42,000	-	-	3,780	-	-	-	45,780	-
Frances Hemon	42,000	-	-	3,780	-	-	-	45,780	-
Barry Ford	31,338	-	-	2,997	-	-	-	34,335	-
Andrew Moffat	10,823	-	-	974	-	-	-	11,797	-
<u>Executives:</u>									
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	

Notes:

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.

NOTES TO THE FINANCIAL STATEMENTS

26. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

(b) Compensation of Key Management Personnel (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.

NOTES TO THE FINANCIAL STATEMENTS

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.

30 June 2006	Vested	Granted	Terms & Conditions for each Grant					
	No.	No.	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 October 2005	8.4	50.0	5 February 2008	5 January 2006	5 February 2008
Executives								
Peter Adams	83,333	250,000	8 July 2005	10.3	50.0	5 February 2008	5 January 2006	5 February 2008
Nick Georges	83,333	250,000	6 October 2005	8.1	48.0	5 February 2008	5 January 2006	5 February 2008
Michael Roach	-	200,000	16 December 2005	8.9	49.0	16 January 2009	16 December 2005	16 January 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)

30 June 2006	Balance at beginning of period	Granted as compensation	Options exercised	Net change other	Balance at end of period	Vested at 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

NOTES TO THE FINANCIAL STATEMENTS

26. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

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

30 June 2005	Balance at beginning of period	Granted as compensation	Options exercised	Net change other	Balance at end of period	Vested at 30 June 2005		
	1 July 2004				30 June 2005	Total	Not exercisable	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	Balance 1 July 2005	Granted as compensation	On exercise of options	Net change other	Balance 30 June 2006
Number of shares held in Infomedia Ltd					
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	-	-	2,547,567
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	-	-	144,307,046

NOTES TO THE FINANCIAL STATEMENTS

26. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

(f) Shareholdings of Key Management Personnel (continued)

30 June 2005	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 Hemon	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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

Notes

CONSOLIDATED		INFOMEDIA LTD	
2006	2005	2006	2005
\$	\$	\$	\$
183,350	170,075	158,350	152,675
-	20,280	-	20,280
183,350	190,355	158,350	172,955

27. AUDITORS' 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
- other services in relation to the entity and any other entity in the consolidated entity

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%).

NOTES TO THE FINANCIAL STATEMENTS

29. SEGMENT INFORMATION

PRIMARY SEGMENT

30 June 2006

Business Segments

REVENUE

Sales revenue

Rental income

Total segment revenue

Unallocated revenue:

Finance revenue

Total consolidated revenue

Segment result

Unallocated items:

Finance revenue

Finance costs

Consolidated profit before income tax

Income tax expense

Consolidated profit after income tax

ASSETS

Segment assets

Unallocated assets:

Cash

Total Assets

LIABILITIES

Segment liabilities

Other segment information:

Capital expenditure

Depreciation

Amortisation

Decrement in value of non-current assets

Notes

4

3(iv)

3(iv)

3(v)

	Catalogue & Publishing \$'000	Business Systems \$'000	Total \$'000
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			(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	2,149	294	2,443
Amortisation	762	150	912
Decrement in value of non-current assets	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

29. SEGMENT INFORMATION (CONTINUED)

30 June 2005

Business Segments	Notes	Catalogue & Publishing \$'000	Business Systems \$'000	Total \$'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

NOTES TO THE FINANCIAL STATEMENTS

29. SEGMENT INFORMATION (CONTINUED)

SECONDARY SEGMENT

30 June 2006

Geographical Segments	Notes	Australia \$'000	Europe \$'000	North America \$'000	Eliminations \$'000	Total \$'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 \$'000	Europe \$'000	North America \$'000	Eliminations \$'000	Total \$'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 Menu 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 policies 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.

NOTES TO THE FINANCIAL STATEMENTS

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 cashflow 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 Euro. 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 zero 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.

NOTES TO THE FINANCIAL STATEMENTS

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	
	2006	2005	2006	2005
CONSOLIDATED				
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	
	2006	2005	2006	2005
PARENT				
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.

NOTES TO THE FINANCIAL STATEMENTS

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:

	CONSOLIDATED				PARENT			
	Less than one year	Two to five years	Greater than five years	Weighted average effective interest rate %	Less than one year	Two to five years	Greater than five years	Weighted average effective interest rate %
YEAR ENDED 30 JUNE 2006	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	
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								
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.

Derivative contracts

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

Maturity	CONSOLIDATED			PARENT		
	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.

NOTES TO THE FINANCIAL STATEMENTS

32. SUBSEQUENT EVENTS

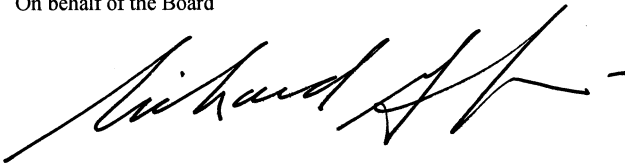
There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected the operations of the Company, the results of those operations, or the state of affairs of the Company.

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 ending 30 June 2006.

On behalf of the Board



Richard David Graham
Chairman

Sydney, 23 August 2006

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 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.

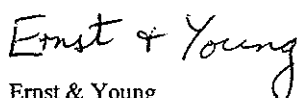
Independence

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 at page 13 of the Annual Financial Report.

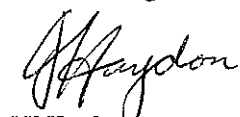
Audit opinion

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



J K Haydon
Partner

Sydney, 23 August 2006