2019 ANNUAL REPORT

INFOMEDIA™

ABOUT INFOMEDIA LTD

Infomedia Ltd (ASX:IFM) is an Australian-based global technology company that provides software as a service (SaaS) products to support the growth of parts and service after sales and customer retention for global automotive manufacturers.

We are governed by our core values to:

- Accelerate performance – to be action orientated and always accountable to our customers
- Drive innovation & service – our technology leadership empowers our customers
- Navigate global & steer local – our customers benefit from a unified approach with local execution
- Have fun in the fast lane – we balance hard work with a fun and vibrant workplace.

We continue our aspirational journey knowing the success of our customers, our employees and our shareholders will drive Infomedia's success. We aspire:

- To be recognised as the market leading software solution provider to the after sales market
- To be admired within our industry
- To create a great place to work
- To deliver consistent, superior shareholder returns

2019 ANNUAL GENERAL MEETING

The 2019 Annual General Meeting of Infomedia Ltd will be held at our Infomedia's Head Office, 3 Minna Close, Belrose NSW at 10:00am on 31 October 2019.

Infomedia Ltd shareholders will receive a formal notice of meeting by mail.

ABOUT THIS REPORT

Infomedia Ltd.'s Financial Report for this year and previous years, including half-year reports, can be accessed and viewed on our website at *https://www.infomedia.com.au/investors/annual-and-half-year-reports*

Additional reports, including Infomedia's Corporate Governance Report, Code of Conduct and oversight policies can also be accessed and viewed on Infomedia's website at *https://www.infomedia.com.au/investors/corporate-governance*

Infomedia is a technology company with a commitment to sustainability and we encourage readers to download an electronic version of our publications instead of printing hard copies.

If you are currently receiving a printed copy of Infomedia's 2019 Annual Report, please contact Link Market Services at *www.linkmarketservices.com.au* and elect to receive our Annual Reports in electronic form. Thank you!

In this report, terms including 'the Company', 'your Company', 'the Group', and 'Infomedia' all refer to Infomedia Ltd ABN: 63 003 326 243.

In addition, terms referring 'the year', 'the financial year', 'FY19' and 'the 2018/2019 year' all refer to the 12 months to 30 June 2019.

All references to dollars are in Australian dollars unless stated otherwise.

Infomedia's 2019 Annual Report was authorised for issue by the Board of Directors on 19 August 2019.

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This Annual Report may contain forward looking statements. Please refer to page 81 for an explanation of forward looking statements and the risks, uncertainties and assumptions to which they are subject.

ABN: 63 003 326 243

Dear shareholders,

On behalf of the Board, management and all our employees around the world, Thank you! We acknowledge your continued support of Infomedia Ltd during the 2019 financial year and feel very positive about sharing our thoughts on the financial year that has been.

The 2019 financial year marked another consecutive year of delivering to our objectives to drive growth and innovation at Infomedia Ltd. It has been a year that saw your company accelerate performance, drive innovation and service in a period of change, navigate opportunities globally with local execution and invest to take advantage of key trends disrupting the global automotive industry.

We cover these themes in Infomedia Ltd's 2019 Annual Report in a combined Chairman and CEO statement to reflect our complete alignment at a critical point in Infomedia's evolution. The industry we support, the global automotive industry, is on the crest of significant technological interruption and we believe we are well positioned to capitalise on these events. Together, we are committed to delivering the very best outcomes for our employees, our customers and our shareholders through this transformative period for automotive technology.

> "...the global automotive industry is on the crest of significant technological interruption and we believe we are well positioned to capitalise on these events."

ANOTHER YEAR OF ACCELERATING PERFORMANCE

The 2019 financial year was defined by a period of delivering strong growth while also continuing to improve margins. Investment to date in our people, products and processes resulted in several highlights during the year including:

- The completion of the Nissan global electronic parts contract roll-out, ex-Japan (rolling out in the July – September quarter)
- Extending our relationship with automotive manufacturers globally; introducing new products to existing relationships, to new relationships and into new markets
- The acquisition and integration of Nidasu, the leading provider of data analytics to auto makers and dealers in Australia
- Leveraging data insights assets into trial opportunities beyond Australia has been promising; Infomedia Ltd will continue to invest to capitalise on opportunities and drive growth in this area

Infomedia's earnings per share (EPS) increased 25% during the 2019 financial year to 5.19 cents per share (cps) from 4.16 cps in the previous corresponding period (pcp).

Infomedia paid a final dividend of 2.15 cents per share, an increase of 26% higher than last financial year. In total for the 2019 financial year, shareholders will receive in Australian dollars, 3.9 cents per share.

Infomedia reported revenue of $84.6 million for the year, an increase of 16% on the previous year.

Net profit after tax for the year was $16.1 million, an increase of 25% over the year. Margins (EBITDA) continued to expand from 40% to 45%, reflecting an improvement in delivery and efficiencies derived from scale across the business.

Cash EBITDA increased 82% to $19.1 million. Cash EBITDA is a key metric for management to identify the cash impact of investing in development costs that are capitalised in reported NPAT.

Infomedia's financial position is solid with net current assets of $9.2 million for the year. Cash and cash equivalents were up 17% from the prior financial year to $15.5 million, reflecting the robust cash generative nature of the business. The Company has no debt.

DRIVING INNOVATION AND SERVICE IN AN EVER-CHANGING TECHNOLOGICAL ENVIRONMENT

Since 2016, we have increased our investment to grow Infomedia sustainably into the future. We have invested in our technology, our processes and our people to ensure:

- We are developing market leading technology
- We remain competitive globally
- We are always customer focused and
- We are increasingly a desired employer in all the regions in which we operate.

During the year, we invested in our future growth by building innovation into our existing parts and service product suites. This investment supported initiatives to leverage the depth of our parts and service businesses with existing customers in new markets, to new auto branded customers and to customers in the wider auto manufacturing ecosystem.

Our investment also extended to the acquisition of Nidasu. The acquisition, completed in December 2018, marked a key step in building Infomedia's emerging data insights business. Leveraging data insights with our existing Microcat® electronic parts catalogue and Superservice™ menus quoting tool rounds out Infomedia's product offer and differentiates Infomedia Ltd from our global competitors. Data insights provide our customers a competitive advantage.

Jonathan Rubinsztein
CEO & Managing Director

Bart Vogel
Chairman

Infomedia's customers, auto manufacturers and dealers share two key objectives; to sell more genuine parts and service and to retain customers to their brands from one purchase to the next.

Traditionally, the parts and service areas have been separated and siloed, but as automakers become more focussed on building brand loyalty and parts become more sophisticated, we see a convergence between the parts and service segments.

We see a significant opportunity to leverage data in a way that protects the proprietary assets of our customers and provides additional market insight that is otherwise not available. Collecting valuable customer data, providing accurate and competitive pricing, processing information and turning it into actionable insights, enables manufacturers to retain and capture greater market share.

Large global automotive manufacturers are spending billions to develop and produce what the global head of Volkswagen AG, describes as "personal devices on wheels".* Investment decisions for automotive manufacturers are evolving from a singular focus on the production and supply of cars to batteries, robotics and data processing.

We believe our customers will place increasing value on the data they collect from ever more sophisticated parts and internal systems. Where there is uncertainty and disruption in the industry we support, we see opportunity. We are positioned to support our customers meet their key objectives and provide insight to the cumulative data collected.

We will continue to invest in our people, products and processes to capitalise on the opportunities that will arise from key areas of disruption descending on the automotive industry.

* Bellon, T., Taylor E., Lienert P. (2019, July 12). *Volkswagen zooms ahead…* Retrieved from *https://www.reuters.com*

NAVIGATE GLOBAL & STEER LOCAL

Infomedia is one of very few global providers of software to a fragmented global automotive industry. Our software supports our customers to grow the most profitable segment of the automotive value chain, genuine parts and service, and build customer loyalty and retention to their brands.

Our customer reach is truly worldwide with more than 170,000 users in 186 countries. We have teams in Asia Pacific, the Americas and Europe.

During the year, our regional teams delivered strong growth opportunities.

Asia Pacific (APAC)

The acquisition of Nidasu was a major milestone this year. Since the aquisition of Nidasu, Infomedia now supports more than 30 leading global automotive manufacturers in Australia offering a much broader parts, service and data insights solution than our global competition. We are continuing to invest to leverage the Australian and APAC experience to capture a wider portion of the market in other regions. As new car sales become more competitive, automotive manufacturers seek solutions to capture revenue in genuine after sales and drive a better customer experience. As a result, we saw growth in our Superservice™ suite of products and anticipate this trend to continue through the 2020 financial year.

The Americas

We saw an increase in customer satisfaction in all markets of the Americas particularly in Canada and South America. In the United States, endorsement of our Microcat® electronic parts suite by one of the largest dealer groups, set a strong base for both growth with existing clients and new manufacturers in the 2020 financial year. The pilot program of data to an automotive manufacturer supplier exceeded customer expectations and proceeded to formal contract.

Europe, the Middle East and Africa (EMEA)

We have extended our Superservice™ reach with Nissan into multiple Scandinavian markets. We saw further traction with the Superservice™ suite of products across Europe and continue to see growth for Superservice™ with multiple manufacturers in the EMEA region. Early discussions for data products are promising and we see several opportunities for our data insights business in Europe as we move into the 2020 financial year.

As profits from the sale of new car sales decline, global automotive manufacturers remain increasingly focused on retaining and growing their genuine parts and service after sales business as well as retaining customers to their brands. Infomedia's products support these key objectives.

Infomedia Ltd HQ, Belrose, NSW.

Infomedia's opportunity is to expand our reach within our existing customer base through organic growth of our parts, service and data insights products as well as the acquisition of viable, bolt-on businesses that provide additional value to our traditional customers, the automotive manufacturers and their dealers. We also see opportunity to offer our products to other providers in the automotive manufacturing ecosystem.

The global automotive dealer software market is estimated to be about US$13billion and is expected to reach US$21billion by 2025.* We believe we have an opportunity to increase our market share by offering products that add value and actionable insight to how our customers respond to a number of emerging trends. We also think there is opportunity to capture market share in the wider global automotive ecosystem, which we estimate to be more than double the dealer market.

We see five key trends driving disruption in our customer base:

5 Key Trends Interrupting the Global Automotive Industry

1. The first is what we describe as **digitisation of the customer journey** or capturing every detail of the customer experience. Automakers are prioritising the customer journey by capturing valuable information at every stage of engagement. Traditionally, manufactures have operated under a disintermediated structure, where buyers have no direct contact with suppliers and manufacturers. Prioritising the customer experience and capturing valuable data is driven by the need to retain customer loyalty from purchase to repurchase.
2. The second trend we see evolving is the **dealership of the future**. We anticipate dealerships will consolidate resulting in large multi-brand dealerships. We expect the increasing complexity in cars and parts will result in more sophisticated workshops within dealerships and professionalised customer service. The impact of technology adoption and changing customer expectations will mean all departments within the dealership are focussed on servicing the customer.
3. The **rise of connected cars**, or how the internet of things will impact auto makers is the third trend we believe will increase the complexity of cars and parts. We believe cars will have more data integrated internal systems including complex safety and proprietary parts, requiring a specialised labour force and the need for integrated parts and service solutions that provide quick turnaround, are specific to individual cars and personalised to every customer.
4. The fourth trend is **autonomous driving and electric vehicles**. The sale of electric vehicles will continue to gain traction however, research is consistent in the conclusion that pure electric cars will still only represent between 10% and 15% of all car sales in 2030. We also believe the shift to autonomous driving will not be significant until 2030 and the timing will be largely dependent on regulatory decisions, technical advances and customer sentiment.
5. And the fifth trend we see as contributing to significant disruption in the automotive sector is **vehicle ownership structures**. We expect auto manufacturers will offer branded versions of subscription car services providing cost effective alternatives to traditional ride sharing, car leasing, renting or purchasing.

* *Orbis Research: Global Auto Dealer Software Market size, Status and Forecast 2019-2025*

These five key disruptors will significantly shift the automotive industry. We believe the Company is well placed to support automotive manufacturers and dealers meet their key objectives during a period of significant change in their industry. Infomedia's products deliver competitive advantage and enable our customers to capture greater share of the genuine after sales market by providing manufacturers with solutions to optimise manufacturer parts and service pricing and customer retention.

We are well positioned to support our customers meet their key objectives and provide insight to the cumulative data collected. We will continue to invest in this area to capitalise on emerging opportunities.

Our approach to strategy is agility. Whether it is innovation, investment, acquisition or partnership we are pursuing multiple opportunities within each of our core products in every region. The ability to leverage smaller successes on a global scale and increase the value we add to our customers will be the measure of our success.

Our goal is to be the leading global software provider in the after sales segment of the global automotive industry. We believe we have a unique set of offerings in the parts, service and data insights market that creates a competitive position globally. Our focus on parts, service and data insights enables Infomedia to offer global solutions that create additional value for our customers.

Providing agile parts, service and data insights software that both responds to these industry trends and is available to multiple parties in a complex ecosystem, is a competitive advantage. We believe we have proven we can deliver. We are committed to maintaining top-line growth and improving margins and we will continue to invest to further disrupt and capitalise on opportunities starting to emerge on the back of technology disruption across global automotive industry.

GOVERNANCE

Infomedia's Board and Management are committed to achieving high standards of professional conduct across all Infomedia Ltd's operations. Our Corporate Code of Conduct is a guide for our employees and sets expectations for conduct and managing responsibilities. Details of Infomedia's corporate governance framework, oversight policies and the Board and Management approach to managing risk can be found on the corporate governance section of Infomedia's website: *https://www.infomedia.com.au/investors/corporate-governance*

> "Our goal is to be the leading global software provider in the after sales segment of the global automotive industry."

OUTLOOK

We enter FY20 with strong, global customer relationships and good momentum and expect to deliver continued double-digit growth in both revenue and earnings.

Through strong execution, we believe Infomedia can continue its current growth trajectory while also investing to take advantage of opportunities emerging from disruption in the automotive industry.

The Board and management are confident about Infomedia's position in the market. We believe we can grow Infomedia's business by leveraging our key assets to provide real value to our customers while they face significant change in their environment.

ACKNOWLEDGEMENTS

On behalf of the Board and Management, we acknowledge the support of our customers all around the world, Thank you! We value your relationship and your continued business. We look forward to pursuing opportunities that arise from changes in your industry and supporting you to continue to realise your key objectives to grow genuine after sales and retain customers from purchase to purchase.

We'd also like to acknowledge our employees and partners. Your commitment, teamwork and dedication underpin Infomedia's ability to deliver technology that empowers our customers. Thank you!

Bart Vogel
Chairman

Jonathan Rubinsztein
CEO & Managing Director

MICROCAT®

- OEM Dealer EPC – MICROCAT® Live™
- Collision Parts Ordering – MICROCAT® Partsbridge
- Trade Parts Ordering – MICROCAT® Market™
- Field Force Management – MICROCAT® CRM™
- Mobile Chat App – MICROCAT® Messenger

A powerful suite of EPC driven parts selling solutions that are VIN-precise, user-friendly and automatically update to the latest automotive manufacturer parts information. Infomedia's Microcat parts suite focuses on driving parts sales, improving productivity and delivering an improved customer experience.

SUPERSERVICE™

- Service Quoting – SUPERSERVICE™ Menus
- Vehicle Health Check – SUPERSERVICE™ Triage
- Online Service Booking – SUPERSERVICE™ Connect
- Digital Service Record – SUPERSERVICE™ Register
- Customer Survey – SUPERSERVICE™ Insight

Superservice is a data-driven service selling platform that empowers dealerships to create pricing transparency, grow customer trust and improve staff productivity. The platform uses VIN-precise automotive manufacturer information to power a range of business processes including service and repair quoting, online appointments, vehicle inspections and service history recording.

DATA INSIGHTS

NIDASU™

An Infomedia company

- Data Management
- Dealer Marketing
- Customer Retention
- Customer Satisfaction
- OEM Programs

Data insights combines leading edge data analytics and global aftersales expertise to deliver actionable insights that support automotive manufacturers and dealers to reduce operational costs, grow sales and retain customers to their brands from one purchase to the next.

MICROCAT CRM

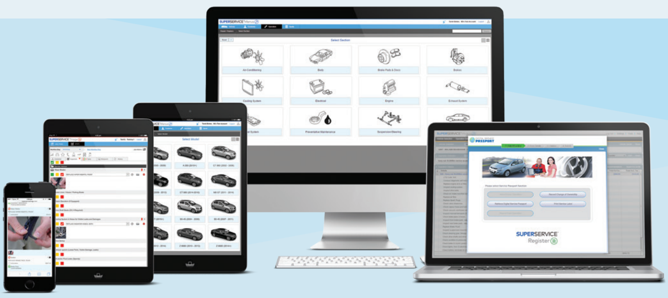
“We’ve noticed...

12 – 15% growth in wholesale parts

...in the three months that we’ve been using the Microcat CRM application!”

Mark Hatfield, Parts Manager
Jack Demmer Ford, Michigan, USA

SUPERSERVICE



“Infomedia’s products have enabled us to deliver a premium level of service to our customers, ensuring they are kept informed and involved at each stage of the repair process. The level of communication and collaboration across our teams has increased ten-fold, creating a more productive and streamlined customer journey.”

Business Improvement Team
Jardine Motors Group, United Kingdom

Bart Vogel
Chairman

Jonathan Rubinsztein
CEO & Managing Director

Paul Brandling
Independent
Non-Executive Director

Clyde McConaghy
Independent
Non-Executive Director

Anne O'Driscoll
Independent
Non-Executive Director

BART VOGEL BCom (Hons), FCA, FAICD

Independent Non-Executive Chairman

Mr Vogel was appointed to the Infomedia Board of Directors on 31 August 2015, and was appointed as Chairman on 1 October 2016. Mr Vogel serves on the Remuneration & Nominations Committee and the Technology & Innovation Committee.

Mr Vogel serves as Chairman of Invocare Limited and is a Non-Executive Director of listed companies Macquarie Telecom Group Limited and Salmat Limited. He is also a Non-Executive Director of BAI Communications Pty Ltd and the Children's Cancer Institute of Australia. He has extensive commercial experience from a range of sectors including telecommunications, information technology and business services. His executive career included CEO roles with Asurion Australia and Lucent Technologies (Australia and Asia Pacific) and Computer Power Group. Mr Vogel has more than 20 years experience in the management consulting industry as a partner with Bain & Company, A.T. Kearney and Deloitte.

JONATHAN RUBINSZTEIN BCom (Hons), MBA, FAICD

Chief Executive Officer (CEO) & Managing Director

Mr Rubinsztein commenced as CEO & Managing Director on the Board of Infomedia in March 2016. Mr Rubinsztein has a proven track record of leading high-performance teams in the technology sector.

Mr Rubinsztein was a founding partner, CEO and shareholder of UXC Red Rock Consulting. He also served as a founding Director of RockSolid SQL, a private technology company specialising in automated data management solutions. He has been involved in a number of Private Equity Investments in the global technology sector. Mr Rubinsztein is also on the Advisory board of the Missionvale charity based in Port Elizabeth, South Africa, and a Director of Australian based, not-for-profit ticketing platform, Humanitix.

PAUL BRANDLING, BSc (Hons), MAICD

Independent Non-Executive Director

Mr Brandling was appointed to the Infomedia Board of Directors on 1 October 2016. Mr Brandling serves as chair of the Technology & Innovation Committee and is a member of the Audit & Risk Committee.

Mr Brandling has over 30 years experience in the local and international technology sector. He previously held the position of Vice President and Managing Director of Hewlett-Packard South Pacific from 2002 to 2012. Prior to that time, Mr Brandling was Vice President and Managing Director of Compaq South Pacific between 2000 and 2002. Mr Brandling was also a member of the International CEO Forum (Australia) from 2001 to 2012 and served as a Director of the Australian Information Industry Association (AIIA) from 2002 to 2011.

Mr Brandling began his career as an engineer in the motor industry working for major automotive manufacturers in both Europe and Australia.

Mr Brandling currently serves as a Chairman of Integrated Research Ltd. Previously, he also served as a Non-Executive Director of Avoka Technologies Pty Ltd.

CLYDE McCONAGHY BBus, MBA, FAICD

Independent Non-Executive Director

Mr McConaghy was appointed to the Infomedia Board of Directors on 1 November 2013. Mr McConaghy serves as Chair of the Remuneration & Nominations Committee and as a member of the Audit & Risk Committee. Mr McConaghy has nearly 20 years' experience in the automotive and related industry, as an executive and board director of private and public listed companies encompassing automotive, technology, publishing and media companies.

Mr McConaghy was a Director of The Economist Intelligence Unit and LSX-listed World Markets Research Centre's Automotive Divisions. He also held several senior positions in BMW Australia, including Dealer Network Marketing Manager and National Advertising Manager. He was also Account Director for Nissan and Mobil at Mojo MDA/ InTouch Marketing.

He is currently a Director of Serko Ltd (NZX:ASX) and MindGardens Neuroscience Network.

ANNE O'DRISCOLL FCA, GAICD, ANZIIF (Fellow)

Independent Non-Executive Director

Ms O'Driscoll was appointed to the Infomedia Board of Directors on 15 December 2014. Ms O'Driscoll serves as chair of the Audit & Risk Committee and a member of the Remuneration & Nominations Committee. Ms O'Driscoll has over 35 years of business experience, having qualified as a chartered accountant in 1984. She was CFO of Genworth Australia from 2009 to 2012 and spent over 13 years with Insurance Australia Group.

Ms O'Driscoll also serves as Chairman of FINEOS Corporation Holdings plc, and as a Non-Executive Director for Steadfast Group Limited, MDA National Insurance Pty Limited and Commonwealth Bank's insurance subsidiaries (CommInsure).

Your Directors present their report, together with the consolidated financial report of Infomedia Ltd (the 'Company') and its subsidiaries (together referred to as 'Infomedia' or the 'Group') for the financial year ended 30 June 2019, along with the independent auditor report.

The Directors' report (including the Remuneration Report) and the annual financial report are structured to facilitate greater understanding for the reader.

The flow of information in the Directors' report is outlined in the table above. The flow of the financial report with key notes to facilitate better understanding of significant matters is provided on pages 38 to 39.

Information is only being included in the 2019 Annual Report to the extent it has been considered material and relevant to the understanding of the financial performance and financial position of the Group.

A disclosure is considered material and relevant if, for example:

- the dollar amount is significant in size (quantitative factor);
- the dollar amount is significant by nature (qualitative factor);
- the Group's results cannot be understood without the specific disclosure (qualitative factor);
- it is critical to allow a user to understand the impact of significant changes in the group's business during the period such as business acquisitions (qualitative factor);
- it relates to an aspect of the Group's operations that is important to its future performance.

Company overview

Infomedia Ltd is a public, global technology company incorporated in New South Wales, Australia. The company is listed on the Australian Securities Exchange under ticker code ASX:IFM. The Company is headquartered in Sydney, Australia with regional offices in Australia, the United Kingdom and the USA, serving the Group's customers around the world.

Principal activities

During the 2019 financial year, the principal activities of Infomedia Ltd consisted of:

- the development and supply of Software as a Service (SaaS) offerings, including electronic parts catalogues and service quoting software systems, for the parts and service sectors of the global automotive industry; and
- the information management and provision of data analytics to assist automakers and dealers optimise operations, grow sales and improve customer retention.

Financial and operating overview

Infomedia reported revenue growth of 16% to $84.598 million for the year ended 30 June 2019 (FY19), compared with revenue of $72.935 million in the prior financial year.

The regions reported strong revenue growth in local currency except for the Americas; details are shown in note 1 on page 44 of this 2019 Annual Report. The Americas delivered improved margins and profitability during FY19. The focus over the coming months is to continue to drive the Americas operational restructure to improve revenue growth.

Infomedia is recruiting a new Head of the Americas, following the departure of the incumbent in June 2019. The Company anticipates making an appointment before the end of the 2019 calendar year.

Operating leverage in the business delivered an 82% increase in Cash EBITDA in FY19, as a result of investments made in previous years and disciplined cost management. Cash EBITDA is a key internal measure for the business.

Net profit after tax (NPAT) was $16.122 million, an increase of 25% compared with $12.897 million in the prior financial year, despite the expected increase in amortisation of capitalised development costs related to current and future recurring revenue.

During FY19, a reassessment of the Microcat CRM™ (formerly known as FieldForce Auto CRM) acquisition resulted in a net increase to NPAT of $0.165 million represented by a reduction in the quantum of future contingent consideration previously provided. This was offset by an impairment against the Microcat CRM™ goodwill and an adjustment to finance costs on contingent consideration for Microcat CRM™.

	2019 $'000	2018 $'000	Movement
Revenue (a)	**84,598**	72,935	16%
EBITDA (b)	**38,041**	29,050	31%
Development costs capitalised	**(18,969)**	(18,463)	3%
Unrealised foreign currency translation losses/(gains)	**39**	(110)	
Cash EBITDA	**19,111**	10,477	82%
NPAT	**16,122**	12,897	25%
Earnings per share (cents)	**5.19**	4.16	25%
Final dividend (cents)	**2.15**	1.70	26%
Total annual dividend per share (cents)	**3.90**	3.10	26%

(a) Revenue details

By geographical location (local currency)	2019 '000	2018 '000	Movement
Worldwide revenue (AUD)	**84,598**	72,935	16%
Asia Pacific (AUD)	**22,797**	18,259	25%
EMEA (EUR)	**21,650**	18,345	18%
Americas (USD)	**20,003**	19,506	3%

(b) Reconciliation of EBITDA to NPAT

	2019 $'000	2018 $'000	Movement
EBITDA	**38,041**	29,050	31%
Less: Changes in contingent consideration	**4,262**	-	
Net finance costs	**(1,098)**	(564)	
Depreciation, amortisation and impairment	**(20,148)**	(12,824)	57%
Income tax expense	**(4,935)**	(2,765)	
NPAT	**16,122**	12,897	25%

Business objectives and strategies

Infomedia is an Australian-based global technology company. The business is one of very few global providers of Software as a Service (SaaS) products that support global automotive manufacturers and their dealers, to meet their key objectives.
As the sale of new cars continues to become more competitive, global automotive manufacturers and dealers are increasingly focused on growing genuine parts and service after sales and retaining customers to their brands from purchase to purchase.

Infomedia's software is developed to specific requirements with original manufacturer genuine parts and service data that is accurately priced and specific to each vehicle identification number (VIN). Designed to support globally, regionally and at an individual dealer level, Infomedia's software is scoped for the global automotive manufacturer and delivered to the dealer in an intuitive and easy to use interface focussed on increasing profits, optimising price and improving the customer experience.

Infomedia will continue to pursue its financial and strategic objectives to deliver sustainable, long-term performance for Infomedia's shareholders by leveraging our key assets described below to take advantage of five key trends outlined in the Chairman and CEO report on page 6 of this 2019 Annual Report.

GLOBAL FOOTPRINT	STRONG EPC FOUNDATION	INTEGRATED PARTS & SERVICE PLATFORM	DATA ASSETS
Strengthen and leverage our global footprint	*Explore adjacencies from our strong EPC foundation*	*Leverage our integrated parts and service platform*	*Leverage our data assets to create an analytics revenue stream*
Continue to expand breadth and depth of existing global footprint with automotive manufacturers and partners in the automotive ecosystem	Maximise use of data to further strengthen parts suite and leverage through innovation and adjacencies	Continue investing to offer product with superior functionality	Integrate data assets on the platform to support automotive manufacturers meet key objectives

Outlook

We enter FY20 with strong, global customer relationships and good momentum and expect to deliver continued double-digit growth in both revenue and earnings.

Through strong execution, we believe Infomedia can continue its current growth trajectory while also investing to take advantage of opportunities emerging from disruption in the automotive industry.

The Board and management are confident about Infomedia's position in the market. We believe we can grow Infomedia's business by leveraging our key assets to provide real value to our customers facing significant change.

Risks

Infomedia is subject to risks which may have material adverse effect on operating and financial performance. The Group adopts a risk management process which is an integral part of the Group's corporate governance structure, and applies risk mitigation strategies where feasible. Despite best efforts, some risks remain outside the Company's control. Some of the key risks (in no particular order and non-exhaustively) include:

Risk	Description	Risk management strategies
Loss of key licence agreements	▪ Continued access to Original Equipment Manufacturer ('OEM') parts information is integral to several of the Group's product lines	▪ Management of key account relationships ▪ Continued investment to sustain market leading products ▪ Customer centric design to identify and adapt solutions to meet evolving customer requirements
Loss of key customers	▪ The relatively concentrated automotive industry leads to a degree of revenue concentration	▪ Global account management strategy ▪ Continuing focus on diversifying the Company's customer base to reduce concentration ▪ Participation in industry forums and other marketing opportunities to ensure prominent industry positioning ▪ Adding value to the customer solutions in order to remain as a technology of choice.
Competitive risk	▪ Risk from existing and new market entrants	▪ Focus on client satisfaction via continuous improvements in delivery of high-speed, high uptime solutions with evolving feature sets and intrinsic value propositions ▪ Leveraging accrued experience and capability in the sector with a global reputation as a leading solutions provider in the parts and service space ▪ Regional directors charged with maintaining key relationships with OEM clientele and maintaining detailed account management plans
Product obsolescence or substitution	▪ Products do not keep pace with developments in market needs or technological advancements ▪ Competitors or OEMs may develop superior products	▪ Close monitoring of market developments and direction and OEM strategies ▪ Continued investment in research and development to sustain market leading position ▪ Continuous upgrading of product platforms to meet technological advancements
Product outages caused by software or hardware errors	▪ Customer dissatisfaction with the Company's software products which fail to facilitate their critical business operations ▪ Customers cancel subscriptions or switch to competitive solutions	▪ Real time monitoring of the Company's software products and online hosting environments to identify and correct errors quickly ▪ Robust product design and quality assurance testing
Intellectual property risk	▪ Protecting integrity of data assets	▪ Network and product security measures ▪ Monitoring to identify and limit unauthorised access ▪ Legal restraints
Cyber risk, privacy & data sovereignty	▪ Risk of targeted cyber-attack against Company assets ▪ Unauthorised access to or loss of customer data including personally identifiable data ▪ Increasingly onerous regulatory environments governing use and cross border transfer of data (e.g. European General Data Protection Regulation)	▪ Dedicated internal resources to monitor and address cyber and information risks as and when they arise ▪ Measures to detect and prevent unauthorised access to Company IT assets ▪ Robust redundancy measures allowing compromised environments to be seamlessly severed and replaced ▪ Re-architecture of hosting environments to support regulatory requirements relevant to customers ▪ Information security management system certification aligned to ISO27001 ▪ Internal compliance program including training for all employees on relevant data security and privacy laws
People risk	▪ Loss of key executives ▪ Loss of key customer relationships	▪ Multiple touch points with key customers as part of relationship management ▪ Appropriate incentives and career development opportunities for key executives and senior management ▪ Identification and management of high potential employees

The Directors present the Infomedia's Remuneration Report for the financial year ended 30 June 2019 ('FY19').

The Remuneration Report ('Report') is structured as follows.

Table 1 – Structure of Remuneration Report

Section	Details
A	Key management personnel
B	Remuneration governance
C	Infomedia's purpose and strategic priorities
D	Executive KMP remuneration structure and philosophy
E	Executive KMP remuneration details
F	Non-Executive Directors remuneration
G	Non-Executive Directors remuneration details
H	Additional information
I	Looking forward to FY20

A. Key management personnel

This Report outlines Infomedia's remuneration philosophy, framework and outcomes for FY19 for all key management personnel ('KMP'), including all Non-Executive Directors and the Executive KMP, being the Chief Executive Officer & Managing Director ('CEO & Managing Director') and the Chief Financial Officer ('CFO'). KMP are those persons having authority and responsibility for planning, directing and controlling the activities of Infomedia.

The following persons were KMP during FY19.

Table 2 – Independent Non-Executive Directors

Current Directors	Date of appointment
Bart Vogel	31 August 2015
Paul Brandling	1 October 2016
Clyde McConaghy	1 November 2013
Anne O'Driscoll	15 December 2014

Table 3 – Executive KMP

Current executives	Role	Date of appointment
Jonathan Rubinsztein	CEO & Managing Director	14 March 2016
Richard Leon	CFO	29 March 2016

B. Remuneration governance

The Report has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 124 Related Party Disclosures. The term 'remuneration' as used in this Report has the same meaning as 'compensation' as prescribed in AASB 124.

Remuneration is a technical subject in the current regulatory and reporting environment. In writing this Report, the aim is to present information in a way that is easily understood and aligned to legal reporting obligations.

Who is responsible for presenting this Remuneration Report?	The Remuneration & Nominations Committee (the 'Remuneration Committee' or the 'Committee') of the Board presents this Remuneration Report on behalf of Infomedia Ltd.
Who are the members of the Committee?	The Committee consists of three Non-Executive Directors. During the period the Committee membership was comprised of Clyde McConaghy (Committee Chairman), Anne O'Driscoll and Bart Vogel.
What role does the Committee play?	The Committee is responsible for reviewing and determining remuneration arrangements for the Non-Executive Directors and the Executive KMP. The Committee is also charged with responsibility to assist and advise the Board to fulfil its responsibilities on matters relating to: ▪ the composition and quantum of remuneration, bonuses, incentives and remuneration issues relating to Executive KMP and other senior management personnel; ▪ policies relating to remuneration, incentives and superannuation for all employees; ▪ remuneration of Non-Executive Directors; and ▪ other matters as required. The Committee operates in accordance with its charter, a copy of which is available on the Company's website at: *https://www.infomedia.com.au/investors/corporate-governance/remuneration-committee-charter/*

a. External remuneration advisory services

The Remuneration Committee, subject to Board approval, directly engages with and considers market remuneration data from external remuneration consultants as required. During the period the Committee engaged with Guerdon Associates to review the Company's remuneration structure in the context of market practice, with particular reference to companies of similar size and sector.

The Committee also engaged with Guerdon Associates to review the Company's long term incentive structure for Executive KMP and Infomedia senior management personnel. As foreshadowed in the FY18 Report, the Company will implement a series of refinements to the FY20 Executive KMP remuneration framework based on the results of the Guerdon Associates review. Further details about the FY20 remuneration framework have been described below in section I of this Report.

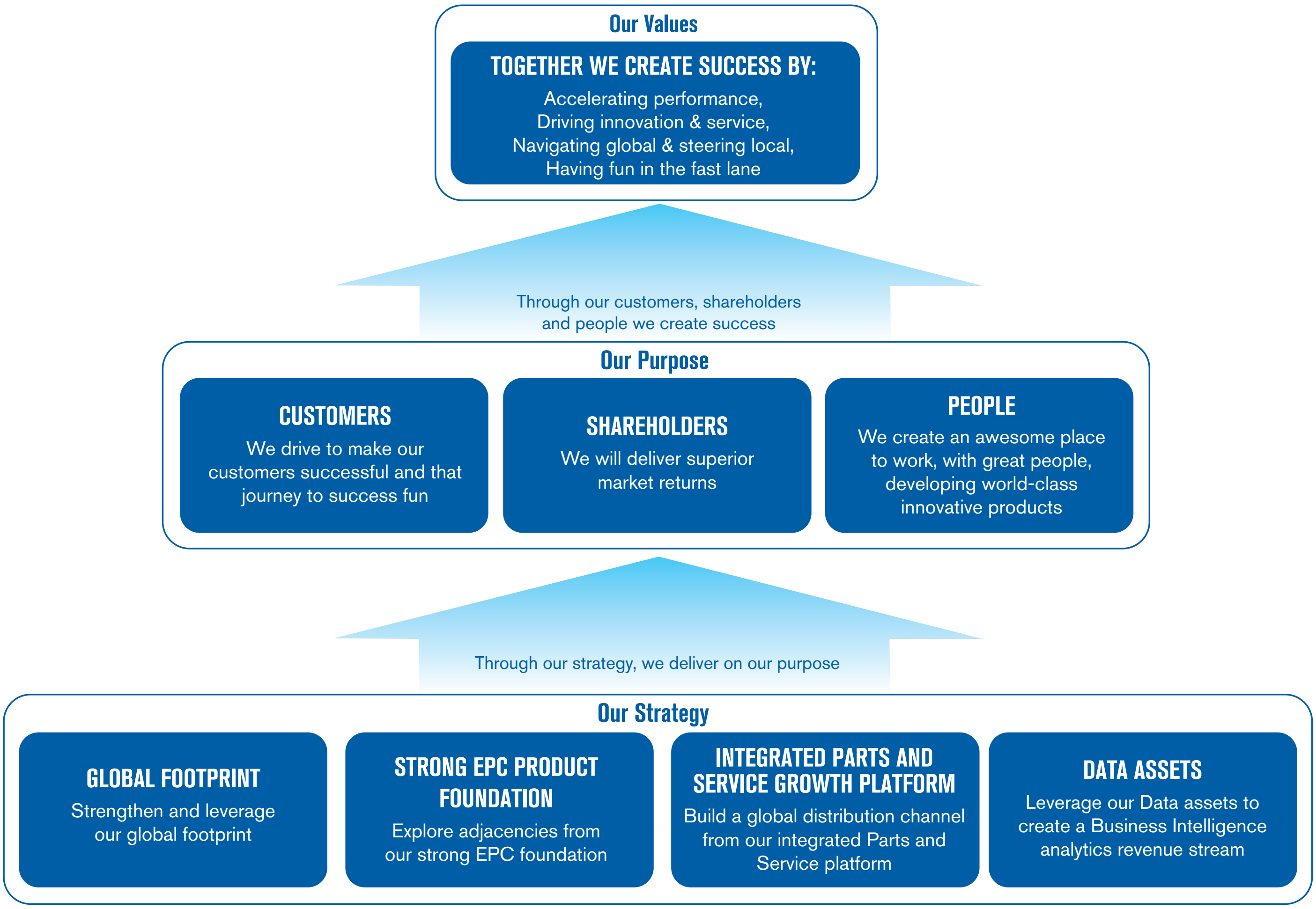
No remuneration recommendations as defined by the Corporations Act 2001 were provided by Guerdon Associates.

b. Prior year Remuneration Report – AGM outcome

The Company's FY18 Remuneration Report was approved at the 2018 Annual General Meeting ('AGM') with a vote of 96.90% of votes cast in favour of the resolution.

C. Infomedia's purpose and strategic priorities

The Company's key strategies and purpose, articulated in the following graph, form a key consideration when designing and implementing the executive remuneration framework. The company will continue to invest to capitalise on opportunities arising from key disruption trends interrupting the global automotive industry. These trends are outlined in details on page 6 of this 2019 Annual Report.



D. Executive KMP remuneration structure and philosophy

Infomedia's remuneration framework aligns executive reward with achievement of strategic objectives and shareholder returns. The performance of the Company relies upon the quality of its Directors and executives. The Company must attract, motivate and retain skilled Directors and executives to deliver on key strategic goals. Compensation must be competitive and appropriate for the results delivered. During the reporting period the Company applied the following framework when setting remuneration.

Table 4 – Executive KMP remuneration structure

	Total potential remuneration		
	Fixed remuneration	At risk remuneration	
Element	**Fixed annual remuneration**	**Short term incentive ('STI')**	**Long term incentive ('LTI')**
Indicative total potential Executive KMP remuneration mix[a]	40% of Total remuneration package	30% of Total remuneration package	30% of Total remuneration package
Performance conditions	Base level of reward set around the Australian market median using external benchmark data. Set in the context of the relative skills, experience and responsibility assigned.	At risk remuneration linked to a combination of overall Infomedia's financial performance gateways and individual performance gateways. Financial measures include Cash EBITDA, cost management and revenue growth. Non-financial measures include specific strategic objectives relating to customer, technology, people and product.	***Share options ('Options'):*** Linked to capital growth in share price with a strike price of 92.2 cents representing a 55% increase over the June 2016 VWAP price of 59.5 cents per share used to calculate the entitlement. Options granted in 2016 are measured over a three-year period to FY19. Of the vested and exercised entitlements, 50% are subject to a holding lock until release of FY20 annual results. ***Performance rights ('Rights'):*** Linked to compound annual growth rate ('CAGR') in earnings per share ('EPS') between 10% and 15%. Rights granted in 2016 are measured and tested in three tranches over the period FY17-FY19 with a holding lock on resultant shares until release of the Company's FY21 results.
Link to strategy	Fixed remuneration is set at market levels to attract and retain individuals with the necessary skills, experience and talent to pursue strategic goals.	Executive KMP rewarded subject to delivery of Company financial performance in the form of 'STI Gateways' which in FY19 were linked to Cash EBITDA performance. Additionally, Executive KMP are set appropriate key performance indicators ('KPI') and objectives which are both financial and non-financial in nature, including appropriate stretch goals. KPIs are aligned to strategic goals and creation of shareholder value. STIs are useful to reward in year performance and achievement of strategic objectives.	The LTI ensures a robust link between the long-term performance of the Company and creation of shareholder value. The LTI acts as a valuable part of the remuneration mix to retain key talent and to reward executives for performance over an extended period. The Options encourage delivery of capital appreciation over the period, whilst the Rights encourage focus on net profit which in turn drives shareholder returns. The intrinsic value of the Options and the Rights granted to Executive KMP increases or decreases depending on the Company's trading share price
For more information	See section D.a below.	See section D.c below	See section D.d below

Footnote to Table 4

(a) The remuneration mix applies in respect of maximum potential remuneration or the 'total remuneration package'. The remuneration mix is indicative of the overall philosophy and varies slightly between remuneration elements for the Executive KMP. Where this is so, it has been noted in the section below summarising the terms of engagement for each Executive KMP, including the monetary amounts attaching to each element.

a. Employment terms

Table 5 – Employment terms of CEO & Managing Director

Term	Conditions
Service commence date	14 March 2016
Contract duration	Ongoing with no specified end date
Remuneration package	Jonathan Rubinsztein's FY19 total potential remuneration package was $1,305,000 made up of the following components: ***Fixed remuneration*** $535,000 per annum inclusive of superannuation representing 41% of total potential remuneration. ***STI*** $0 to $395,000 based on performance and payable in cash representing 30% of total potential remuneration. ***LTI*** LTI opportunity of $375,000 per annum representing 29% of total potential remuneration. The LTI is conferred in the form of Options and Rights. No new LTI were awarded in FY19. Mr Rubinsztein is subject to an existing LTI package awarded upon his commencement in FY16 with vesting events in FY17, FY18 and FY19. The LTI conferred in FY16 represented three years' worth of annual LTI opportunity of $375,000 per annum as at the date of grant. Further details about the LTI, including LTI vesting outcomes for FY19 are described below in section D.d.ii and D.d.iii.
Termination by executive	Six months written notice; or One month if the Company materially diminishes the executive's duties without consent or directs the executive not to perform work for a period greater than six months. In this circumstance the executive is entitled to redundancy entitlements as outlined below.
Termination by Company for cause	The Company may immediately terminate the service agreement without notice, or any payment in lieu of notice in certain circumstances including material breach, conduct having a material adverse effect on the Company's reputation, or if the executive commits an act justifying termination at common law, becomes bankrupt or is absent from work for more than three months in any 12-month period without approval. Entitlements will be paid until the date of termination only.
Termination by Company (other)	Six months written notice or six months payment in lieu of notice (or a combination of notice and payment in lieu of notice).
Redundancy entitlements	In addition to notice, the executive is entitled to 12 months fixed annual remuneration inclusive of any statutory redundancy payments plus any accrued but unpaid STI and LTI or other incentive to which the executive would have been entitled, had the executive remained employed to the end of the relevant notice period.
Post-employment restraints	12 months non-compete and non-solicitation.
External directorships	Not permitted without written consent of the Board.

Table 6 – Employment terms of CFO

Term	Conditions
Service commence date	29 March 2016
Contract duration	Ongoing with no specified end date
Remuneration package	Richard Leon's FY19 total potential remuneration was $735,031 made up of the following components: ***Fixed remuneration*** $329,231 per annum inclusive of superannuation representing 45% of total potential remuneration. ***STI*** $0 to $205,800 based on performance and payable in cash representing 28% of total potential remuneration. ***LTI*** LTI opportunity of $200,000 per annum representing 27% of total potential remuneration. The LTI is conferred in the form of Options and Rights. No new LTI were awarded in FY19. Mr Leon is subject to an existing LTI package awarded upon his commencement in FY16 with vesting events in FY17, FY18 and FY19. The LTI conferred in FY16 represented three years' worth of annual LTI opportunity of $200,000 per annum as at the date of grant. Further details about the LTI, including LTI vesting outcomes for the FY19 are described below in section D.d.ii and D.d.iii.
Termination by executive	Three months written notice.
Termination by Company for cause	The Company may immediately terminate the service agreement without notice, or any payment in lieu of notice in certain circumstances including material breach, conduct having an adverse effect on the Company's reputation, or if the executive commits an act justifying termination at common law, becomes bankrupt or is absent from work for more than three months in any 12-month period without approval. Entitlements will be paid until the date of termination only.
Termination by Company (other)	Three months written notice or three months payment in lieu of notice (or a combination of notice and payment in lieu of notice).
Redundancy entitlements	In addition to notice, the executive is entitled to 12 months fixed annual remuneration inclusive of any statutory redundancy payments.
Post-employment restraints	12 months non-compete and non-solicitation.
External directorships	Not permitted without written consent of the CEO.

b. Company performance

Table 7 outlines Infomedia performance delivered over the past five years.

Table 7 – Key financial performance indicators

	2019	2018	2017	2016	2015
Revenue ($'000)	**84,598**	72,935	70,474	68,087	60,385
Net profit after tax ($'000)	**16,122**	12,897	11,953	10,323	13,232
EBITDA ($'000)	**38,041**	29,050	25,219	20,897	25,024
Cash EBITDA ($'000)	**19,111**	10,477	11,652	n/a	n/a
Earnings per share (cents)	**5.19**	4.16	3.85	3.33	4.30
Dividends per share, exclude special dividend (cents)	**3.90**	3.10	2.90	2.65	3.64
Special dividend per share (cents)	**-**	-	-	-	0.25
Share price at 30 June ($)	**1.70**	0.96	0.73	0.69	1.20

Infomedia has adopted adjusted earnings before interest, tax, depreciation and amortisation ('Cash EBITDA') as a key measure for the FY19 STI Gateway for Executive KMP and also as a core KPI for the Executive KMP.

Cash EBITDA acknowledges the cash impact of investing in development costs that are capitalised.

The Company believes Cash EBITDA offers a more transparent view of the underlying level of activity and investment in products. By stripping out the financial impact of capitalised development costs, Cash EBITDA gives a clearer indication of the actual cash operating costs incurred during the financial year. Accordingly, management are directly measured and accountable for their management of costs which translates into improved bottom line results for shareholders in current (improved EBITDA) or future periods (via reduced future amortisation expenses), depending on the actual timing and accounting treatment of capitalised development costs actually incurred during the financial year.

The reconciliation of NPAT to Cash EBITDA is provided in Table 8 below. As Cash EBITDA was introduced as a new financial measure from 2017 onwards, no comparatives are provided for financial years prior to FY17.

Table 8 – Reconciliation of NPAT to Cash EBITDA

	2019 $'000	2018 $'000	2017 $'000
NPAT	**16,122**	12,897	11,953
Add/(less):			
Changes in contingent consideration	**(4,262)**	-	-
Net finance costs/(income)	**1,098**	564	(36)
Depreciation, amortisation and impairment	**20,148**	12,824	9,717
Income tax expense	**4,935**	2,765	3,585
EBITDA	**38,041**	29,050	11,652
Development expenses capitalised	**(18,969)**	(18,463)	(13,715)
Unrealised foreign currency translation gains/(losses)	**39**	(110)	148
Cash EBITDA	**19,111**	10,477	11,652

Footnote to Table 8

(a) In accordance with remuneration governance principles, the Company applied underlying performance measures which exclude non-trading income and expenses in determining the vesting outcomes for STI and LTI.

During FY19, the non-trading income and expenses adjusted to the STI and LTI performance measures related to the reassessment of the Microcat CRM™ acquisition. The reassessment resulted in a net change to NPAT of $0.165 million represented by a $4.262 million reduction in the quantum of future contingent consideration previously provided for; offset by a $3.367 million impairment against the Microcat CRM™ goodwill; and a $0.730 million adjustment to finance costs on contingent consideration for Microcat CRM™.

c. Short term incentive

i. Summary of CEO & Managing Director's and the CFO's KPIs and objectives and performance outcomes

Table 9 – KPIs and FY19 performance outcomes for the CEO & Managing Director and the CFO

Performance metrics	Weighting	Payout ratios	FY19 performance outcome/payout[a]
CEO & Managing Director KPIs and FY19 performance outcome			
Financial		**Targets met or exceeded:**	
Cash EBITDA targets	60%	Sliding scale payment between 50%-125%	125%
Revenue growth		Sliding scale payment between 80%-120%	120%
Non-financial		**Targets met or exceeded:**	Partially met
Strategic growth projects	40%	Sliding scale payment between 60%-120%	68%
Regional development projects			
Global account projects			
Total[b]	100%		100%[b]
CFO KPIs and FY19 performance outcome			
Financial		**Targets met or exceeded:**	
Cash EBITDA targets	60%	Sliding scale payment between 50%-125%	125%
Revenue growth		Sliding scale payment between 80%-120%	120%
Non-financial		**Targets met or exceeded:**	Partially met
Strategic growth projects	40%	Sliding scale payment between 60%-120%	69%
Operational projects			
Total[b]	100%		100%[b]

Footnote to Table 9

(a) As noted under Table 4 above, STI Gateways based on Cash EBITDA targets were met as a threshold for the STI program in FY19 for Executive KMP.

(b) Stretch targets apply to financial objectives only. Despite the stretch targets, the maximum potential STI achievement is capped at 100% of the CEO & Managing Director's and the CFO's STI opportunity of $395,000 and $205,800 per annum, respectively.

(c) The scope of disclosure made regarding Executive KMP performance targets is limited as the Board has formed the view that disclosure of further detail would result in unreasonable prejudice to the entity by signalling key strategies to competitors, suppliers and/or customers, thereby strengthening those parties' position relative to the Company.

Table 10 – Executive KMP FY19 STI outcome

Executive KMP	Maximum STI potential $	Actual STI Awarded $	Actual STI awarded as % of maximum STI potential %	STI forfeited as % of maximum STI potential %
Jonathan Rubinsztein	395,000	395,000	100%	-
Richard Leon	205,800	205,800	100%	-

d. Long term incentive

i. Long term incentive framework FY19

The purpose of the LTI program is to link Executive KMP performance with long term shareholder wealth creation. The details of the FY19 Executive Incentive Plan – LTI are explained below.

Who participates?	Executive KMP participate in the scheme described in this Remuneration Report.
How was the current Executive KMP LTI program devised?	The Executive KMP LTI program was devised in consultation with external remuneration consultants in 2016 to entice the current Executive KMP to Infomedia to drive a significant turnaround of the Company. The current program for Executive KMP will conclude upon final testing and vesting of LTI following release of the Company's FY19 results. A new LTI program will replace the current format and is described in section I below in this Report.
Why were three years' worth of LTI issued in 2016?	The Board granted three years' worth of LTI in a combination of Rights and Options. The Rights have testing events based on the Company's FY17, FY18 and FY19 results. The Options have testing events based on the Company's FY19 results. The Directors did so to attract the calibre of talent required to steer the Company through a turnaround period.
Why was EPS chosen as the relevant performance hurdle for the Rights?	Earnings per share ('EPS') is directly linked to shareholder value creation. It encourages management to grow top line revenue whilst maintaining adequate cost controls to deliver strong net profit after tax results. The compounding nature of the metric year on year provides a rigorous metric and a sound growth proposition for shareholders.
Why was retesting of the Rights permitted?	Retesting of the Rights (equally allocated in three tranches) attributable to FY17 and FY18 was permitted on the basis that the Company was in a period of uncertainty at the time of appointing the Executive KMP. The requirement for compound annual growth ('CAGR') in EPS (compared to straight line growth) provides a stringent testing metric over the period. This is coupled with a governance overlay in the form of a holding lock. Any resultant shares realised upon vesting of the Rights which applies until after the release of the Company's audited accounts for the year ending 30 June 2021 ('FY21') to ensure a long-term sustainable growth model is pursued and aligned to shareholders' interests.
What is the purpose of the disposal restrictions / holding locks?	Disposal restrictions or 'holding locks' have been placed on: ▪ 100% of shares realised from the exercise of the vested Rights until release of the Company's audited accounts for the year ending 30 June 2021 ('FY21'); and ▪ 50% of the shares acquired from the exercise of the vested Options until release of the Company's audited accounts for the year ending 30 June 2020 ('FY20'). The balancing 50% may be sold after exercise. The holding locks prevent the Executive KMP from selling the relevant shares immediately post vesting and helps to ensure a long term, sustainable growth model is pursued to aligned to the interests of shareholders.
What governance mechanisms does the Company have in place regarding LTI and trading in shares generally?	***Share Trading Policy:*** The Company maintains a formal Share Trading Policy. The policy prohibits trading based on insider information and limits the ability of Restricted Persons to trade in Infomedia shares to several short trading windows following the release of half year and full year financial results and following the Annual General Meeting. The policy also prohibits short term or speculative trading. ***Prohibition against hedging:*** Additionally, the Company's Performance Rights & Option Plan Rules prohibit Plan participants from entering into hedging arrangements to limit the risk of their 'at risk' LTI component.
Does the Company impose a minimum shareholding requirement?	The Company does not impose any requirement on Executive KMP to hold a minimum quantity of Infomedia shares at any time. Refer Table 18 showing the shareholdings of Executive KMP during FY19.

ii. Summary of outstanding KMP LTI

The Executive KMP were granted LTI in the form of a combination of Rights and Options covering the three financial years ending 30 June 2019 as part of their appointment in 2016. Further details of the key terms of the Rights and Options are disclosed in section H.a below.

Performance period	Testing events	Financial Performance hurdle	Strike price	Performance outcome	Retesting of unvested Rights	Vesting %	Holding Lock
2016 Rights							
Tranche 1 2016-2017	After release of FY17 accounts	25% vesting at 10% CAGR above FY16 EPS	n/a	Over 15% CAGR above FY16 EPS	No retesting is required	100%	Holding lock on resultant shares until release of FY21 accounts
Tranche 2 2016-2018	After release of FY18 accounts	100% vesting at 15% CAGR above FY16 EPS Pro rata vesting in between 25% and 100% 0% vesting if less than 10% CAGR achieved		11.7% CAGR above FY16 EPS based on FY18 EPS 15.5% CAGR above FY16 EPS based on FY19 EPS	After release of FY19 accounts	50% in 2018 based on FY18 EPS 50% in 2019 based on FY19 EPS	
Tranche 3 2016-2019	After release of FY19 accounts			15.5% CAGR above FY16 EPS	n/a	100%	
2016 Options							
2016-2019	After release of FY19 accounts	Share price must exceed strike price	92.2 cents	$1.70 - share price at 30 June 2019	n/a	100%	Holding lock on 50% of resultant shares until release of FY20 accounts

In accordance with remuneration governance principles, the Company applied an underlying EPS measure which excludes non-trading income or expenses. This ensures that KMP Executive LTI outcomes are based on the true underlying performance of the business.

iii. LTI outcomes by Executive KMP

Table 11 – Movement in Rights and Options

Executive KMP	Number held at 1 July 2018	Number granted during FY19	Number vested and exercised during FY19	Number lapsed during FY19	Number held at 30 June 2019
2016 Rights					
Jonathan Rubinsztein	945,378	-	(238,707)	-	706,671
Richard Leon	504,202	-	(127,311)	-	376,891
	1,449,580	-	(366,018)	-	1,083,562
2016 Options					
Jonathan Rubinsztein	3,750,000	-	-	-	3,750,000
Richard Leon	2,000,000	-	-	-	2,000,000
	5,750,000	-	-	-	5,750,000

iv. LTI outcomes – fair value and maximum value to be recognised from grant date

Executive KMP	Grant date	Fair value per Rights/ Options ($)	Number of Rights/Options granted	Performance Period	Maximum value to be recognised from grant date ($)
2016 Rights					
Jonathan Rubinsztein	29 January 2016	0.53-0.57	1,418,067	30 June 2017 to 30 June 2019	774,600
Richard Leon	17 February 2016	0.53-0.57	756,302	30 June 2017 to 30 June 2019	413,600
2016 Options					
Jonathan Rubinsztein	29 January 2016	0.07	3,750,000	30 June 2019	279,000
Richard Leon	17 February 2016	0.07	2,000,000	30 June 2019	149,000

E. Executive KMP remuneration details

In this section the remuneration of Executive KMP is presented from two different perspectives. The first is the statutory disclosure basis. The second basis replaces the movement in the estimated value of share-based payments to which the Executive KMP became entitled during the year. It also removes movement in leave accruals. Whilst this is referred to as actual received, it should be noted that the relevant share-based payments are subject to holding locks (see section H.a below) and all payments are stated before applicable income tax.

a. Executive KMP remuneration outcomes in FY19 – Statutory basis

Table 12 below discloses the remuneration for Executive KMP calculated in accordance with statutory requirements and Accounting Standards. Refer to table note underneath Table 12 for the relevant statutory and accounting requirements.

Table 12 – Total Executive KMP remuneration - Statutory basis

	Short term employment benefits			Post-employment benefits		Long term benefits	Share-based payments	Total
	(1)	(2)		(3)		(4)	(5)	
	Cash salary and leave accruals $	Short term incentive $	Non-monetary benefits $	Super-annuation $	Termination payments $	Long service leave accruals $	Performance rights and share options (refer to Table 13) $	$
Jonathan Rubinsztein								
2019	**531,469**	**395,000**	**-**	**25,000**	**-**	**2,070**	**340,279**	**1,293,818**
2018	487,765	329,325	-	25,000	-	622	84,330	927,042
Richard Leon								
2019	**328,640**	**205,800**	**-**	**20,531**	**-**	**1,229**	**182,794**	**738,994**
2018	307,491	159,640	-	20,048	-	405	44,916	532,500

i. Footnote to Table 12

(a) The remuneration mix for the Executive KMP based on the remuneration details in Table 12 above are:

- Mr Rubinsztein: 43% fixed and 57% at-risk (2018: 55% fixed and 45% at-risk); and
- Mr Leon: 47% fixed and 53% at-risk (2018: 62% fixed and 38% at-risk).

ii. Table note

(1) Cash salary includes amounts paid in cash plus any salary sacrifice items. Annual leave accruals are determined in accordance with Accounting Standard, AASB 119 Employee Benefits.

(2) The FY19 short term incentive has been approved by the Board and will be paid in cash in September 2019.

(3) Superannuation contributions are paid in line with legislative requirements.

(4) Long service leave accruals are determined in accordance with Accounting Standard, AASB 119 Employee Benefits.

(5) The share-based payments value in Table 12 above represents the amount of LTI (in the form of Rights and Options) granted for the three financial years commencing 1 July 2016 from the date of service agreements signed in accordance with Accounting Standard, AASB 2 Share-based Payments. Further information is provided in section D.d in this Report.

Table 13 – Breakdown of share-based payments

	Performance rights[(a)] $	Share options $	Total share based payments $
Jonathan Rubinsztein			
2019	**270,529**	**69,750**	**340,279**
2018	14,580	69,750	84,330
Richard Leon			
2019	**144,589**	**38,205**	**182,794**
2018	6,711	38,205	44,916

Footnote to Table 13

(a) The Rights value for FY19 is higher than FY18 is due to the performance hurdles forecast to be fully met in FY19 for all Rights whilst in FY18 it was forecast to be partially met.

b. Executive KMP remuneration outcomes in FY19 – Actual received

Table 14 discloses the cash and other benefits, being amounts actually received by the Executive KMP as distinct from the technical accounting expense. Accordingly, this table does not align with the statutory remuneration outcomes calculated in accordance with Accounting Standards in Table 12 above.

The actual remuneration received by the Executive KMP in Table 14 below represents:

- cash received/receivable amount for FY19 – cash salary, short term incentive – cash bonus and superannuation; and
- the market value of Rights that vested and were converted to shares during FY19. The market value represents the variable weighted average price of Infomedia shares in the four weeks following release of the Company's FY18 results on 15 August 2018 (2018: four weeks following release of the Company's FY17 results on 28 August 2017). This period has been selected as it gives a fair indication of the value attributed by the market assessing the performance of the Company, and by implication the Executive KMP, based on the the corresponding financial year's annual results. The VWAP over the period was $1.26 (2018: 77.84 cents). Whilst this is referred to as actual received, it should be noted that the relevant share-based payments are subject to holding locks (refer section H.a below) and all payments are stated before applicable income tax.

Table 14 – Total Executive KMP remuneration - Actual pre-tax remuneration received

	Short term employment benefits			Post-employment benefits		Long term benefits	Share-based payments	Total
	Cash salary[a] $	Short term incentive $	Non-monetary benefits $	Super-annuation $	Termination payments $	Long service leave accruals $	Performance rights vested and exercised $	$
Jonathan Rubinsztein								
2019	**510,000**	**395,000**	**-**	**25,000**	**-**	**-**	**301,917**	**1,231,917**
2018	485,621	329,325	-	25,000	-	-	367,941	1,207,887
Richard Leon								
2019	**308,700**	**205,800**	**-**	**20,531**	**-**	**-**	**161,023**	**696,054**
2018	300,384	159,640	-	20,048	-	-	196,235	676,307

Footnote to Table 14

(a) The remuneration mix for the Executive KMP based on the actual remuneration received details in Table 14 above are:

- Jonathan Rubinsztein: 43% fixed and 57% at-risk (2018: 42% fixed and 58% at-risk); and
- Richard Leon: 47% fixed and 53% at-risk (2018: 47% fixed and 53% at-risk).

F. Non-Executive Directors remuneration

a. Board and committee structure

As at the date of this Report, Infomedia's Board and Committees are structured as follows.

Table 15 – Board and committee composition

		Board	Audit & Risk Committee	Remuneration & Nominations Committee	Technology & Innovation Committee
Non–Executive & Independent	Bart Vogel	(C)		✓	✓
	Paul Brandling	✓	✓		(C)
	Clyde McConaghy	✓	✓	(C)	
	Anne O'Driscoll	✓	(C)	✓	
Executive	Jonathan Rubinsztein	✓			✓

(C) represents Chairman of the Board or Committee.

b. Remuneration structure and governance principles

Remuneration structure	Non-Executive Directors are remunerated in the form of Board fees, Committee chair fees and superannuation paid in line with legislative requirements. See Table 16 below for further details. Fees payable are fixed in accordance with formal agreements held between the Non-Executive Directors and the Company (subject to periodic increases) and are paid from an aggregate fee pool limit of $550,000, as approved by shareholders in 2016. Directors may also be reimbursed for travel and other expenses incurred in attending to the affairs of the Company.
Does the Company impose a minimum shareholding requirement?	The Company does not impose any requirement on Non-Executive Directors to hold a minimum quantity of Infomedia shares at any time. Refer Table 18 showing the shareholdings of the Non-Executive Directors during FY19.

The following table outlines Non-Executive Director fees for the Board and committees as at 30 June 2019. The quoted fees are inclusive statutory superannuation contributions.

Table 16 – Non-Executive Director fees (inclusive of superannuation)

Board/Committee	Role	Per role $	Total $
Board	Chairman	196,000	196,000
	Non-Executive Directors	88,500	265,500
Audit & Risk Committee	Chairman fee	15,000	15,000
Remuneration & Nominations Committee	Chairman fee	15,000	15,000
Technology & Innovation Committee	Chairman fee	15,000	15,000
		Total	**506,500**

G. Non-Executive Directors remuneration details

Table 17 below provides remuneration details for the Non-Executive Directors on the Company's Board.

Table 17 – Total Non-Executive Director remuneration

		Short term employment benefits	Post-employment benefits	Total[a]
		Board and committee fees	Superannuation	
		$	$	$
Bart Vogel	**2019**	**178,995**	**17,005**	**196,000**
	2018	175,224	16,646	191,870
Paul Brandling	**2019**	**96,017**	**7,483**	**103,500**
	2018	89,307	8,484	97,791
Clyde McConaghy	**2019**	**94,521**	**8,979**	**103,500**
	2018	90,115	8,561	98,676
Anne O'Driscoll	**2019**	**94,521**	**8,979**	**103,500**
	2018	90,115	8,561	98,676

Footnote to Table 17

(a) Base fee increases of 2.3% in respect of the Chairman, and 7.8% for other Non-Executive Directors, were applied from 1 July 2018. The increase was applied following analysis and benchmarking of Non-Executive Director fees by the Remuneration Committee and to bring the Company in line with average Non-Executive Director fees relative to its peers. The last increase to Non-Executive Director fees was applied in 2016.

(b) For FY19, Mr Brandling elected to receive part of the statutory superannuation contribution in cash. For FY18, Mr Brandling was appointed Chairman of the Technology & Innovation Committee on 21 July 2017. The additional chair fees were prorated accordingly in figures for the prior financial year.

H. Additional information

a. Key terms of Rights and Options

Key terms relate to all Rights and Options granted other than those specified in section D.d.ii above:

- the Rights and Options granted to the Executive KMP are deemed to be granted on the date when their service agreements were signed;
- the Rights and Options are granted for nil consideration;
- the vesting conditions of the Rights and Options are conditional on continuous employment and meeting performance hurdles;
- when vesting:
  - Rights – each right will be converted into one Infomedia ordinary share for nil consideration;
  - Options – each option will be converted into one Infomedia ordinary share by paying an exercise price of 92.2 cents;
- holding lock for vested Rights and Options:
  - Rights – subject to a holding lock until release of audited accounts for the year ending 30 June 2021;
  - Options – 50% of exercised Options subject to a holding lock until release of audited accounts for the year ending 30 June 2020.

b. Loans to KMP

There were no loans at the beginning or at the end of the financial year ended 30 June 2019 to the KMP. No loans were made available to KMP during FY19.

c. Shareholdings of Non-Executive Directors and the Executive KMP

Table 18 below summarises the movement in holdings of Infomedia ordinary shares during the year and the balance at the end of the financial year, both in total and held indirectly by related parties of the KMP.

Table 18 – Movement of shareholding interests of Directors in accordance with section 205G of the Corporations Act 2001 and the other Executive KMP

Name	Balance at 30 June 2018	Grant as compensation	Exercise of share options	Exercise of performance rights	Net other changes	Total shares held directly and indirectly at 30 June 2019[(a)]
	Number	Number	Number	Number	Number	Number
Bart Vogel	390,000	-	-	-	60,000	450,000
Paul Brandling	209,809	-	-	-	-	209,809
Clyde McConaghy	80,000	-	-	-	-	80,000
Anne O'Driscoll	100,000	-	-	-	-	100,000
Current KMP executives:						
Jonathan Rubinsztein	1,027,465	-	-	238,707	-	1,266,172
Richard Leon	371,100	-	-	127,311	-	498,411

Footnote to Table 16

(a) Shares held indirectly are included in the column headed Total shares held at 30 June 2019. Total shares are held directly by the KMP and indirectly by the KMP's related parties, inclusive of domestic partner, dependents and entities controlled, jointly controlled or significantly influenced by the KMP.

I. Looking Forward to FY20

a. Long term incentive framework FY20

The Board has determined that effective from FY20, the Company will transition to a rolling program of annual LTI grants to the Company's Executive KMP and senior management personnel. The Company intends to deliver LTI via two vehicles; performance rights and share appreciation rights.

Having successfully settled and foundationally strengthened the Company since 2016 and having reached the end of the initial three-year grant of LTI, it is now appropriate to re-assess and refresh the LTI structure from FY20 onwards. As noted in section B.a above, the Company engaged with external remuneration consultants, Guerdon Associates, to review the Company's LTI program.

The Company intends to seek shareholder approval at its 2019 AGM for the issue of LTI to the CEO & Managing Director, as required by the ASX Listing Rules. Further details about the proposed LTI will be published in the 2019 AGM Notice of Meeting.

In the meantime, the Company provides the high-level indicative summary of the proposed terms of issue of the new LTI in the table below.

The information provided remains subject to further refinement prior to issue of the LTI.

<table>
<tr><th></th><th>Performance rights ('Rights')</th><th>Share appreciation rights ('SARs')</th></tr>
<tr><td>Election of LTI vehicle</td><td colspan="2">Executives will be provided an opportunity to select the apportionment of their 'LTI Award Opportunity' among Rights and SARs by taking 100% Rights, 50% in Rights and 50% in SARs, or 100% in SARs</td></tr>
<tr><td>Terms of issue</td><td>Rights will be granted to the Executive KMP for nil consideration.

The number of Rights granted will be determined using a 30-day VWAP calculation on the Company's share price following release of the FY19 results to determine a 'Reference Price'. The 'LTI Award Opportunity' referable to the Rights will be divided by the Reference Price to determine the number of Rights to be granted to the Executive KMP.

The Rights will be granted pursuant to the terms of the Company's ongoing Performance Rights and Option Plan Rules (as amended from time to time)

Vesting of the Rights is subject to the performance measures as described below.

The Board retains a discretion to cash settle any vested LTI, instead of using shares.</td><td>SARs will be granted to the Executive KMP for nil consideration.

The number of SARs to be allocated will be determined using a Cox-Ross Rubinstein lattice valuation model, applying the estimated value of the SARs, as determined by an independent qualified valuer. The number of SARs to be allocated will be calculated by dividing the 'LTI Award Opportunity' referable to the SARs by their estimated fair value.

The SARs will be issued pursuant to the terms of the Company's ongoing Performance Rights and Option Plan Rules (as amended from time to time)

Vesting of the Rights is subject to the performance measures as described below.

The Board retains a discretion to cash settle any vested LTI, instead of using shares.</td></tr>
<tr><td>Performance period, vesting and expiry dates</td><td colspan="2">The Rights and SARs granted for FY20 will be tested over a performance period spanning 1 July 2019 to 30 June 2022.

Subject to the attainment of the performance measures, and the continued employment of the Executive KMP until the vesting date. The Rights and SARs will be tested for vesting following release of the Company's audited accounts for the year ending 30 June 2022 ('FY22'). Unvested Rights and SARs will lapse and be forfeited if the Performance Measures are not met. Vested Rights and SARs must be exercised by the date that is 6 years after the grant date.

Executive KMP may exercise vested Rights and SARs up to 6 years after the date of grant. After that time, unexercised Rights and SARs will lapse and be forfeited.</td></tr>
<tr><td rowspan="6">Performance measures</td><td colspan="2">Rights and SARs will vest subject to the performance measure: compound annual growth ('CAGR') on earnings per share ('EPS') based on FY19 EPS. The plan provides for Board discretion to adjust statutory results for non-trading items.</td></tr>
<tr><td>CAGR above FY19 EPS</td><td>% of Rights or SARs that vest</td></tr>
<tr><td>Below 10% CGAR</td><td>0%</td></tr>
<tr><td>At 10% CAGR</td><td>25%</td></tr>
<tr><td>Between 10% and 15% CAGR</td><td>Straight line pro-rata vesting between 25% and 100%</td></tr>
<tr><td>At or above 15% CAGR</td><td>100%</td></tr>
<tr><td>Rights on vesting and exercise</td><td>Each vested Right entitles the Executive KMP upon exercise to receive the following:
▪ One Infomedia fully paid ordinary share ('Shares'); and
▪ additional Shares equal in value to dividends received on Shares between the date of grant and exercise. The additional Shares are calculated as the number of Shares that would have been acquired if dividends as announced to the ASX between the date of grant and exercise had been paid and reinvested in Shares, based on the closing price of the Share at the ex-div date during the period from grant to exercise. Fractions of Shares will be rounded down to the nearest whole number and no residual positive balance carried forward.</td><td>Each vested SAR entitles the Executive KMP to receive the benefit of share price growth over the period between grant and exercise. Upon exercise Executive KMP receive such number of Shares as determined by the following calculation:

$$\frac{(\textit{(SAR End Price-Reference Price)} \times \textit{Number of SARs)}}{\textit{SAR End Price}} = \textit{Number of Shares vested}$$
Where:
▪ SAR End Price means the 5 day Volume Weighted Average Price of the Company's shares up to the day of exercise; and
▪ Reference Price means the 30 calendar day VWAP of the Company's share price following release of the FY19 results.</td></tr>
</table>

	Performance rights ('Rights')	Share appreciation rights ('SARs')
Price payable by upon grant	Nil	Nil
Exercise price	Nil	Nil
Post vesting disposal restrictions	Nil	Nil
Malus	The LTI will be subject to malus provisions entitling the Board, at its discretion, to pursue a range of remedies where the Executive KMP has engaged in (among other things) fraud, dishonesty or gross misconduct.	
Dividend and voting rights	No dividend or voting right is attached to the Rights. Upon vesting the recipient becomes entitled to receive accrued dividends between the time of grant and the time of vesting as additional Shares, as described above in this table. Following vesting and exercise, the recipient receives Shares with ordinary voting right and dividend entitlement.	No dividend or voting entitlements is attached to the SARs. Upon vesting and exercise, the recipient receives Shares with ordinary voting right and dividend entitlement.

This concludes the Remuneration Report, which has been audited.

Directors

The following persons were Directors of Infomedia Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated.

Name	Role
Bart Vogel	Chairman & Independent Non-Executive Director
Jonathan Rubinsztein	Chief Executive Officer & Managing Director
Paul Brandling	Independent Non-Executive Director
Clyde McConaghy	Independent Non-Executive Director
Anne O'Driscoll	Independent Non-Executive Director

Directorships of other listed companies

Directorships of other listed companies held by the Directors in the three years preceding the end of the financial year are as follows.

Name	Company	Period of directorship
Bart Vogel	Macquarie Telecom Ltd	Since 2014
	Salmat Limited	Since 2017
	InvoCare Ltd	Since 2017
Jonathan Rubinsztein	None	
Paul Brandling	Integrated Research Limited	Since 2015
	Tesserent Limited	From 2015 to 2017
Clyde McConaghy	Serko Limited (ASX & NZX)	Since 2014
Anne O'Driscoll	Steadfast Group Limited	Since 2013

Particulars of the Directors' qualifications and experience are set out under Board of Directors on page 11.

Meetings of directors

The number of meetings of the Company's Board of Directors (the 'Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were as follows.

	Board		Audit & Risk Committee		Remuneration & Nominations Committee		Technology & Innovation Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Bart Vogel	9	9	-	-	5	5	3	3
Jonathan Rubinsztein	9	9	-	-	-	-	3	3
Paul Brandling	9	9	4	4	-	-	3	3
Clyde McConaghy	9	9	4	4	5	5	-	-
Anne O'Driscoll	9	8	4	4	5	5	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Refer to Table 15 in the Remuneration Report for the composition of the three committees.

Company secretaries

Daniel Wall BBA, LLB

Mr Wall is a lawyer admitted to practice in the Supreme Court of New South Wales and the High Court of Australia. Prior to joining Infomedia he gained experience across a range of areas including commercial litigation, finance and corporate insolvency and restructuring. He also holds a certificate in Governance Practice from the Governance Institute of Australia.

Mark Grodzicky BSc, LLB

Mr Grodzicky joined Infomedia Ltd in 2017 as General Counsel, leading the legal and company secretariat team for Infomedia's worldwide operations and Company Secretary. He holds degrees in Law and Science. Prior to joining Infomedia, Mr Grodzicky, over a 30 year career, held general counsel and company secretarial roles with global IT companies including Wang, Sun Microsystems, Digital Equipment, Compaq, HP, Getronics, UXC, CSC and DXC.

Significant changes in the affairs

On 13 December 2018, the Group acquired 100% of the ordinary shares in Nidasu Pty Limited. Refer to note 14 for details of this business acquisition.

There were no other significant changes in the state of affairs of the Group during the financial year.

Dividends

Details of dividends paid or declared by the Company during the financial year ended 30 June 2019 are set out in note 3.

Matters subsequent to the end of the financial year

Other than the Board declared a final dividend of 2.15 cents per share, unfranked, there have been no matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Indemnity and insurance of officers

To the extent permitted by law, the Company has indemnified the Directors and executives of the Company for liability, damages and expenses incurred, in their capacity as a Director or an executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Corporate governance

Infomedia strives to achieve compliance with the governance recommendations set out in the Corporate Governance Principles and Recommendations Third Edition, published by the ASX Corporate Governance Council (the ASX Principles). The Company addresses the ASX Principles in a manner consistent with its relative size and resourcing capabilities. Infomedia's latest Corporate Governance Statement was lodged with the ASX on the same date as this report and is available on the Company's website, *http://www.infomedia.com.au/investors/corporate-governance*

The Company is currently in the process of addressing the governance framework and recommendations set out in the Fourth Edition of the ASX Principles and will report against the revised guidelines in the financial year ending 30 June 2020.

Share options

At the date of this report, there are 5,750,000 share options issued in respect of ordinary shares of Infomedia Ltd.

No person entitled to exercise the share options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no shares issued as a result of the exercise of share options during the financial year.

Since the end of the financial year, there have been no share options exercised.

Performance rights

At the date of this report, there are 3,245,595 performance rights issued in respect of ordinary shares of Infomedia Ltd.

Shares issued on the exercise of performance rights

There were no ordinary shares of Infomedia Ltd issued on the exercise of performance rights during the year ended 30 June 2019 and up to the date of this report. All performance rights vested and exercised during the reporting period were satisfied by the transfer of fully paid ordinary shares purchased on market.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 20 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Bart Vogel
Chairman
19 August 2018

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Infomedia Ltd
3 Minna Close
Belrose, Sydney NSW 2085

19 August 2019

Dear Board Members

Auditor's Independence Declaration to Infomedia Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Infomedia Ltd.

As lead audit partner for the audit of the financial report of Infomedia Ltd for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Pooja Patel

Pooja Patel
Partner
Chartered Accountant

Introduction

This is the financial report of Infomedia Ltd (the 'Company') and its subsidiaries (together referred to as 'Infomedia' or the 'Group').

This financial report was authorised for issue, in accordance with a resolution of Directors on 19 August 2019. The Directors have the power to amend and reissue the financial report.

About this report

Disclosures are split into five distinct groups to enable a better understanding of how the Group has performed. We have included key notes next to each group of notes to explain its purpose and content. Accounting policies and critical accounting judgements applied to the preparation of the financial statements are shown where the related accounting balance or financial statement matter is discussed.

	Key performance metrics	Key note
44	Note 1. Operating segments	FY19 performance overview: • FY19 segment results by regions – no change in segments • NPAT - $16.122 million – an 25% increase pcp • Basic earnings per share – 5.19 cents, an 25% increase • Final dividends per share – 2.15 cents, an 26% increase
45	Note 2. Earnings per share	
46	Note 3. Equity - dividends	
47	Note 4. Income and expenses	
50	Note 5. Income tax	

	Significant operating assets and liabilities	Key note
53	Note 6. Intangibles	FY19 intangibles : • Increase of $11.268 million – acquisition of Nidasu Pty Limited • Net increase in capitalised development costs of $4.171 million, net of amortisation expenses FY19 trade and other receivables overview: • Minimal recoverability issues on receivables with immaterial provision for expected credit loss ($0.350 million), same level as prior period FY19 contract liabilities: • New disclosure post application of accounting standard AASB 15 Revenue from Contracts with Customers • All amounts invoiced in advance during FY19 will be recognised as revenue within 12 months
56	Note 7. Trade and other receivables	
56	Note 8 Contract liabilities	

Consolidated statement of profit and loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Revenue	4	84,598	72,935
Expenses			
Research and development expenses	4	(18,258)	(14,587)
Sales and marketing expenses		(25,376)	(24,777)
General and administration expenses		(23,116)	(18,135)
Total expenses		(66,750)	(57,499)
Operating profit		17,848	15,436
Other income	4	4,268	717
Net finance costs	4	(1,098)	(564)
Net foreign currency translation gain	4	39	73
Profit before income tax expense		21,057	15,662
Income tax expense	5	(4,935)	(2,765)
Profit after income tax expense for the year attributable to the owners of Infomedia Ltd		16,122	12,897
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax		-	10
Foreign currency translation		424	186
Other comprehensive income for the year, net of tax		424	196
Total comprehensive income for the year attributable to the owners of Infomedia Ltd		16,546	13,093
		Cents	**Cents**
Basic earnings per share	2	5.19	4.16
Diluted earnings per share	2	5.13	4.15

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Assets			
Current assets			
Cash and cash equivalents		15,534	13,282
Trade and other receivables	7	9,340	7,603
Income tax refund due	5	-	1,733
Prepayments		1,460	1,583
Total current assets		26,334	24,201
Non-current assets			
Property, plant and equipment		1,531	1,717
Intangibles	6	64,355	53,693
Total non-current assets		65,886	55,410
Total assets		92,220	79,611
Liabilities			
Current liabilities			
Trade payables		1,840	1,942
Contract liabilities	8	1,728	1,131
Other payables		6,094	5,534
Provision for income tax	5	2,145	-
Provisions		216	216
Employee benefits		3,447	3,013
Contingent consideration		1,655	870
Total current liabilities		17,125	12,706
Non-current liabilities			
Deferred tax	5	6,526	7,088
Provisions		1,019	1,073
Employee benefits		365	445
Contingent consideration		3,120	4,071
Total non-current liabilities		11,030	12,677
Total liabilities		28,155	25,383
Net assets		64,065	54,228
Equity			
Issued capital	9	14,790	12,923
Treasury shares held in trust	9	(1,230)	(978)
Foreign currency reserve		2,089	1,665
Share-based payments reserve		5,826	3,328
Retained profits		42,590	37,290
Total equity		64,065	54,228

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Share capital $'000	Treasury shares held in trust $'000	Foreign currency reserve $'000	Share-based payments reserve $'000	Cash flow hedge reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2017	12,923	(602)	905	3,499	(10)	33,141	49,856
Profit after income tax expense for the year	-	-	-	-	-	12,897	12,897
Other comprehensive income for the year, net of tax	-	-	186	-	10	-	196
Total comprehensive income for the year	-	-	186	-	10	12,897	13,093
Transactions with owners in their capacity as owners:							
Transfer to foreign currency translation reserve from retained earnings	-	-	574	-	-	(574)	-
Share-based payments	-	-	-	124	-	(111)	13
Tax effect related to share-based payments	-	-	-	222	-	-	222
Share allocated to employees on vesting of performance rights	-	517	-	(517)	-	-	-
Purchase of treasury shares	-	(893)	-	-	-	-	(893)
Dividends paid (note 3)	-	-	-	-	-	(8,063)	(8,063)
Balance at 30 June 2018	12,923	(978)	1,665	3,328	-	37,290	54,228

Consolidated	Share capital $'000	Treasury shares held in trust $'000	Foreign currency reserve $'000	Share-based payments reserve $'000	Cash flow hedge reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2018	12,923	(978)	1,665	3,328	-	37,290	54,228
Profit after income tax expense for the year	-	-	-	-	-	16,122	16,122
Other comprehensive income for the year, net of tax	-	-	424	-	-	-	424
Total comprehensive income for the year	-	-	424	-	-	16,122	16,546
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs (note 9)	1,867	-	-	-	-	-	1,867
Share-based payments	-	-	-	1,048	-	-	1,048
Tax effect related to share-based payments	-	-	-	1,719	-	-	1,719
Share allocated to employees on vesting of performance rights	-	269	-	(269)	-	-	-
Purchase of treasury shares	-	(521)	-	-	-	-	(521)
Prior year adjustment for make good expenses	-	-	-	-	-	(102)	(102)
Dividends paid (note 3)	-	-	-	-	-	(10,720)	(10,720)
Balance at 30 June 2019	14,790	(1,230)	2,089	5,826	-	42,590	64,065

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Cash flows from operating activities			
Receipts from customers		84,548	74,129
Payments to suppliers and employees		(45,849)	(45,952)
		38,699	28,177
Interest received		39	60
Income taxes paid		(309)	(135)
Net cash from operating activities	17	38,429	28,102
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	14	(466)	(1,200)
Payment for purchase of subsidiary, net of cash acquired	14	(5,436)	-
Payments for property, plant and equipment		(328)	(118)
Payments for intangibles	6	(49)	-
Payments for development costs capitalised		(18,971)	(18,276)
Net cash used in investing activities		(25,250)	(19,594)
Cash flows from financing activities			
Payments for purchase of treasury shares		(521)	(893)
Dividends paid	3	(10,720)	(8,063)
Net cash used in financing activities		(11,241)	(8,956)
Net increase/(decrease) in cash and cash equivalents		1,938	(448)
Cash and cash equivalents at the beginning of the financial year		13,282	13,313
Effects of exchange rate changes on balances of cash held in foreign currencies		314	417
Cash and cash equivalents at the end of the financial year		15,534	13,282

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Operating segments

Identification of reportable segments
The Group is organised into three reportable segments:

- Asia Pacific;
- Europe, Middle East and Africa ('EMEA'); and
- Americas, representing the combined North America and Latin and South America regions.

These reportable segments are based on the internal reports that are reviewed and used by the Chief Executive Officer & Managing Director (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of reportable segments.

The reportable segments are identified by management based on the region in which the product is sold. Discrete financial information about each of these operating segments is reported to the Board of Directors regularly.

The CODM reviews earnings before interest, tax, depreciation and amortisation ('EBITDA') in FY19. Comparative is changed to align with current year's disclosure. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Major customers
The Group has many customers to which it provides products. There is no significant reliance on any single customer contract.

Reportable segment information

Consolidated - 2019	Asia Pacific $'000	EMEA $'000	Americas $'000	Unallocated $'000	Total $'000
Revenue					
Total product revenue	22,797	34,264	27,537	-	84,598
Other income	6	-	-	-	6
Total income	22,803	34,264	27,537	-	84,604
EBITDA	19,450	27,578	12,934	(21,921)	38,041
Changes in contingent consideration	-	-	-	4,262	4,262
Net finance costs	-	-	-	(1,098)	(1,098)
Depreciation, amortisation and impairment	-	-	-	(20,148)	(20,148)
Profit/(loss) before income tax expense	19,450	27,578	12,934	(38,905)	21,057
Income tax expense					(4,935)
Profit after income tax expense					16,122

Consolidated - 2018	Asia Pacific $'000	EMEA $'000	Americas $'000	Unallocated $'000	Total $'000
Revenue					
Total product revenue	18,259	28,235	25,163	1,278	72,935
Other income	-	-	-	717	717
Total income	18,259	28,235	25,163	1,995	73,652
EBITDA	14,913	22,092	9,671	(17,626)	29,050
Net finance costs	-	-	-	(564)	(564)
Depreciation, amortisation and impairment	-	-	-	(12,824)	(12,824)
Profit/(loss) before income tax expense	14,913	22,092	9,671	(31,014)	15,662
Income tax expense					(2,765)
Profit after income tax expense					12,897

Note 1. Operating segments (continued)

Unallocated EBITDA
Unallocated EBITDA is represented by the following costs:

	2019 $'000	2018 $'000
Research and development expenses	3,459	3,255
General and administration expenses	18,462	14,371
	21,921	17,626

Note 2. Earnings per share

	Consolidated 2019 $'000	2018 $'000
Profit after income tax attributable to the owners of Infomedia Ltd	16,122	12,897

	Cents	Cents
Basic earnings per share	5.19	4.16
Diluted earnings per share	5.13	4.15

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share:		
Weighted average number of ordinary shares issued	311,806,000	310,824,000
Weighted average number of treasury shares held in trust	(1,267,000)	(1,037,000)
	310,539,000	309,787,000

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	310,539,000	309,787,000
Adjustments for calculation of diluted earnings per share:		
Share options and performance rights[(a)]	4,524,000	1,242,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	315,063,000	311,029,000

The weighted average number of ordinary shares or dilutive potential ordinary shares is calculated by taking into account the period from the issue date of the shares to the reporting date unless otherwise stated as below.

(a) Infomedia operates share-based payments arrangements (in the form of a long term incentive plan) where eligible employees may receive performance rights and/or share options. One performance right/share option will convert to one Infomedia ordinary share subject to vesting conditions being met. These share-based payments arrangements are granted to employees free of costs. For performance rights, no consideration is paid on conversion to Infomedia ordinary shares upon vesting and exercise. For share options, strike price is payable on conversion to Infomedia ordinary shares upon vesting and exercise. These arrangements have a dilutive effect to the basic earnings per share.

(b) Infomedia acquired Microcat CRM™ and Nidasu Pty Limited during the financial year ended 30 June 2018 and 2019, respectively. Any potential contingent consideration to be settled in the future will be partly in the form of Infomedia Ltd ordinary shares. As at both 30 June 2018 and 2019, the contingent consideration liability recognised on the statement of financial position has not been included as dilutive potential ordinary shares in the diluted earnings per share calculation.

Accounting policy for earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Infomedia Ltd by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Note 2. Earnings per share (continued)

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued at no consideration received in relation to dilutive potential ordinary shares.

Note 3. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2019 $'000	2018 $'000
Interim dividend for the year ended 30 June 2019 (2018: 30 June 2018) of 1.75 cents unfranked (2018: 1.40 cents fully franked) per ordinary share	5,449	4,343
Final dividend for the year ended 30 June 2018 (2018: 30 June 2017) of 1.70 cents fully franked (2018: 1.20 cents fully franked) per ordinary share	5,271	3,720
	10,720	8,063

On 19 August 2019, the directors declared a final dividend of 2.15 cents per share, unfranked, to be paid on 25 September 2019. As this occurred after the reporting date, the dividends declared have not been recognised in these financial statements and will be recognised in future financial statements.

The Company has a Dividend Reinvestment Plan ('DRP') that allows equity holders to elect to receive their dividend entitlement in the form of the Company's ordinary shares. The price of DRP shares is the average share market price, less a discount if any (determined by the directors) calculated over the pricing period (which is at least five trading days) as determined by the directors for each dividend payment date.

The Company's DRP operates by purchasing shares on market. No discount has been applied. Election notices for participation in the DRP in relation to this final dividend must be received by 27 August 2019.

Franking credits

	Consolidated	
	2019 $'000	2018 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	2,474	347

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date;
- any franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Accounting policy for dividends
Dividends are recognised when declared during the financial year.

Note 4. Income and expenses

	Consolidated 2019 $'000	Consolidated 2018 $'000
Profit before income tax includes the following specific income and expenses:		
Revenue		
Subscriptions revenue	82,204	68,713
Development and other ancillary service revenue	2,394	4,222
	84,598	72,935

The disaggregation of revenue shown above is by timing of revenue recognition. Refer to the revenue recognition policy below.

	2019 $'000	2018 $'000
Other income		
Changes in contingent consideration	4,262	717
Other	6	-
	4,268	717
Net finance (costs)/income		
Finance income	38	60
Finance costs	(1,136)	(624)
	(1,098)	(564)
Depreciation, amortisation and impairment		
Depreciation	(524)	(560)
Amortisation	(16,257)	(12,166)
Impairment	(3,367)	(98)
Total depreciation, amortisation and impairment	(20,148)	(12,824)
Net foreign exchange gain		
Cash flow hedges loss	-	(59)
Net foreign exchange gain	39	73
	39	14
Rental expense relating to operating leases		
Minimum lease payments	(2,230)	(2,114)
Superannuation expense		
Defined contribution superannuation expense	(2,299)	(2,186)
Share-based payments expense		
Share-based payments expense	(1,048)	(13)
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	(35,272)	(34,164)
Research and development expenses		
Total research and development costs incurred during the financial year	(22,429)	(21,718)
Amortisation of deferred development costs	(14,798)	(11,234)
Impairment on capitalised development costs	-	(98)
Less: development costs capitalised	18,969	18,463
Net research and development costs expensed	(18,258)	(14,587)

Note 4. Income and expenses (continued)

Critical accounting judgements, estimates and assumptions - research and development
Research and development expenses incurred relate to works provided by third parties and internal salaries and on-costs of employees.

Research costs are expensed in the period in which they are incurred.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility, and the costs can be measured reliably.

The key judgements relate to:

- determining the portion of the internal salary and on-costs that are directly attributable to development of the Group's product suite and software; and
- identifying and assessing the technical feasibility of completing the intangible asset and generating future economic benefits.

An impairment loss is recognised if the carrying amount of the development asset exceeds its recoverable amount.

The Group determines the estimated useful lives for the capitalised development costs. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or items no longer in use will be written off or written down.

Accounting policies

Revenue recognition
The Group has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018.

The application of AASB15 has no material financial impact.

The Group derives the majority of its revenue from recurring 'software as a service' subscriptions, where customers are licensed to access and use software and associated support services.

The Group generates revenue through the following streams of revenue:
- subscriptions to the Group's software products, comprising over 95% of total revenue;
- software development services to tailor off-the-shelf software solutions for specific use or functionality requirements or integration with customers' systems; and
- ancillary services in the form of software installation and training.

Each of the above services delivered to customers are considered separate performance obligations even though for practical situations they may be governed by a single legal contract with the customer.

Revenue recognition for each of the above revenue streams are as follows:

- Subscriptions revenue:
  - Customers are typically invoiced monthly or quarterly or yearly based on the terms in the contract with customers, and consideration is payable when invoiced. The consideration received for quarterly or yearly invoices is recognised as contract liabilities.
  - Revenue is then recognised once access to the software and/or database is provided; and over time as the customer simultaneously receives and consumes the benefit of accessing the software.
  - Revenue is calculated based on the number of licences used and rate per licence, or as a negotiated package for large customers.
- Software development services:
  - The software development services are typically invoiced as defined in the contract with the customers. Revenue is recognised over time as services are delivered or in accordance with the terms of the service arrangement.
  - Revenue is calculated based on time and/or external supplier costs.
- Ancillary services:
  - The ancillary services are software installation and training and are invoiced as defined in the contract with the customers.
  - Revenue is recognised over time depending on the terms of the service arrangements and usually when the customers can access the software and/or database.

Note 4. Income and expenses (continued)

Foreign currency translation
The financial statements are presented in Australian dollars, which is Infomedia Ltd's functional and presentation currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenue and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 5. Income tax

	Consolidated 2019 $'000	Consolidated 2018 $'000
Income tax expense		
Current tax	4,545	814
Deferred tax - current year	436	2,469
Prior year (overs)/unders - current and deferred tax	(46)	(518)
Aggregate income tax expense	4,935	2,765
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	(519)	71
Increase in deferred tax liabilities	955	2,398
Deferred tax - current year	436	2,469
Deferred tax - prior year overs	-	(582)
Net movement in deferred tax	436	1,887
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	21,057	15,662
Tax at the statutory tax rate of 30%	6,317	4,699
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Additional research and development deduction	(1,476)	(1,464)
Effects of foreign tax rates difference	3	14
Changes in contingent consideration	(1,278)	-
Impairment of goodwill	1,010	-
Non-deductible expenses	405	34
	4,981	3,283
Current tax - prior year (overs)/unders	(46)	64
Deferred tax - prior year (overs)/unders	-	(582)
Income tax expense	4,935	2,765

	Consolidated 2019 $'000	Consolidated 2018 $'000
Amounts credited directly to equity		
Deferred tax assets	(1,719)	(222)

Note 5. Income tax (continued)

	Consolidated 2019 $'000	Consolidated 2018 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Provisions	2,201	2,042
Share-based payments	3,917	2,198
Other payables	4	(6)
Foreign currency exchange	194	(156)
Offset against deferred tax liabilities	(6,316)	(4,078)
Deferred tax asset	-	-
Movements:		
Opening balance	-	-
Credited/(charged) to profit or loss	519	(71)
Credited to equity	1,719	222
Reversal of offset against deferred tax liabilities	4,078	3,927
Offset against deferred tax liabilities	(6,316)	(4,078)
Closing balance	-	-

	Consolidated 2019 $'000	Consolidated 2018 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Deferred development costs	11,573	10,308
Share-based payment trust contributions	(17)	50
Intangible assets	1,286	808
Offset against deferred tax assets	(6,316)	(4,078)
Deferred tax liability	6,526	7,088
Movements:		
Opening balance	7,088	4,415
Charged to profit or loss	955	1,816
Additions through business combinations	721	1,008
Reversal of offset against deferred tax assets	4,078	3,927
Offset against deferred tax assets	(6,316)	(4,078)
Closing balance	6,526	7,088

	Consolidated 2019 $'000	Consolidated 2018 $'000
Income tax refund due		
Income tax refund due	-	1,733

Note 5. Income tax (continued)

	Consolidated 2019 $'000	Consolidated 2018 $'000
Provision for income tax		
Provision for income tax	2,145	-

Critical accounting judgements, estimates and assumptions
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain, for example, research and development claims. The Group recognises liabilities for anticipated tax based on the Group's current understanding of the relevant tax regulations. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The Company has made claims under the research and development tax incentive provided by the Australian Government (R&D incentive). The R&D incentive is claimed by way of self-assessment by the Company.

In recent times there has been a heightened level of audit activity on claims previously submitted under the R&D incentive. The Company's 2016 R&D claim is currently under review. There is a risk that the Australian Taxation Office and/or AusIndustry could form a different view to the Company about the extent to which the R&D incentive could be claimed for the Company's research and development activities. The directors and their professional advisors are of the opinion that the R&D incentive claims in respect to past years can be substantiated by the Company.

No provision has been recognised in the financial statements in connection with any liability that might arise and at the date of signing this financial report, it is not practicable to estimate the financial effect of this matter, if any.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 6. Non-current assets - intangibles

	Consolidated 2019 $'000	Consolidated 2018 $'000
Goodwill	20,828	15,604
Less: Impairment write down	(3,367)	-
	17,461	15,604
Capitalised development costs	81,172	62,203
Less: Accumulated amortisation	(42,577)	(27,779)
	38,595	34,424
Software systems - at valuation	8,309	4,332
Less: Accumulated amortisation	(2,233)	(1,022)
	6,076	3,310
Customer relationships - at valuation	1,894	492
Less: Accumulated amortisation	(385)	(137)
	1,509	355
Brand names - at valuation	714	-
	64,355	53,693

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Capitalised development costs $'000	Software systems $'000	Customer relationships $'000	Brand names $'000	Total $'000
Balance at 1 July 2017	12,237	27,293	723	-	-	40,253
Additions through business combinations (note 14)	3,367	-	3,382	492	-	7,241
Additions	-	18,463	-	-	-	18,463
Disposal - cost	-	-	(1,654)	-	-	(1,654)
Disposal - accumulated amortisation	-	-	1,654	-	-	1,654
Impairment of assets - cost	-	(98)	-	-	-	(98)
Amortisation expense	-	(11,234)	(795)	(137)	-	(12,166)
Balance at 30 June 2018	15,604	34,424	3,310	355	-	53,693
Additions	-	18,969	49	-	-	19,018
Additions through business combinations (note 14)	5,224	-	3,928	1,402	714	11,268
Impairment of assets	(3,367)	-	-	-	-	(3,367)
Amortisation expense	-	(14,798)	(1,211)	(248)	-	(16,257)
Balance at 30 June 2019	17,461	38,595	6,076	1,509	714	64,355

Note 6. Non-current assets - intangibles (continued)

Impairment testing
The Group performed impairment testing for goodwill on an annual basis and other intangibles where there are indicators of impairment.

Goodwill
During the financial year ended 30 June 2019, management has undergone an internal reorganisation on the level at which the Microcat CRM™ (known as FieldForce Auto CRM when acquired) business is monitored by management.

This resulted in the Microcat CRM™ business goodwill of $3.367 million, software systems of $2.142 million and customer relationships of $0.191 million being separated from being monitored at the Asia Pacific segment level and monitored as a separate cash generating unit ('CGU'), resulting in an impairment of the Microcat CRM™ business CGU.

As at 30 June 2019, an impairment charge of $3.367 million of goodwill has been applied as the carrying amount of goodwill, software systems and customer relationships exceeded its recoverable amount within the Microcat CRM™ business CGU. The impairment was a result of the financial under performance relative to the original forecast of Microcat CRM™ business during FY19. The impairment expense was offset by the net gain recognised on reversal of contingent consideration from Microcat CRM™ business acquisition of $4.262 million (refer to note 14).

The remaining goodwill acquired through business combinations or territory acquisition has been allocated to a reportable segment (refer note 1) for impairment testing as follows:

	Consolidated	
	2019 $'000	2018 $'000
Asia Pacific	8,001	6,144
EMEA	5,837	5,837
Americas	3,623	3,623
	17,461	15,604

Impairment assessment
The methodology used in the impairment testing is value-in-use, a discounted cash flow model, based on a five year projection from the approved budget for the year ending 30 June 2020 ('FY20'). Key assumptions are those to which the recoverable amount of the cash generating unit is most sensitive.

The following key assumptions were used in the discounted cash flow model for the different cash generating units:
- growth rates applied based on the FY20 budget applied were 6% to 22% (2018: 5% to 10%) for Asia Pacific, 3% to 11% (2018: 0% to 5%) for EMEA, 3% to 5% (2018: 5% to 10%) for Americas and run rate expectations for FY20 with 0% growth in projected years for CRM (2018: Nil);
- terminal growth rate applied for all reportable segments was 1.5% (2018: 2.5%);
- post-tax weighted average cost of capital applied was 11.0% (2018: 10.0%) for Asia Pacific, 10.5% (2018: 10.5%) for EMEA, 10.5% (2018: 10.5%) for Americas and 18.0% for CRM (2018: Nil); and
- exchange rates used in the cash flow projections for foreign operations were: AUD/USD exchange rate - $0.70 (2018: $0.74) and AUD/EUR exchange rate - $0.62 (2018: $0.63).

As at 30 June 2019, the recoverable amount of net assets of the Group was greater than the carrying value of the assets and therefore goodwill was not considered to be impaired for all other cash generating units apart from Microcat CRM™ business.

The following describes each key assumption on which management had based its cash flow projections when determining the value-in-use of its cash generating units:
- the Group will continue to have access to the data supply from automakers over the projection period;
- the Group will not experience any substantial adverse movements in currency exchange rates;
- the Group's research and development program will ensure that the current suite of products remains competitive; and
- the Group is able to maintain its current gross margins.

Sensitivity – Asia Pacific, EMEA and Americas
No reasonable possible change in assumptions would result in the recoverable amount of a cash generating units being materially less than the carrying value.

Note 6. Non-current assets - intangibles (continued)

Sensitivity – Microcat CRM™ business
Each of the sensitivities below assumes that a specific assumption moves in isolation, while other assumptions are held constant. A change in one of the aforementioned assumptions could be accompanies by a change in another assumption, which may increase or decrease the net impact.

- terminal growth rate decrease by 0.5%: $0.047 million;
- post-tax weighted average cost of capital increase by 1.0%: $0.112 million.

Intangible assets other than goodwill
Capitalised development costs - No impairment loss was recognised for the year ended 30 June 2019 (2018: impairment loss of $0.098 million). The impairment loss arose from the regular review of capitalised development costs.

Software systems - There were no indicators of impairment.

Customer relationships - There were no indicators of impairment.

Brand names - There were no indicators of impairment.

Critical accounting judgements, estimates and assumptions - goodwill
The recoverable amounts of goodwill of the relevant reportable segments have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Accounting policy for intangible assets
Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed if the related asset subsequently increases in value.

Capitalised development costs
Research costs are expensed in the period in which they are incurred. Capitalised development costs represent the up-front costs of developing new products or enhancing existing products to meet customer needs. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their estimated finite useful life of four to five years.

Software systems
Software systems acquired in a business combination and are amortised on a straight-line basis over the period of their expected benefit, being their estimated finite useful life of four to five years.

Customer relationships
Customer relationships acquired in a business combination and are amortised on a straight-line basis over the period of their expected benefit, being their estimated finite useful life of three to nine years.

Brand names
Brand names acquired in a business combination are capitalised as an asset. The brand is recognised as having an infinite useful life as there is no foreseeable limit to the period over which the brand is expected to generate cash flows. The brand names are carried at cost less accumulated impairment losses.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 7. Current assets - trade and other receivables

	Consolidated 2019 $'000	Consolidated 2018 $'000
Trade receivables	9,277	7,771
Less: Allowance for expected credit losses	(350)	(414)
	8,927	7,357
Other receivables	413	246
	9,340	7,603

Allowance for expected credit losses
The ageing of the impaired receivables provided for above are as follows.

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2019 %	2018 %	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Not overdue	0.2%	0.1%	4,926	4,563	10	7
0 to 30 days overdue	0.2%	0.3%	1,692	1,333	3	5
30 to 60 days overdue	0.4%	0.9%	619	460	2	4
Over 60 days overdue	16.4%	28.1%	2,040	1,415	335	398
			9,277	7,771	350	414

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 to 60 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Note 8. Current liabilities - contract liabilities

	Consolidated 2019 $'000	Consolidated 2018 $'000
Contract liabilities	1,728	1,131

Reconciliation
Reconciliation of the contract liabilities values at the beginning and end of the current and previous financial year are set out below:

	2019 $'000	2018 $'000
Opening balance	1,131	992
Billings in advance	5,935	6,070
Transfer to revenue - included in the opening balance	(1,131)	(781)
Transfer to revenue - performance obligations satisfied in the current financial period	(4,212)	(4,945)
Reclassified to current assets or liabilities	-	(211)
Foreign currency translation differences	5	6
Closing balance	1,728	1,131

Note 8. Current liabilities - contract liabilities (continued)

Unsatisfied performance obligations
The aggregate amount of the contract liabilities allocated to the performance obligations that are unsatisfied at 30 June 2019 was $1.728 million (2018: $1.131 million) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2019 $'000	2018 $'000
Within 6 months	1,415	326
6 to 12 months	313	805
	1,728	1,131

Accounting policy for contract liabilities
Contract liabilities represent the Group's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the services to the customer.

Note 9. Equity - issued capital and treasury shares held in trust

	Consolidated			
	2019 Shares	2018 Shares	2019 $'000	2018 $'000
Ordinary shares - fully paid	312,426,000	310,824,000	14,790	12,923
Treasury shares held in trust - fully paid	(1,287,000)	(1,254,000)	(1,230)	(978)
	311,139,000	309,570,000	13,560	11,945

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2017	310,824,000		12,923
Balance	30 June 2018	310,824,000		12,923
Shares for part settlement of purchase of a business		385,000	$1.21	467
Shares for part settlement of purchase of a subsidiary		1,217,000	$1.15	1,400
Balance	30 June 2019	312,426,000		14,790

Movements in treasury shares held in trust

Details	Date	Shares	Acquisition price	$'000
Balance	1 July 2017	(841,000)		(602)
Purchase of treasury shares		(1,138,000)	$0.79	(893)
Disposal of treasury shares		725,000	$0.71	517
Balance	30 June 2018	(1,254,000)		(978)
Purchase of treasury shares		(399,000)	$1.30	(521)
Disposal of treasury shares		366,000	$0.73	269
Balance	30 June 2019	(1,287,000)		(1,230)

Note 9. Equity - issued capital and treasury shares held in trust (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held, taking into account amounts paid on those shares. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Treasury shares held in trust
Treasury shares are ordinary shares of the Company bought on market by the trustee (a wholly owned subsidiary of the Group) for the Employee Performance Rights and Option Plan (the 'plan') to meet future obligations under that plan when performance rights and share options vest and shares are allocated to participants.

Capital risk management
The Group’s objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue its listing on the Australian Securities Exchange, provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and take on borrowings.

The capital risk management policy remains unchanged from the 2018 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 10. Financial instruments

Financial risk management objectives
The Group’s activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include the identification and analysis of both the risk exposure of the Group as well as the appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks where appropriate. Finance reports to the Board on a regular basis.

The Group uses derivative financial instruments, zero cost collar contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and aging analysis for credit risk.

Market risk

Foreign currency risk
The Group operates and trades in three major economic currency regions (Asia Pacific; Europe, Middle East and Africa; and Americas, including North America and Latin and South Americas); and as a result, exposures to exchange rate fluctuations arise. These exposures mainly arise from the subscriptions for the Group’s products and to a lesser extent the associated costs relating to these products. As the Group’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 net cash flow exposures. The Group seeks to mitigate exposure to movements in these currencies in extreme situations by entering into zero cost collar contracts under an approved hedging policy.

In addition to the transactional sale of products, the Group’s investment in both its European and United States subsidiaries, the Group’s statement of financial position can be affected by movements in both the Euro ('EUR') and United States dollar ('USD') against the Australian dollar ('AUD'), with a corresponding impact to the foreign currency reserve in equity.

As at 30 June 2019, there were no outstanding derivative financial instruments.

At 30 June 2019, the carrying value of foreign currency denominated cash and cash equivalents were as follows.

Note 10. Financial instruments (continued)

	Consolidated 2019 $'000	Consolidated 2018 $'000
US Dollar	6,574	4,177
Euro	4,264	2,518
	10,838	6,695

The Group had cash denominated in foreign currencies of $10.838 million as at 30 June 2019 (2018: $6.695 million). Based on this exposure, had the Australian dollar weakened by 15%/strengthened by 10% (2018: weakened by 15%/strengthened by 10%) against these foreign currencies with all other variables held constant, the Group's profit after tax for the year would have been $1.138 million higher/$0.759 million lower (2018: $0.703 million higher/$0.469 million lower) and equity would have been $1.138 million higher/$0.759 million lower (2018: $0.703 million higher/$0.469 million lower). The percentage change is the expected overall volatility of the significant currencies, based on management's assessment of reasonable possible fluctuations. The actual foreign exchange gain for the year ended 30 June 2019 was $0.039 million (30 June 2018: gain of $0.073 million).

Interest rate risk
The Group is not exposed to any significant interest rate risk. As at the reporting date, the Group had the following variable rate cash and cash equivalents:

	2019		2018	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash at bank	-	12,827	-	7,285
Cash on deposit	0.99%	2,707	1.36%	5,997
		15,534		13,282

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk of the Group mainly arises from cash and cash equivalents and trade and other receivables.

The cash and cash equivalents are placed with major banks in those countries where the Group operates and therefore the credit risk is minimal.

The Group’s credit risk with regard to trade 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 Group’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 relatively low with automotive manufacturers being the exception.

Since the Group trades only with recognised third parties, collateral is not requested nor is it the Group’s policy to securitise its trade and other receivables. The ageing analysis as disclosed in note 7 shows that majority of the Group’s trade receivables are within the normal credit term and the receivables impairment loss is immaterial.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan and a failure to make contractual payments for a period greater than 1 year even with active debt collection activities.

Note 10. Financial instruments (continued)

Liquidity risk

The Group's exposure to liquidity risk is minimal given the relative strength of the statement of financial position and cash flows from operations.

Given the nature of the Group's operations and no borrowings, the Group does not have fixed or contractual payments at the reporting date other than operating leases and contingent consideration.

Contingent consideration may be payable over the next three years with 50%-70% in cash and 30%-50% in Infomedia Ltd's ordinary shares. The amount to be paid are determined by:

- the net profit after tax of the Microcat CRM™ over the three year period from date of acquisition; and
- the revenue and profit before tax of Nidasu Pty Limited over the three year period from date of acquisition.

The remaining contractual maturity of the Group's other financial liabilities are as stated in the statement of financial position and are less than 60 days.

The Group's financial instruments exposed to interest rate and liquidity risk are:

- cash and cash equivalents, minimal exposure to interest rate risk;
- trade and other receivables and trade and other payables are non-interest bearing and with credit terms of 30 to 60 days; and
- as at 30 June 2019, the Group has a total of cash and cash equivalents and trade and other receivables of $24.874 million (2018: $20.885 million) to meet its future cash outflows of trade and other payables of $7.935 million (2018: $7.476 million) when due for payment.

Note 11. Contingencies

There were no unrecognised contingent assets or contingent liabilities as at 30 June 2019 and 30 June 2018.

Note 12. Commitments

Contracted non-cancellable agreements committed at the reporting date but not recognised as liabilities or payables are provided below.

	Consolidated	
	2019 $'000	2018 $'000
Operating commitments		
Within one year	2,600	2,676
One to five years	5,889	6,479
More than five years	-	13
	8,489	9,168
Sublease income to be received	(1,029)	(1,020)

Operating lease commitments are for office accommodation both in Australia and abroad. Other commitments are IT support facilities and office equipment.

The Company has provided a bank performance guarantee to a maximum value of $0.722 million (2018: $0.722 million) relating to the lease commitments on its corporate headquarters.

Note 13. Events after the reporting period

Apart from the dividend declared as disclosed in note 3, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 14. Business combinations

Acquisition of Nidasu Pty Limited - For the year ended 30 June 2019
On 13 December 2018, the Group acquired 100% of the ordinary shares of Nidasu Pty Limited. Nidasu is the leading provider of data analytics to automakers and dealerships throughout Australia. The monthly subscription business model is highly complementary to Infomedia's software as a service ('SaaS') recurring revenue business. It represents a key step in building Infomedia's data strategy and presents a significant opportunity to access new customers and leverage Infomedia's data business globally. As at 30 June 2019, the acquisition of Nidasu is based on final purchase price accounting. None of the goodwill is expected to be deductible for tax purposes.

For the period from 13 December 2018 to 30 June 2019, the contributed revenue to the Group was $2.271 million and profit before tax ('PBT') to the Group was $0.479 million. If the acquisition occurred on 1 July 2018, the estimated contribution to the full year results to 30 June 2019 would have been revenue of $4.166 million and PBT of $0.878 million.

The fair values (as determined at acquisition date using an independent expert) of identifiable assets and liabilities in relation to this acquisition are listed in the tables below and were final as at 30 June 2019.

	Fair value $'000
Identifiable intangible assets - software systems	3,928
Identifiable intangible assets - customer relationships	1,402
Identifiable intangible assets - brand names	714
Cash and cash equivalent	164
Working capital	182
Deferred tax	(721)
Net assets acquired	5,669
Goodwill	5,224
	10,893
Representing:	
Cash paid to vendor	5,600
Infomedia Ltd shares issued to vendor	1,400
Contingent consideration*	3,893
Acquisition-date fair value of the total consideration transferred	10,893
Acquisition costs expensed to profit or loss	56

* Pursuant to the Share Purchase Agreement, some of the consideration will be settled based on future years' actual financial performance of the acquired business determined on contractual terms and thus was recognised as contingent consideration by the Group. Refer to fair value measurement section below for further details of fair value of the contingent consideration.

Note 14. Business combinations (continued)

Acquisition of Microcat CRM™ - For the year ended 30 June 2018
On 25 August 2017, the Group acquired the assets and business of FieldForce Auto CRM and affiliated clients and businesses (collectively renamed as 'Microcat CRM™'). Microcat CRM™ is a complementary product supporting original parts sales for both auto manufacturers and dealers worldwide. The business was acquired to access skilled employees and an industry leading technology platform in customer relationship management which will enhance the suite of the Group's products and improve the value proposition to its customers, dealers and manufacturers.

The fair values (as determined at acquisition date using an independent expert) of identifiable assets and liabilities in relation to this acquisition are listed in the tables below and were final as at 30 June 2018.

	Fair value $'000
Identifiable intangible assets – software systems	3,382
Identifiable intangible assets – customer relationships	492
Property, plant and equipment	1
Deferred tax	(1,008)
Net assets acquired	2,867
Goodwill	3,367
Acquisition-date fair value of the total consideration transferred	6,234
Representing:	
Cash paid to vendor	1,200
Contingent consideration*	5,034
	6,234

* Pursuant to the Business Sale Agreement, some of the consideration will be settled based on future years' actual financial performance of the acquired business determined on contractual terms and thus was recognised as contingent consideration by the Group. Refer to fair value measurement section below for further details of fair value of the contingent consideration.

No acquisition costs was expensed as incurred during the year ended 30 June 2018 as all acquisition costs were expensed in the prior financial year.

The goodwill and contingent consideration for the business were reassessed at 30 June 2019 (refer to note 6).

Accounting policy for business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability are recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 14. Business combinations (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Fair value measurement - contingent consideration

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: Unobservable inputs for the asset or liability.

The Group's only financial instrument measured at fair value as at 30 June 2019 is contingent consideration (2018: contingent consideration).

	Level 1 $'000	Level 2 $'000	Level 3 $'000
Consolidated 2019			
Liabilities			
Contingent consideration - current	-	-	1,655
Contingent consideration - non-current	-	-	3,120
	-	-	4,775

	Level 1 $'000	Level 2 $'000	Level 3 $'000
Consolidated - 2018			
Liabilities			
Contingent consideration - current	-	-	870
Contingent consideration - non-current	-	-	4,071
	-	-	4,941

Valuation techniques for fair value measurements categorised within level 2 and level 3
The contingent consideration arose on business combinations (Refer to earlier sections within this note). The fair value was determined using an independent expert and is estimated based on a multiple of forecast profit before tax or net profit after tax of the acquired business over a three year period, subject to clawback. Any settlement of contingent consideration will be in the form of cash and Infomedia Ltd’s ordinary shares split in accordance with the corresponding Agreements. Any variation at the time of settlement will be recognised as income or expense in profit or loss.

Note 14. Business combinations (continued)

Critical accounting judgements, estimates and assumptions - fair value of financial instruments
The Group's contingent consideration liability is measured at fair value at the end of each reporting period. The information provided below is about how the fair value of this financial liability is determined, including the valuation technique and inputs used.

- Fair value hierarchy: level 3;
- Valuation technique: the fair value is calculated based on a multiple of forecast net profit of the business over a three year period, subject to clawback;
- Significant unobservable inputs: forecast net profit of the business and the discount rate; and
- Relationship of unobservable inputs to fair value: the estimated fair value would increase/decrease if the forecast net profit or discount rate were higher/lower.

Level 3 liabilities
Movements in level 3 liabilities during the current and previous financial year are set out below:

	2019 $'000	2018 $'000
Opening balance at 1 July	4,941	-
Contingent consideration acquired in business combination	3,893	5,034
Payment during the financial year	(933)	-
Release of finance costs during the financial year	1,136	624
Changes in contingent consideration through profit and loss	(4,262)	(717)
Closing balance at 30 June	4,775	4,941

Sensitivity analysis on fair value of contingent consideration
The carrying value of contingent consideration might be impacted by the changes in discount rate or the forecast net profit before tax of the Microcat CRM™ business acquired and Nidasu Pty Limited. The impact to the carrying value for the following unobservable inputs are as follows:

- Discount rate - a 100 basis points increase/decrease in the discount rate would decrease/increase the contingent consideration by $0.056 million and $0.057 million (2018: $0.044 million and $0.045 million) respectively.
- Profitability, adjustments on profit before tax or net profit after tax - a 5% increase/decrease in the profitability would increase/decrease the contingent consideration by $0.420 million (2018: $0.287million).

Note 15. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described at the end of each relevant notes:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
IFM Europe Limited	United Kingdom	100%	100%
IFM Americas Inc.	USA	100%	100%
IFM China (WOFE)	China	100%	100%
Nidasu Pty Limited	Australia	100%	-

Infomedia Ltd is the parent entity of the Group.

Transactions with related parties
There were no transactions with related parties during the current or previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 16. Share-based remuneration

The ultimate objective of share-based remuneration is to align the participants with delivery of shareholder value. Long term incentives, with appropriate performance hurdles, align participants to the longer term strategies, goals and objectives of the Group, and provide greater incentive for senior employees to have broader involvement and participation in the Group beyond their immediate role. Equity participation also assists the Group to attract and retain skilled and experienced senior employees.

The obligations under share-based payment arrangements are settled by either issuing new ordinary shares in the Company or acquiring ordinary shares of the Company on market.

Trading in the Company's ordinary shares awarded under the share-based remuneration arrangements is governed by the Company's Share Trading Policy. The policy restricts employees from trading in the Company's shares when they are in a position to be aware, or are aware, of price sensitive information. The policy also implements blackout periods which prohibit trading in the Company's shares in the lead up to the Group's half-year and annual result announcements, unless Board express approval is obtained.

The arrangements are governed by the terms of the Company's Performance Rights and Option Plan Rules. The Executive Incentive Plan is also supplemented by the Executive Incentive Plan Rules.

Executive incentive plan
The Executive Incentive Plan ('the Plan') forms an integral part of the Group's remuneration policy.

The Group provides eligible employees (including the key management personnel but excluding non-executive directors) with the opportunity to receive short-term incentives in the form of annual cash bonuses and long-term incentives in the form of performance rights ('Rights') and/or share options ('Options'). The Board, based on recommendations from the Remuneration & Nominations Committee, approves the participation of each individual ('participant') in the Plan.

Long term incentive – Performance rights
The Board approves the issue of Rights to eligible employees. The following general terms relate to all Rights currently on issue:
- Rights are granted for nil consideration;
- the vesting conditions of the Rights are not market related and are conditional on meeting the performance hurdles described below;
- participants must remain employed at any relevant vesting and/or exercise date, subject to limited exceptions contained in the plan rules;
- participants do not receive dividends and do not have voting rights until the rights are exercised and converted into shares;
- before vesting, the Board will determine the number of Rights to vest based on the outcome of the performance hurdles;
- when vesting, each Right converts into one Infomedia Ltd ordinary share for nil consideration upon exercise by the participants; and
- if the vesting conditions are not met then the Rights automatically lapse unless a retesting event was specified in the original grant.

The following performance hurdles and vesting scales apply to the outstanding Rights on issue during the financial year:

Rights granted during the financial year ended 30 June 2016
- Testing dates: 1 October 2016; 1 October 2017 and 1 October 2018;
- Rights tested on testing dates: 50% on 1 October 2016 and retest unvested Rights on 1 October 2017 and test remaining 50% plus any unvested Rights on 1 October 2018. Rights lapsed as performance hurdle not met;
- Performance hurdle: EBIT growth target; and
- Vesting scale: Maximum – EBIT growth target of 5% for rights tested on 1 October 2016; EBIT growth target of 10% for rights tested on 1 October 2017; and EBIT growth target of 15% for rights tested on 1 October 2018; Minimum – nil if EBIT growth target is not met.

Note 16. Share-based remuneration (continued)

Rights granted during the financial year ended 30 June 2017 (CEO and CFO only)
- Grant dates: 29 January 2016 and 17 February 2016 (being signing dates of service agreements) are deemed grant date for CEO and CFO, respectively;
- Testing date: Tranche 1: 33% of Rights measured over 1 July 2016-30 June 2017; Tranche 2: 33% of Rights measured over 1 July 2017-30 June 2018; Tranche 3: 33% of Rights measured over 1 July 2018-30 June 2019;
- Rights retested on testing date: Tranche 1: Fully vested in FY18, no retesting is required; Tranche 2: Rights measured over 1 July 2017-30 June 2019 (final testing for unvested Rights). 50.5% vesting in FY19;
- Performance hurdle: Company Annual Growth Rate ('CAGR') target: Compound EPS Growth percentage above FY16 EPS;
- Vesting scale: Below 10% CAGR: Nil; At 10% CAGR: 25%; Between 10% and 15% CAGR: straight line pro-rata vesting between 25%-100%; At or above 15% CAGR: 100%;
- Post vesting disposal restrictions: Shares acquired upon vesting of Rights can only be disposed following the announcement of the audited results for the financial year ending 2021; and
- When rights are exercised by participants, the Company has discretion to either transfer existing shares or issue new ordinary shares to satisfy the allocation. However, any issue of new shares to the CEO & Managing Director would require shareholders approval.

Rights granted during the financial year ended 30 June 2017 (other participants)
- Testing date: 1 October 2019;
- Rights tested on testing date: 100% - if unvested, Rights lapse;
- Performance hurdle: CAGR target: Compound EPS Growth percentage above FY16 EPS; and
- Vesting scale: Below 10% CAGR: Nil; At 10% CAGR: 25%; Between 10% and 15% CAGR: straight line pro-rata vesting between 25%-100%; At or above 15% CAGR: 100%.

Rights granted during the financial year ended 30 June 2018
- Testing date: 1 October 2020;
- Rights tested on testing date: 100% - if unvested, Rights lapse;
- Performance hurdle: CAGR target: Compound EPS Growth percentage above FY17 EPS; and
- Vesting scale: Below 10% CAGR: Nil; At 10% CAGR: 25%; Between 10% and 15% CAGR: straight line pro-rata vesting between 25%-100%; At or above 15% CAGR: 100%.

Rights granted during the financial year ended 30 June 2019
- Testing date: 1 October 2021;
- Rights tested on testing date: 100% - if unvested, Rights lapse;
- Performance hurdle: CAGR target: Compound EPS Growth percentage above FY18 EPS; and
- Vesting scale: Below 10% CAGR: Nil; At 10% CAGR: 25%; Between 10% and 15% CAGR: straight line pro-rata vesting between 25%-100%; At or above 15% CAGR: 100%.

The fair value of the Rights under the CEO and CFO only grant is estimated as at the grant date using a Monte-Carlo Simulation model taking into account the term until potential vesting and the conditions upon which the Rights were granted. The fair value of the Rights for all other grants is estimated as at the grant date by reference to the share price excluding any dividends during the performance period.

The following information relates to the Rights issued under the Plan.

2019

Grant date	Expiry date	Fair value at grant date	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
13/10/2015	01/10/2018	$0.75	529,000	-	-	(529,000)	-
29/01/2016	01/10/2019	$0.53-$0.57	945,378	-	(238,707)	-	706,671
17/02/2016	01/10/2019	$0.53-$0.57	504,202	-	(127,311)	-	376,891
01/07/2016	01/10/2019	$0.48	403,383	-	-	-	403,383
04/10/2017	30/06/2021	$0.67	882,578	-	-	-	882,578
26/11/2018	30/06/2020	$1.00	-	876,072	-	-	876,072
			3,264,541	876,072	(366,018)	(529,000)	3,245,595

Note 16. Share-based remuneration (continued)

2018

Grant date	Expiry date	Fair value at grant date	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
01/10/2014	01/08/2017	$1.15	424,184	-	-	(424,184)	-
13/10/2015	01/10/2018	$0.75	635,000	-	-	(106,000)	529,000
29/01/2016	01/10/2019	$0.53-$0.57	1,418,067	-	(472,689)	-	945,378
17/02/2016	01/10/2019	$0.53-$0.57	756,302	-	(252,100)	-	504,202
01/07/2016	01/10/2019	$0.48	716,766	-	-	(313,383)	403,383
04/10/2017	30/06/2021	$0.67	-	1,170,015	-	(287,437)	882,578
			3,950,319	1,170,015	(724,789)	(1,131,004)	3,264,541

During the year ended 30 June 2019, 366,018 Rights are vested and exercised (2018: 724,789). The value attributable to these rights at vesting was $1.26 per Right (2018: 77.84 cents per Right). The value represents the variable weighted average price of Infomedia shares in the four weeks following the Company's FY18 results announcement (2018: variable weighted average price of Infomedia shares in the four weeks following the Company's FY17 results announcement).

Long term incentive – Share options (CEO and CFO only)
The Group provided the CEO and CFO with the opportunity to subscribe for ordinary shares in the form of Options in the Company through the Performance Rights and Option Plan.

The key terms of the Options are:

- Options issued during FY17: the grant dates of 29 January 2016 and 17 February 2016 are the deemed grant date for CEO and CFO, respectively, reflecting the dates of entering into their services agreements;
- granted for nil issue consideration;
- each Option entitles the participants to subscribe for one Infomedia Ltd ordinary share;
- Options will become exercisable when the Company's share price exceed the exercise price of 92.2 cents;
- Options may not be exercised prior to the release of the Company's audited results for the year ending 30 June 2019;
- participants must remain employed at any relevant vesting and/or exercise date, subject to limited exceptions contained in the Plan rules;
- when Options are exercised by participants, the Company has discretion to either transfer existing shares or issue new ordinary shares to satisfy the allocation. However, any issue of new shares to the CEO & Managing Director would require shareholder approval; and
- post vesting disposal restrictions: 50% of shares following the exercise of the Options subject to a disposal restriction until after the release of the Company's audited results for the year ending 30 June 2020.

The fair value of the Options granted under the Plan is estimated as at the grant date using a Monte-Carlo Simulation model taking into account the term and conditions upon which the Options were granted.

The following information relates to the Options issued under the Plan.

2019

Grant date	Expiry date	Fair value at grant date	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
29/01/2016	29/01/2020	$0.07	3,750,000	-	-	-	3,750,000
17/02/2016	17/02/2020	$0.07	2,000,000	-	-	-	2,000,000
			5,750,000	-	-	-	5,750,000

2018

Grant date	Expiry date	Fair value at grant date	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
29/01/2016	29/01/2020	$0.07	3,750,000	-	-	-	3,750,000
17/02/2016	17/02/2020	$0.07	2,000,000	-	-	-	2,000,000
			5,750,000	-	-	-	5,750,000

Note 16. Share-based remuneration (continued)

No Options were vested and exercisable as at 30 June 2019 (2018: None).

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, options over shares or rights that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using a pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No other vesting conditions have been taken into account.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 17. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2019 $'000	2018 $'000
Profit after income tax expense for the year	16,122	12,897
Adjustments for:		
Depreciation and amortisation	16,781	12,726
Impairment of intangibles	3,367	98
Share-based payments	1,048	13
Foreign exchange differences	113	(231)
Capitalised development costs	(754)	(756)
Non-cash finance costs	1,136	624
Revaluation of contingent consideration	(4,262)	(717)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,305)	223
Decrease in derivative assets	-	10
Decrease/(increase) in prepayments	131	(54)
Increase in trade and other payables	1,004	912
Increase in contract liabilities	597	139
Increase in provision for income tax	2,685	442
Decrease in other provisions	(54)	-
Increase/(decrease) in employee benefits	249	(111)
Increase in deferred tax liabilities	1,571	1,887
Net cash from operating activities	38,429	28,102

Non-cash investing and financing activities

During the financial year ended 30 June 2019, Infomedia issued $1.867 million ordinary shares as part payment for purchase of a subsidiary and a business (2018: $Nil).

Changes in liabilities arising from financial activities
There were no liabilities arising from financial activities for cash flow purposes.

Note 18. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below.

	Consolidated	
	2019	2018
	$	$
Short-term employee benefits	1,924,963	1,728,982
Post-employment benefits	87,977	87,300
Long-term benefits	3,299	1,027
Share-based payments	523,073	129,246
	2,539,312	1,946,555

Note 19. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019	2018
	$'000	$'000
Profit after income tax	16,031	12,800
Total comprehensive income	16,031	12,800

Statement of financial position

	Parent	
	2019	2018
	$'000	$'000
Total current assets	21,007	20,705
Total assets	85,178	73,795
Total current liabilities	13,051	9,835
Total liabilities	24,078	22,500
Equity		
Issued capital and treasury shares held in trust	14,790	12,923
Share-based payments reserve	6,612	3,845
Retained profits	39,698	34,527
Total equity	61,100	51,295

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities
Other than the guarantee below, there were no unrecognised contingent liabilities as at 30 June 2019 and 30 June 2018.

The parent entity has provided a bank performance guarantee to a maximum value of $0.722 million (2018: $0.722 million) relating to the lease commitments on its corporate headquarters.

Note 19. Parent entity information (continued)

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 21, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company, and unrelated firms:

	Consolidated	
	2019	2018
	$	$
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	173,500	179,000
Other services - Deloitte Touche Tohmatsu		
Tax services	44,776	99,000
Other review services	-	20,000
	44,776	119,000
	218,276	298,000
Audit services - other auditors		
Audit or review of the financial statements	21,738	17,080
Other services - other auditors		
Tax services	1,734	1,182
	23,472	18,262

Note 21. Basis of preparation and other accounting policies

Infomedia Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

3 Minna Close
Belrose, Sydney NSW 2085

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 August 2018. The directors have the power to amend and reissue the financial statements.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Note 21. Basis of preparation and other accounting policies (continued)

The accounting policies adopted in the preparation of the financial statements have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in Australian dollars, which is Infomedia Ltd's functional and presentation currency.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments
This accounting standard is applied from 1 July 2018 and has no material financial impact.

The allowances for expected credit losses accounting policy and application details are provided in note 7 Trade and other receivables.

AASB 15 Revenue from Contracts with Customers
This accounting standard is applied from 1 July 2018 and has no material impact on revenue recognition.

Additional disclosure are provided in accordance with this standard, refer to the following notes for details:

- The disaggregation of revenue from contracts with customers:
  - > Note 1 – revenue breakdown by geographic regions, same disclosure as prior years; and
  - > Note 4 – revenue breakdown by timing of recognition; and
- Note 8 – contract liabilities

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Infomedia Ltd as at 30 June 2019 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Rounding of amounts
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 21. Basis of preparation and other accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Reserves

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees as part of their remuneration.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases
AASB 16 Leases is applicable to annual reporting periods beginning on or after 1 January 2019.

Under the new standard, a lessee is in essence required to:
- recognise all right of use assets and lease liabilities, with the exception of short term (under 12 months) and low value leases, on the statement of financial position. The liability is initially measured at the present value of future lease payments for the lease term. This includes variable lease payments that depend on an index or rate but excludes other variable lease payments. The right of use asset reflects the lease liability, initial direct costs, any lease payments made before the commencement date of the lease, less any lease incentives and, where applicable, provision for dismantling and restoration;
- recognise depreciation of right of use assets and interest on lease liabilities in profit or loss over the lease term; and
- separate the total amount of cash paid into a principal portion (presented within financing activities) and interest portion (which the Group presents in operating activities) in the statement of cash flows.

This standard must be implemented retrospectively, either with the restatement of comparatives or with the cumulative impact of application recognised on the date of adoption (which for the Group is 1 July 2019) under the modified retrospective approach. AASB 16 contains a number of practical expedients, one of which permits the classification of existing contracts as leases under current accounting standards to be carried over to AASB 16. Under the modified retrospective approach, on a lease-by-lease basis, the right of use asset may be deemed to be equivalent to the liability at transition or calculated retrospectively as at inception of the lease. The present value of the Group’s operating lease commitments excluding low value leases and short term leases, will be shown as right of use assets and as lease liabilities on the statement of financial position.

The Group has elected to:
- implement this standard with the modified retrospective approach; and
- measure right-of-use assets at an amount equal to the lease liability amount, adjusted for the lease incentive liability, at transition date.

Under this standard, right-of-use assets will be tested for impairment in accordance with AASB136 Impairment of Assets. This will also replace the previous requirement to recognise a provision for onerous lease contracts. For short term leases and leases of low value assets, the Group will elect to recognise a lease expense on a straight-line basis as permitted by this standard.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of $7.460 million.

Note 21. Basis of preparation and other accounting policies (continued)

The estimated impact on the statement of financial position as at 1 July 2019 will be:
- a right-of-use asset of $5.354 million; and
- a lease liability of $6.127 million in respect of all these leases.

The above estimated impact included a lease incentive liability of $0.773 million previously recognised in respect of the operating leases.

New Conceptual Framework for Financial Reporting
A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable to Infomedia Ltd for annual reporting periods beginning on or after 1 January 2020. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, is also applicable from 1 January 2020, includes such amendments. Where the Group has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the Group may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 21 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

____
Bart Vogel
Chairman

19 August 2019

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Infomedia Ltd

We have audited the financial report of Infomedia Ltd ("the Company") and its subsidiaries (the "Entity"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Entity is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matters</th><th>How the Key Audit Matters were addressed in the audit</th></tr>
<tr><td>Capitalised labour development costs

As at 30 June 2019, the Entity's carrying value of the product and software development costs capitalised as intangibles totalled $38.6m of which $18.9m is attributable to capitalisation in the current financial year as disclosed in Note 6.

Judgement is involved in determining the quantum of labour costs directly attributable to develop the Entity's product suite and software.</td><td>Our procedures included, but were not limited to:

• Holding discussions with department heads involved in product development to understand the basis and rationale for capitalising labour costs;

• Testing on a sample basis, capitalised labour costs through reviewing timesheets and holding discussions with staff members outside the finance department;

• Testing on a sample basis, employees' timesheets to assess that all employees are included in the calculations, where appropriate;

• Challenging management's key assumptions in the labour capitalisation calculation including the treatment of employee on-costs and contractors; and

• Testing the mathematical accuracy of management's labour capitalisation schedule.

We also assessed the appropriateness of the disclosure in Note 6 to the financial statements.</td></tr>
<tr><td>Contingent Consideration

As at 30 June 2019, the Entity has contingent consideration liabilities of $4.7m, of which $4.2m relates to its acquisition of Nidasu in FY19 and $0.5m relates to its acquisition of Randem Media in FY18.

Payments will be made to the seller if agreed net profit hurdles are met in future periods. Judgment is involved in forecasting these cash flows and the discount rate applied in calculating the best estimate of the amount expected to settle the obligation.</td><td>Our procedures included, but were not limited to:

• Assessing management's contingent consideration calculations against the net profit hurdle stipulated in the respective signed share purchase agreements;

• Challenging the reasonableness of key assumptions included in the forecast cash flows including:
  ○ Comparing historical budget forecasts against actual results;
  ○ Comparing forecast growth to business plans approved by the Board; and
  ○ Performing sensitivity analysis on the revenue growth assumptions to assess the impact on the forecasted cash flow.

• Recalculating the interest expense related to the net present value of contingent consideration;

• Testing the mathematical accuracy of management's contingent consideration calculation; and

• Assessing the accuracy of contingent consideration disclosed in current and non-current liabilities.
We also assessed the appropriateness of the disclosure in Note 14 to the financial statements.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 33 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Infomedia Ltd, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Infomedia Ltd are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Pooja Patel

Pooja Patel
Partner
Chartered Accountants
Sydney, 19 August 2019

The following information is presented in compliance with ASX Listing Rules 4.10 (as relevant). The information is current as at 13 August 2019.

1. Number of shareholders

As at 13 August 2019 there were 4,667 shareholders holding a total of 312,426,494 fully paid ordinary shares.

2. Distribution of quoted equity securities and small holdings

Range	Fully paid ordinary shares	%	No. of holders
100,001 and over	261,107,886	83.57	111
10,001 to 100,000	38,651,089	12.37	1,359
5,001 to 10,000	7,500,028	2.40	940
1,001 to 5,000	4,807,216	1.54	1,619
1 to 1,000	360,275	0.12	638
Total	**312,426,494**	**100.00**	**4,667**
Unmarketable Parcels	6,953		170

3. Top 20 Registered Shareholders

Name	13 Aug 2019	%IC
HSBC Custody Nominees (Australia) Limited	63,418,102	20.30
J P Morgan Nominees Australia Pty Limited	60,597,378	19.40
National Nominees Limited	30,638,506	9.81
Bell Potter Nominees Ltd	29,198,725	9.35
Citicorp Nominees Pty Limited	24,194,414	7.74
BNP Paribas Nominees Pty Ltd	8,730,122	2.79
BNP Paribas Noms Pty Ltd	8,401,132	2.69
Citicorp Nominees Pty Limited	2,307,868	0.74
ECapital Nominees Pty Limited	1,461,670	0.47
Mr Peter Alexander Brown	1,350,000	0.43
Pacific Custodians Pty Limited	1,287,282	0.41
HSBC Custody Nominees (Australia) Limited - A/C 2	1,268,042	0.41
Mirrabooka Investments Limited	1,170,744	0.37
Pacific Custodians Pty Limited	1,090,807	0.35
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd DRP	953,752	0.31
Powerwrap Limited	938,674	0.30
Jonathan Leonard Scharrer	913,043	0.29
UBS Nominees Pty Ltd	831,336	0.27
Invia Custodian Pty Limited	759,431	0.24
CS Third Nominees Pty Limited	686,280	0.22
Total	**240,197,308**	**76.88**

4. Substantial shareholders

The share balances in this table are extracted from substantial shareholder notices received by the Company.

Shareholder	Number of shares	Voting Power	Date of last notice
Viburnum Funds Pty Ltd ACN 126 348 990	45,647,879	14.61%	11 October 2017
Selector Funds Management Limited ACN 102 756 347	17,371,970	5.56%	14 March 2019
Pendal Group Limited ACN 126 385 822	15,688,909	5.02%	15 July 2019
Mitsubishi UFJ Financial Group, Inc.	15,626,896	5.00%	9 August 2019
TOTAL	**94,335,654**	**30.19%**	

5. Unquoted equity securities

	Number on issue	Number of holders
Unquoted share options	5,750,000	2
Unquoted performance rights	3,245,595	28

6. Escrowed securities

Class	Number	Escrow End Date
Fully paid ordinary shares	608,695	13 June 2020
Fully paid ordinary shares	385,582	5 December 2021
Fully paid ordinary shares	608,696	13 December 2021

7. Voting rights

Fully paid ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll shall have one vote for each share represented.

Unquoted share options and performance rights: No voting rights apply unless and until the unquoted securities are converted to fully paid ordinary shares.

8. Share buy-back

Infomedia Ltd does not have a current on-market buy-back in operation.

9. Shares purchased on-market

During the reporting period 399,158 shares were purchased on-market to satisfy share options or performance rights which may vest and be exercised in future periods, as granted under employee incentive schemes. The average purchase price was $1.30 per share.

10. Corporate Governance Statement

Infomedia's 2019 Corporate Governance Statement may be found by visiting:
http://www.infomedia.com.au/investors/corporate-governance

CORPORATE DIRECTORY

INFOMEDIA LTD (ASX:IFM)
ABN 63 003 326 243

DIRECTORS
Bart Vogel – Non-Executive Chairman
Jonathan Rubinsztein – CEO & Managing Director
Paul Brandling
Clyde McConaghy
Anne O'Driscoll

COMPANY SECRETARIES
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Mark Grodzicky

CHIEF FINANCIAL OFFICER
Richard Leon

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FINANCIAL CALENDAR (2020)

FINANCIAL HALF YEAR	31 December 2019
FINANCIAL HALF YEAR RESULTS ANNOUNCEMENT	27 February 2020*
FINANCIAL YEAR END	30 June 2020
FINANCIAL YEAR END RESULTS ANNOUNCEMENT	24 August 2020*
ANNUAL GENERAL MEETING	23 October 2020*

* Please note dates are subject to change. Any changes will be published via a notice to the Australian Securities Exchange (ASX).

GLOSSARY

APAC	Sales region covering the area of the Asia Pacific
Cash EBITDA	Cash earnings; identifies the cash impact of investing in development costs that are capitalised. Cash EBITDA is a key internal metric for Infomedia.
cps	Cents per share
FY19	The financial year from 1 July 2018 to 30 June 2019
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMEA	Sales region covering the area of Europe, Middle East and Africa
NPAT	Net profit after tax
OEM	Original equipment manufacturer
pcp	Previous corresponding period
SaaS	Software as a Service
VIN	Vehicle identification number

All statements other than statements of historical fact included within this report, including statements regarding future goals and objectives of Infomedia, are forward-looking statements. Forward-looking statements can be identified by such words as 'looking forward', 'anticipate', 'believe', 'could', 'estimate', 'expect', 'future', 'intend', 'may', 'opportunity', 'plan', 'potential', 'project', 'seek', 'will' and other similar words. Future looking statements involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and based on assumptions and estimations regarding future conditions, events and actions. Such statements do not guarantee future performance, involve risk, and uncertainty. Factors such as these are beyond the control of the company, its directors and management and could cause Infomedia's actual results to differ materially from the results expressed in these statements. The Company does not give any assurance that the results, performance or achievements expresses or implied by the forward-looking statements contained in this report will actually occur. Investors are cautioned not to place reliance on these forward-looking statements. Infomedia will where required by applicable law and stock exchange listing requirements, revise forward-looking statements or publish prospective financial information in the future. Whilst all care has been exercised in the preparation of these materials they are not warranted as free from error. Investors should rely on the Company's published statutory accounts when forming any investment decisions.

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