

# 2016

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## ANNUAL REPORT





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**INFOMEDIA™**

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This Annual Report may contain forward looking statements.

Please refer to inside back cover for an explanation of forward looking statements and the risks, uncertainties and assumptions to which they are subject.







# CHAIRMAN'S REPORT



**Dear Fellow Shareholders,**

**On behalf of the Board, I would like to thank you for your support of Infomedia Ltd in the 2015/2016 Financial Year (FY16).**

During the year, your company has continued down a path of change as it evolves from its inception in the late 1990's, as a founder-led, electronic parts catalogue (EPC) publishing business, to that of a global, publicly listed software as a service (SaaS) company.

It was a pivotal year for Infomedia.

The Board decided that the Company needed new leadership and as I flagged at our Annual General Meeting last November, we required increased investment to better manage the development backlog. It was also disappointing that Jaguar Land Rover (JLR) decided not to renew its electronic parts catalogue contract with us beyond December 2017.

On the other hand, Infomedia achieved a number of milestones this year including the appointment of new executive management and renewals of contracts with our partners in the global automotive industry. We were particularly pleased to welcome a new customer, Nissan Europe, to our world-leading Superservice product suite and we look forward to a long and successful relationship with this leading automaker.

Overall, I am pleased to report that your Board strongly believes that we now have the leadership in

place to step up to these challenges and drive future growth.

## FY16 FINANCIAL RESULTS

Infomedia reported revenue for the year ended 30 June 2016 of \$68m, an increase of 13% on the previous corresponding period (pcp).

Net profit after tax (NPAT) was \$10.3m for the same period, down 22% (\$13.2m pcp) mainly as a result of accelerated investment into sales and product delivery capacity to meet increased demand.

The financial position of Infomedia remains strong with net current assets of \$13.2m at 30 June 2016 (\$13.9m in the pcp) including cash and cash equivalents of \$14.7m (\$16.1m in the pcp). Infomedia carries no debt.

The company's improvement in revenue growth will continue to evolve as the benefits of structural changes flow through to the top line.

The FY16 results are reflective of the change in management and focus during the year. Sales momentum was sustained across each region at about 5% in local currency terms while expenses grew as we made necessary investments to lay the foundations for future growth in revenue and profitability.

Infomedia's Board declared a fully franked final dividend of 1.0 cents per share. During the financial year ended 30 June 2016, an unfranked dividend of 1.65 cents was paid.

The total dividend for FY16 was 2.65 cents per share which is within the dividend payout range of 75%-85% of NPAT.

## APPOINTMENT OF NEW CHIEF EXECUTIVE OFFICER

The Infomedia Board executed a number of important decisions during the year as highlighted at last year's AGM.

As I indicated then, the appointment of a new Chief Executive Officer (CEO) was a priority and we appointed Jonathan Rubinsztein to the role of CEO & Managing Director in January 2016.

Jonathan's appointment followed an operational review, which I covered in some detail at our last AGM. That review helped frame the Board's requirements for Infomedia's incoming CEO, including extensive experience running a technology company with a strong sales background and a proven track record in growing a business.

Jonathan was the founding partner, director and CEO of Red Rock Consulting from the late 1990s until 2016. Red Rock Consulting, the largest independent provider of Oracle products and services in Australia and New Zealand, grew to more than \$130 million in annual revenue under Jonathan's leadership.









// Infomedia Ltd announced revenue for the year ended 30 June 2016 of \$68m, an increase of 13% //

In his short time at Infomedia, Jonathan and his leadership team have taken substantial steps in driving Infomedia towards its future growth as a SaaS company.

In May 2016, Jonathan completed a full strategic review of Infomedia's operations and organisational capabilities culminating in a commitment to improve in five key areas, which he covers in some detail in the CEO Report that follows.

The Infomedia Board is fully supportive of these initiatives and we are convinced that they will result in the company continuing to deliver strong underlying revenue growth in the high single digits, in line with industry growth rates.

### NEW CHIEF FINANCIAL OFFICER

In March, Infomedia appointed Richard Leon as Chief Financial Officer (CFO). Richard brings significant depth to the role having previously been the CFO of electronics design software company Altium Ltd from 2008 to 2015. Prior to 2008, Richard was the Regional Finance Director Asia Pacific for US-listed MRO Software, an IBM company. Richard has made a positive difference to Infomedia since joining.

### BOARD RENEWAL

In November last year, I also indicated that there would be a managed transformation of Infomedia's Board of Directors as part of our succession and renewal strategy.

Following the successful transition to our new CEO and CFO, I announced in August 2016 I would resign from the Infomedia Board effective 30 September 2016.

I am pleased the Company has turned a corner and I am confident the new leadership team will work with the Board to build Infomedia into a more profitable and focussed organisation. I have been honoured to serve on Infomedia's Board for more than 15 years, the last two and a half as Chairman.

I am delighted that Non-Executive Director Bart Vogel has been appointed as Chairman. Bart's skills and experience will serve Infomedia well as your Company looks to its next stage of growth.

Bart joined the Infomedia Board in August 2015 and is a member of Infomedia's Audit & Risk Committee and Remuneration & Nominations Committee. Bart brings a depth of commercial experience from a range of sectors including technology and automotive.

Bart is also a Non-Executive Director of Macquarie Telecom Group Limited (ASX:MAQ); BAI Communications Ltd; and The Children's Cancer Institute of Australia.

Infomedia's Board is in the process of appointing an additional Non-Executive Director with a skill set that will complement those of the existing Directors.

I am leaving Infomedia feeling positive about its future. I have valued my involvement with the Company. I have come to know and appreciate the commitment and passion of Infomedia's employees. The people and the products are the heart of your company and Infomedia has never been in a better position to realise its potential and deliver against its commitment to growth.

I thank you for my time on the Board and your continued support of Infomedia. I would like to take this opportunity to acknowledge the support of my fellow Directors, which I have appreciated. I leave wishing the Board, the leadership team and all Infomedia employees every possible success.

**Fran Hernon**  
Chairman







# CEO'S REPORT



**I am pleased to deliver Infomedia Ltd's 2016 Financial Year Annual Report, my first since joining the company as CEO & Managing Director in March 2016.**

The 2016 Financial Year (FY16) was a period of significant change for Infomedia.

Infomedia is in an enviable position with a track record of profits and cash generation. Our market capitalisation is around A\$200 million. We are headquartered in Sydney, Australia and produce market leading parts and service software for the global automotive industry.

More than 80 percent of Infomedia's revenue is derived outside of Australia from an industry that exceeds US\$2 trillion.

Infomedia's products support the needs of our customers, the global automotive manufacturers, their dealership networks and vehicle owners. Our products use genuine automaker data to empower parts and service professionals with precision identification of models, parts and service information.

Infomedia's technology is an enabler that drives improvement in dealership productivity, an increase in sales in parts and service, and growth in customer loyalty to the manufacturer brand.

More than half of Infomedia's revenue flows from our electronic parts catalogue (EPC) product. Infomedia's EPC is market

leading software providing efficient parts data directly from the manufacturer to the dealer network. Increasingly, the information that is built into our EPC, is accessed immediately by the parts and service managers within dealerships via cloud technology.

Infomedia's Superservice software improves the productivity and profitability of the service processes within a dealership. The timely information and transparent workflow provided to vehicle owners gives them confidence in the work being carried out.

Since joining Infomedia in the second half of FY16, my focus has been on improving the delivery of our products to customers and increasing sales capacity in the regions in which we operate to establish Infomedia as a business that delivers longterm sustainable growth for our shareholders.

## OPERATIONAL PERFORMANCE

Since March, the leadership team and I have been forging a new path in the Company's evolution with the full support of the Board.

Historically, Infomedia was seen as a publishing business providing critical parts information to the dealerships of global automakers.

Today, our parts and service software is sold as a subscription and distributed online. Our products are recognised as market leading amongst global automakers and we are seeing increased demand for our products in all regions.

During the latter half of the FY16, Infomedia took steps to ensure that the foundations of the business were steadied for growth in order to pursue those opportunities and meet demand. In May, I outlined a number of strategies to achieve our business objectives over the next 12 months.

The five key areas we identified for improvement in the 2017 financial year (FY17) are:

- 1. Simplify the business**
- 2. Drive sales performance**
- 3. Prioritise delivery**
- 4. Align culture to growth**
- 5. Provide transparency**

The first of these measures saw the leadership team set about reducing the complexities in our business by simplifying our structures, establishing some consistent practices and consolidating our processes.

As a result, we have centralised a number of support functions and integrated technology to improve efficiencies. This has resulted in improvements in our delivery execution. These initiatives will continue throughout FY17.

The second area of focus for Infomedia's leadership team was driving sales performance. We have reprioritised our efforts around two core markets, parts and service, within the global automotive industry, to bring our organisation closer to the customer.

The Company has elevated the responsibility and accountability for revenue growth to a wider group of individuals beyond the sales team. Key to driving sales performance was the appointment of Vice-Presidents of Product for EPC, Superservice Menus and Superservice Triage.

The product teams headed by these individuals have clear and measurable objectives to ensure better results for our customers and to leverage global opportunities across regions.

We have a very strong pipeline across all regions, the Americas, Europe and Asia Pacific. We continue to see the renewal of existing contracts and we secured several contract wins, including Nissan Europe, which was the largest in the period.



// More than 80 percent of Infomedia's revenue is derived outside of Australia... //

We have also expanded sales coverage in Europe and the Asia Pacific with industry partners.

Combined, these initiatives support Infomedia to drive revenue growth to be in line with the industry growth rate of high single digits for FY17. We believe this is achievable despite the decision by Jaguar Land Rover (JLR) not to extend their contract for EPC beyond December 2017.

As the rate of technology accelerates, so too does Infomedia's need to ensure our delivery systems can support the present needs of our customers and the demand of future growth. We have prioritised our approach to delivery and invested in technology as a direct response to customers wanting more integration at a platform level.

Execution is pivotal to our ability to deliver for our customers and as a result the third area of focus for the leadership team is to prioritise delivery.

We have taken steps in the period to scale our development to deliver more efficiently and create a more agile structure that is aligned to delivery outcomes for our customers. In June, we completed and certified our integration with Dealer Management System (DMS) group Reynolds and Reynolds.

During the year, we also undertook offshoring arrangements to assist with non-critical activity to efficiently work through a development backlog. Infomedia will continue to utilise offshoring for some areas to accommodate scaling up or down to meet demand and realise opportunity.

The fourth area of focus for Infomedia's leadership team, during the second half of FY16, was to align our values to growth and we introduced performance measurement and accountability at every level.

Infomedia's leadership team has taken a number of steps to create a culture that is performance

driven and values autonomy and accountability. The revised employee incentive scheme introduced in July aligns individual performance directly to the longterm sustainable growth of the Company with a focus on both attracting and retaining skilled and valued employees.

These initiatives align with and are governed by our fifth objective which is to provide better transparency. Through the introduction of simple and aligned structures, measures linking growth and accountability, and leadership change, we will continue to improve how we communicate with employees, partners, customers and shareholders.

Beyond these initiatives, Infomedia will look at a number of strategic opportunities for further growth. As part of our overall strategy, we may consider new product enhancements, leveraging existing intellectual property, structures and processes, or opportunities for acquisition.



## LEADERSHIP CHANGES

I would like to thank Infomedia's outgoing Chairman, Fran Hernon, for her guidance and support during the year. Fran has performed remarkably in what has at times been an unsettled and challenging period. I would like to thank Fran for the enormous opportunity to drive leadership at Infomedia. I am humbled and unreservedly committed to delivering growth for Infomedia's shareholders.

In March 2016, we welcomed Richard Leon as Chief Financial Officer. Richard brings nearly 10 years' experience as a publicly listed company CFO to Infomedia's leadership team. He is widely well regarded and has made an outstanding contribution in his few short months in the role. I am confident he will make a lasting and positive contribution to Infomedia in the years to come.

## OUTLOOK

We estimate our revenue growth rate for FY17 to be in the high single digits, in line with our assessment of the industry growth rate. This is a modest improvement over the last three years when revenue growth was less than 5 percent year on year in real terms.

The Company will continue to invest in the five key areas outlined above to ensure long term sustainable growth. Investment levels will be carefully managed to remain below the rate of revenue growth and balanced against the time lag that exists between a contract win and realising the flow to the first subscription level.

Demand for Infomedia's products is strong. We have demonstrated our ability to continue to win new contracts as evidenced with the most recent and largest contract win signed with Nissan Europe. Further progress has been delivered in completing integration with our DMS partners and extending partnerships in other areas.

We are also investing in market leading product enhancements within Superservice Menus and Superservice Triage.

The leadership team is encouraged with the progress made on the Company's delivery capability and remains confident in our ability to continue to deliver growth. There are a number of opportunities in the pipeline, though further work is required in each of the five key areas through the remainder of FY17.

Beyond FY17, the Company will continue to focus on organic growth through new product enhancements which should increase our growth rate beyond the industry growth rate and extend our reach in the global industry.

**Jonathan Rubinsztein**  
Chief Executive Officer



## TOYOTA OF GLENDORA BOOSTS SERVICE PERFORMANCE WITH SUPERSERVICE



### **Superservice increases productivity and service sales, provides intuitive functionality and enhances customer satisfaction for Toyota of Glendora, CA, USA.**

Situated in the car-capital of sunny southern California, just down the road from Los Angeles, Toyota of Glendora knows a lot about selling and servicing automobiles. To optimise the efficiency and performance of its service department, Toyota of Glendora chose Superservice Menus Quoting and Inspection as its service management system. Toyota of Glendora is a midsize, family-owned dealership that prides itself on quality customer service and genuine client satisfaction. It has been a Toyota President Award Winner for Excellence for 12 years.

"We switched to Superservice because our old system performed poorly and didn't give us the information we needed," says Bob Lanyi, General Manager of Toyota of Glendora. "Superservice is easy to use, it has improved our service process and it provides valuable management information. It's made a huge difference. We're selling 30%-45% of recommended service."

"The menu-driven system is really impressive," continues Lanyi. "It simplifies the process and helps our techs service our customers better. They love it. For example, they can pre-pull all the necessary parts and spend less time at the back counter. It recommends all the parts they may need. And customers don't have to wait as long for their multi-point inspection (MPI), their estimates and to get their cars back. It saves everyone a lot of time."

### **BETTER DATA, BETTER INFORMATION, BETTER MANAGEMENT**

"Another great feature is that Superservice utilizes real-time, direct access VIN-specific manufacturer (OEM) data," says Lanyi. "That's important because we get the most accurate, up-to-date information, which prevents mistakes and keeps our service department running smoothly. Superservice doesn't just display data. It gives us management information, and it does it in a clear, intuitive way."

### **BUILDING RELATIONSHIPS**

"There's no doubt that Superservice is helping us grow customer satisfaction and loyalty by making the service experience better," says Lanyi. "It's simpler, faster and easier to understand. The relationship we have with Infomedia helps a lot. They've gone the extra mile from installation and training to ongoing support."

### **THE BOTTOM LINE**

"Superservice has become an invaluable part of our service department," says Lanyi. "We've increased our parts sales around 20%. We're selling 30%-45% of recommended service. Our department is running more smoothly and our productivity is up. It's a great product that does what it promises and a lot more."

**With Superservice, we're selling  
30%-45%  
of recommended service.**

That's a big increase that has a  
real impact on our bottom line.

— Bob Lanyi, General Manager,  
Toyota of Glendora, CA



## VAN HORN HYUNDAI LEADS THE WAY WITH SUPERSERVICE

### Next-generation technology, powerful information management features and easy-to-use functionality deliver success for Van Horn Hyundai in Wisconsin, USA.

Van Horn Hyundai is a mid-America dealership that has been serving the community in and around Fond du Lac, Wisconsin, for over half a century. While traditional, family-owned values are the basis of the dealership, Van Horn understands the importance of utilising cutting-edge technology to optimally serve its customers, maintain excellent Hyundai Service Index (HSI) ratings and staying ahead of the competition. That's why Van Horn chose Superservice for its fixed operations repair, quoting, and electronic multi-point inspection (MPI) system.

"As we looked ahead, it was clear to us where the world is going, and we wanted to stay ahead of the game," says Chad Jaschob, Fixed Ops Director, Van Horn Hyundai. "That's one of the big reasons why we decided to go with Superservice. It takes us to the next level in service and parts management."

"More and more of our customers are used to using tablets and other mobile devices for just about everything," continues Jaschob. "When we pull up the MPIs on an iPad, show them photos and zoom in on details, they get it. It's cleaner, more understandable and very professional. It also helps us successfully follow up on previously declined service, which is boosting sales a lot."

### BETTER, MORE ACCURATE INFORMATION

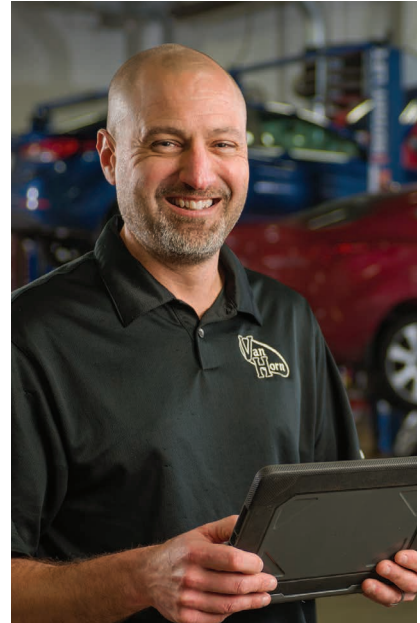
"All of the service and repair information is preloaded and automatically processed, so we don't have to figure it out," says Jaschob. "It's not only faster, but it also eliminates a lot of pricing issues. Customers like and trust the complete cost breakdown, which makes it easier to get sign-offs on repairs. A lot of times, we can share full inspection results including photographic evidence and to-the-penny accurate pricing through email, which is really nice."

### EASY TO USE, GREAT SUPPORT

"Our service advisors, parts counter people and techs really like it because it's so easy to use," says Jaschob. "In addition to improving our workflow the reports are good for identifying trends and tracking improvement. And the Superservice installation and support team is excellent. They are there when we need them and they get us quick answers, though we really haven't had to call on them much."

### THE BOTTOM LINE

"Superservice is absolutely worth getting," says Jaschob. "It increases business, shows professionalism to customers and it has helped us maintain a top HSI rating. It's an important part of how we are making our service department better."



// Superservice has  
**significantly  
increased  
our sales**  
on previously  
declined service.

— Chad Jaschob, Fixed Ops Director,  
Van Horn Hyundai, Fond du Lac, WI

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*Fran Hernon*



*Jonathan Rubinsztein*



*Clyde McConaghy*



*Anne O'Driscoll*



*Bart Vogel*

## **FRAN HERNON MAICD**

### **Independent Non-Executive Chairman**

Fran Hernon joined the Infomedia Board of Directors in June 2000 and was appointed Chairman of Infomedia in February 2014. Ms Hernon served on the Remuneration & Nominations Committee and also served the Board as Lead Non-Executive Director for all governance matters.

Ms Hernon has extensive experience in media, publishing, marketing and technology. She has held senior editorial positions at News Ltd, Murdoch Magazines and the NRMA and was a member of the executive team at Channel Ten and Senior Account Manager, Group IT&T for the Insurance Australia Group (ASX:IAG). Ms Hernon was Corporate Affairs Manager for Nestlé in Australia for nine years.

## **CLYDE MCCONAGHY BBus, MBA, FAICD**

### **Independent Non-Executive Director**

Clyde 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 in excess of 15 years' experience as a senior international board director and executive of publicly listed and private companies. His experience encompasses both multinational and early stage companies, in the technology, media and publishing, and venture capital sectors. He also held a number of senior positions within BMW Australia.

Mr McConaghy was a director in The Economist Intelligence Unit in London and a founding director of World Markets Research Centre Plc (LSX:WMRC), both including Automotive industry analysis divisions. He is currently a director of Serko (NZX:SKO). He is also Managing Director of Optima Boards, a Board advisory firm for companies and non-for-profit entities worldwide.

## **JONATHAN RUBINSZTEIN BCom (Hons), MBA, FAICD**

### **Chief Executive Officer (CEO) & Managing Director**

Jonathan Rubinsztein commenced his appointment 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 and is also on the Advisory board of the Missionvale charity based in Port Elizabeth, South Africa.

Mr Rubinsztein has been a guest lecturer at the University of Sydney Business School and a regular participant at TED (Technology, Entertainment and Design) conferences. Mr Rubinsztein was awarded the IT Professional of the Year 2013 (AIIA award NSW).

## **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. Ms O'Driscoll has over 30 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 (ASX:IAG).

Ms O'Driscoll is on the boards of Commonwealth Bank's (ASX:CBA) insurance subsidiaries (CommInsure), Steadfast Group Limited (ASX:SDF) and MDA National Insurance Pty Ltd.

## **BART VOGEL BCOM (Hons), FCA, GAICD**

### **Independent Non-Executive Director**

Mr Vogel joined the Infomedia Board on 31 August 2015. He serves on the Audit & Risk Committee and Remuneration & Nominations Committee.

Mr Vogel is also a director of Macquarie Telecom Group Limited (ASX:MAQ), BAI Communications Ltd and the Children's Cancer Institute Australia. He has had 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), Computer Power Group, and over 20 years in the management consulting industry as a partner with Bain & Company, A.T. Kearney and Deloitte.

## Infomedia Ltd

### Directors' Report

The Directors present their report, together with the consolidated financial statements of Infomedia Ltd (referred to hereafter as Infomedia or the Company) and its subsidiaries (Infomedia Group or the Group) for the financial year ended 30 June 2016, along with the auditor's report.

#### DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are listed below. Directors were in office for the entire period unless otherwise stated.

Name	Date of appointment/resignation
<b>CHAIRMAN</b>	
Fran Hernon	Appointed 19 June 2000
<b>CHIEF EXECUTIVE OFFICER &amp; MANAGING DIRECTOR</b>	
Jonathan Rubinsztein	Appointed 14 March 2016
<b>OTHER DIRECTORS</b>	
Clyde McConaghy	Appointed 1 November 2013
Anne O'Driscoll	Appointed 15 December 2014
Bart Vogel	Appointed 31 August 2015
<b>FORMER DIRECTORS</b>	
Andrew Pattinson	Resigned 22 August 2015
Myer Herszberg	Retired 31 August 2015

#### 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
Fran Hernon	None	
Jonathan Rubinsztein	None	
Clyde McConaghy	Serko (NZX)	Since 2014
	Integrated Research (ASX)	From 2007 to 2014
Anne O'Driscoll	Steadfast Group Limited	Since 2013
Bart Vogel	Macquarie Telecom Ltd	Since 2014
	Sedgman Ltd	From 2014 to 2015

Particulars of the Directors' qualifications and experience are set out under Board of Directors on page 13.

#### COMPANY SECRETARIES

##### Nick Georges BA, LLB

Mr Georges is a qualified lawyer, admitted to the Supreme Courts of Victoria in 1991 and New South Wales in 1999. Prior to joining Infomedia in 1999, Mr Georges worked in general practice as a solicitor in Victoria and was an executive with Altium Limited (ASX:ALU).

##### Daniel Wall BBA, LLB

Mr Wall is a lawyer, admitted to the Supreme Court of New South Wales and the High Court of Australia in 2007. He gained experience across a range of practice areas including finance, corporate restructuring and insolvency, prior to joining Infomedia in 2011. He also holds a Certificate in Governance Practice from the Governance Institute of Australia.



## DIRECTORS' MEETINGS

The number of Directors' meetings (including committee meetings) and number of meetings attended by each of the Directors of the Company during the financial year were as follows:

Director	Board		Audit & Risk Committee		Remuneration & Nominations Committee <sup>(b)</sup>	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Fran Hennon	13	13	-	-	4	4
Anne O'Driscoll	13	13	5	5	-	-
Bart Vogel	11	11	3	3	3	3
Clyde McConaghy	13	13	5	5	4	4
Jonathan Rubinsztein	4	4	-	-	-	-
Andrew Pattinson	2	1	-	-	-	-
Myer Herszberg	2	2	2	2	1	1
<b>Total meetings held</b>	13		5		4	

### Table note

(a) The Audit & Risk Committee is chaired by Ms O'Driscoll.

(b) The Remuneration & Nominations Committee is chaired by Mr McConaghy.

## PRINCIPAL ACTIVITIES

Infomedia Ltd is a global technology company, incorporated in New South Wales and listed on the Australian Securities Exchange (ASX:IFM). The Company is headquartered in Sydney, Australia with regional offices in Australia, Europe and The Americas, serving the Group's customers across the world.

The principal activities of entities within the Group during the financial year were:

- 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
- information management, analysis and data creation for the domestic automotive and oil industries.

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

## OPERATING AND FINANCIAL REVIEW

All regions contributed to revenue growth resulting in reported revenue growing 12.8% to \$68.087 million for the year ended 30 June 2016.

Net profit after tax (NPAT) resulted in \$10.323 million a decline of 22% from the previous corresponding period as a result of accelerated investment into product development and building sales and marketing teams. Further, one-off items as well as hedging losses of \$1.583 million contributed to the NPAT decline.

A summary of the results is shown below:

	2016 \$'000	2015 \$'000	Movement %
Revenue (a)	68,087	60,385	12.8
NPAT	10,323	13,232	(22.0)
Earnings per share (cents)	3.33	4.30	(22.5)
Dividend per share (cents), excluding special dividend	2.65	3.64	(27.2)

## Directors' Report continued

(a) Revenue details:

By geographical location	2016 \$'000	2015 \$'000	Movement \$'000
Asia Pacific	15,749	14,882	867
EMEA	30,297	27,252	3,045
Americas	22,041	18,251	3,790
Revenue	68,087	60,385	7,702

The financial position of the Group remains strong with net current assets of \$13.213 million as at 30 June 2016 (2015: \$13.919 million) including cash and cash equivalents of \$14.748 million (2015: \$16.092 million). The Group carries no debt.

Net cash from operations declined mainly due to increased investment in product development costs, investment in sales and marketing, as well as costs associated with closing out hedge contracts.

## BUSINESS OBJECTIVES, STRATEGY AND PROSPECTS

The following sections provide a broad overview of the Company's objectives, strategies and progress for the financial year ended 30 June 2016. The Company strives to balance an appropriate level of disclosure with protection of its legitimate commercial interests and those of its customers. Accordingly, the Company does not disclose details regarding specific operational goals and objectives as such disclosure would be prejudicial to the Company in terms of competitive positioning, or where it would constitute a breach of the Company's obligations of confidentiality to third parties. To the extent the Company does not disclose specific details, it relies on the exception in section 299A(3) of the Corporations Act 2001.

## A. BUSINESS OBJECTIVES

Infomedia is a Software as a Service (SaaS) provider to the parts and service sectors of the global automobile industry. Our focus is assisting our global automotive partners to drive productivity and profitability through their distributor and dealer channels (our customers).

The Company strives to deliver sustainable, long-term performance for our shareholders by focusing on core strategic plans and objectives values including:

- **Accelerating performance:** Infomedia is a global organisation supporting global customers to drive efficiencies and increase revenue in their own businesses. In doing so, Infomedia aims to meet anticipated increases in demand and develop highly scalable networks to create market leading SaaS products and services for our partners, clients and customers.
- **Driving innovation and service:** Infomedia is committed to delivering innovative software products and services. We believe investment into ongoing product research and development efforts is essential to remain abreast of the ever evolving requirements of our customer base both in the immediate and the longer term. Innovation powers our service software and assists our clients to serve their customers quickly and efficiently.
- **Thinking global, acting local:** Infomedia seeks to identify and capitalise on new and emerging trends. We have a strong presence in North America, Europe and the Asian Pacific markets. We anticipate growth opportunities over the next decade, as the rate of technology adoption increases, in new and emerging markets throughout Asia, the Middle East and Latin and South America. Our diverse employee demographic enables Infomedia to engage with global customers at a local level to both develop and maintain long standing relationships with approximately 40 global automakers and their partners and dealers.

The Company seeks to leverage its current financial position while also delivering targeted growth in line with its medium to longer term objectives. Growth is pursued in accordance with appropriate risk appetites and is balanced against ongoing delivery of tangible shareholder returns.



## B. STRATEGIES

In May 2016, the Company outlined a number of strategies relevant to achievement of its business objectives in the near term, essentially the financial year ending 30 June 2017 (FY17), including:

Our commitment to change and growth		
5 Point Plan	Progress	Outcome
Simplify the business	<ul style="list-style-type: none"> <li>Centralised support functions</li> <li>Integrated technology</li> <li>Area of continued focus throughout FY17</li> </ul>	<ul style="list-style-type: none"> <li>Laying solid foundation for future growth</li> </ul>
Drive sales performance	<ul style="list-style-type: none"> <li>Focus on two core markets, Parts and Service within the global automotive industry</li> <li>Appointment of senior product teams with clear and measurable objectives</li> <li>Expanding global sales coverage with additional industry partners</li> <li>Area of continued focus throughout FY17</li> </ul>	<ul style="list-style-type: none"> <li>Strong pipeline across all three regions</li> <li>Several contract wins including Nissan Europe</li> <li>Driving revenue growth to be in line with industry growth rate of high single digits for FY17</li> </ul>
Prioritise delivery	<ul style="list-style-type: none"> <li>Integration completed with a number of leading dealer management systems (DMS)</li> <li>Offshoring non-critical development activity</li> <li>Deployed end to end structure integration to dealership platforms</li> <li>Area of continued focus throughout FY17</li> </ul>	<ul style="list-style-type: none"> <li>Scalable model</li> <li>Customer focused to support the productivity and profitability of dealer and distributor businesses</li> <li>Increased development capacity, including offshoring activities</li> </ul>
Align culture to growth	<ul style="list-style-type: none"> <li>Revised structure to align product to customer</li> <li>Introduction of revised employee incentive program linking accountability and performance to sustainable growth</li> <li>Area of continued focus throughout FY17</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of performance culture and clear accountability at every level</li> <li>Management aligned around a new set of core values</li> <li>Build a high performance team</li> </ul>
Provide transparency	<ul style="list-style-type: none"> <li>Leadership change</li> <li>Steps taken to improve how we communicate with employees, partners, customers and shareholders</li> <li>Ongoing commitment</li> </ul>	<ul style="list-style-type: none"> <li>Clear strategy to engage with employees, partners, customers and shareholders</li> </ul>

Infomedia also identified a number of strategic opportunities for growth over the medium term, next two years, which included:

- organic growth through new product enhancements;
- adjacencies or leveraging existing information; and
- potential merger and acquisition opportunities.

## Directors' Report continued

### C. REVIEW OF OPERATIONS

Since the appointment of a new Chief Executive Officer, Jonathan Rubinsztein, and new Chief Financial Officer, Richard Leon, in March this financial year, Infomedia has been forging a new path in its evolution.

Historically, Infomedia marketed itself and was seen as a publishing business, providing critical parts information to the dealers and distributors of global automakers to aid the service experiences of their customers.

As Infomedia grew, the technology that underpins its business also evolved. Today the parts and service products are sold as SaaS offerings and are generally distributed via cloud technology. The products are recognised as market leading in content and useability amongst global automakers. The Company's products are tailored to each contract win. Every contract requires modified data input and systems builds that are difficult to replicate.

The Company sees opportunity for Infomedia's business as the demand for its products continues to grow. To meet this demand required additional investment in sales capacity and product delivery capacity.

The Company's new leadership team conducted a thorough review of all of Infomedia's systems and processes. During the second half of FY16, the Company took a number of steps to simplify its structures including centralising support functions resulting in execution improvements. The Company has also prioritised its approach to delivery and invested in technology as a direct response to customers wanting more integration at a platform level. Product managers have been appointed to support sales performance and ensure better results for Infomedia customers and leverage global opportunities across regions.

Integration with Dealer Management Systems (DMS) is an integral part of the Company's value proposition as a key differentiator. During FY16, Infomedia completed integration with a number of leading DMS providers and has a program of works to complete more. The Company has also signed reseller agreements in all regions with industry partners. Working with these partners, Infomedia can extend its reach and expand its end to end service continuum for its customers.

The Company has increasingly focussed on aligning its offerings with its customers' needs, and has concluded a number of contract wins, most notably with Nissan Europe.

During FY16, Infomedia identified a need to enhance its delivery capabilities. As a result, the Company increased its development capacity which included offshoring activities. This allowed it to better manage its development backlog. Infomedia will continue to utilise offshoring for some areas to accommodate scaling up or down to meet demand and realise opportunity.

The Company has taken a number of steps to create a culture that is performance driven and values autonomy and accountability. The Company introduced revised incentive arrangements for management that align individual performance directly to the long term sustainable growth of Infomedia.

### D. OUTLOOK

The Company believes that ongoing demand for the Company's products will continue to deliver growth in revenue and profit during FY17.

Infomedia estimates its revenue growth rate for FY17 to be in the high single digits in line with its assessment of the industry growth rate. The key sensitivities to reported revenue growth are foreign exchange rates and the revenue impact of major contract movements. This is a modest improvement on Infomedia's year on year revenue growth over the last three years that averaged less than 5% in real terms.

The Company will continue to invest in the five-point plan outlined above to ensure long term sustainable growth. Investment levels will be managed carefully and at a lower rate than revenue growth to deliver improved margins in FY17 and beyond.

The Company continues to see demand for its products, with the most recent and largest contract win signed with Nissan Europe. Infomedia's strong current pipeline is built upon its integrated, customer driven product roadmap that is expected to result in new contract wins in FY17.

The Directors are encouraged with the progress made during FY16 which provides an improved foundation for future growth and shareholder value.



## RISKS

In seeking to achieve its strategic goals, Infomedia is subject to a number of risks which may adversely affect operating and financial performance materially. The Company adopts a rigorous risk management process which is an integral part of the Company's corporate governance structure but some risks are outside Infomedia'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	<ul style="list-style-type: none"> <li>Continued access to Original Equipment Manufacturer (OEM) parts information is integral to several of the Company's product lines</li> </ul>	<ul style="list-style-type: none"> <li>Management of key account relationships</li> <li>Continued investment to sustain market leading products</li> <li>Customer service focus, including working with customers to modify offerings to meet their needs</li> </ul>
Loss of key customers	<ul style="list-style-type: none"> <li>The relatively concentrated automotive industry leads to a degree of revenue concentration</li> </ul>	<ul style="list-style-type: none"> <li>Management of key account relationships</li> <li>Continuing focus on identification of new OEM licence agreements to reduce concentration</li> <li>Participation in industry forums and other marketing opportunities to ensure prominent industry positioning</li> <li>Adding value to the customer solutions in order to remain as a technology of choice.</li> </ul>
Competitive risk	<ul style="list-style-type: none"> <li>Risk from existing and new market entrants</li> </ul>	<ul style="list-style-type: none"> <li>Focus on client satisfaction via continuous improvements in delivery of high-speed, high uptime solutions with evolving feature sets with intrinsic value propositions</li> <li>Leveraging accrued experience and capability in the sector with a global reputation as a leading solutions provider in the parts space</li> <li>Regional directors charged with maintaining key relationships with OEM clientele and maintaining a watching</li> </ul>
Product obsolescence or substitution	<ul style="list-style-type: none"> <li>Products do not keep pace with developments in market needs or technological advancements</li> <li>Competitors or OEMs may develop superior products</li> </ul>	<ul style="list-style-type: none"> <li>Close monitoring of market developments and direction and OEM strategies</li> <li>Continued investment in research and development to sustain market leading position</li> </ul>
Intellectual property risk	<ul style="list-style-type: none"> <li>Protecting data integrity and data privacy</li> </ul>	<ul style="list-style-type: none"> <li>Network and product structuring and monitoring to identify and limit unauthorised access</li> <li>Legal restraints</li> <li>Migration from disc based products</li> </ul>
People risk	<ul style="list-style-type: none"> <li>Loss of key executives</li> <li>Loss of key customer relationships</li> </ul>	<ul style="list-style-type: none"> <li>Multiple touch points with key customers as part of relationship management</li> <li>Appropriate incentives and career development opportunities for key executives and senior management</li> <li>Identification and management of high potential employees</li> </ul>
Back office infrastructure failure	<ul style="list-style-type: none"> <li>Back office facilities and systems inadequate for the future development and needs of the business</li> </ul>	<ul style="list-style-type: none"> <li>Close monitoring of current systems by experienced programmers and users</li> <li>Investment in new financial and customer management system</li> </ul>

## Directors' Report continued

### DIVIDENDS

Details of dividends paid or declared by the Company during FY16 are set out in Note 5.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during and since the financial year ended 30 June 2016.

### SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

Other than matters listed below, there have been no matters or circumstances that have significantly affected, or may significantly affect the operations, results or state of affairs of the Group since the end of the financial year:

- the Board declared a final dividend of 1.00 cents per share, fully franked;
- the Company granted 2,254,369 performance rights and 5,750,000 share options as part of its long term incentive (LTI) plan for the key management personnel, ie the Executive Team. The LTI represents an allocation for a member of the Executive Team for FY17, and a three year allocation for the CEO and CFO spanning FY17, FY18 and FY19 performance periods. Further details on the grants are provided in section G.II and G.III in the Remuneration Report.

### CORPORATE GOVERNANCE

Infomedia strives to achieve compliance with the governance recommendations set out in the Corporate Governance Principles and Recommendations 3rd 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/>

### ENVIRONMENTAL REGULATION

The Group's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory legislation.

### SHARE OPTIONS

#### I. UNISSUED SHARES

At the date of this report, there were 6,626,667 unissued ordinary shares under options.

#### II. SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

There were 746,667 shares issued as a result of the exercise of options during the financial year.

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

### INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year the Company paid a premium in relation to insuring Directors and other officers against liability incurred in their capacity as a Director or officer of the Company. The insurance contract specifically prohibits the disclosure of the nature of the policy and amount of premium paid.

The terms of the Company's Constitution require that the Company indemnify all Directors and officers, past and present, against all liabilities to the extent permitted by law.

In addition to the Constitutional provisions, the Company has entered into deeds of access, insurance and indemnity, with each Director and officer which contain rights of access to certain books and records of the Company relating to the period in which they held office. Under the deed of access, insurance and indemnity, the Company indemnifies parties against all liabilities to another person that may arise in connection with their position as a Director or an officer of the Company, or its subsidiaries, to the maximum extent permitted by law. The deed stipulates that the Company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

The Company may arrange and maintain Directors' and Officers' insurance for its Directors and officers to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must obtain such insurance during each Director's and officer's period of office and for a period of seven years after a Director or an officer ceases to hold office.



## NON-AUDIT SERVICES

During the financial year \$35,000 (2015: \$29,465) were paid or payable to the auditor for non-audit services. Further details are outlined in Note 22 to the financial statements.

The Directors, based on advice provided by resolution of the Audit & Risk Committee, 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 and are of the opinion that these services do not compromise the external auditor's independence for the following reasons:

- the non-audit services were reviewed and approved to ensure they do not impact the integrity and/or objectivity of the auditor;
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve directly reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards; and
- the non-audit services were provided by persons other than the audit partner responsible for the preparation of the Company's accounts and the Directors are satisfied that BDO have implemented appropriate internal information barriers as necessary to prevent a conflict of interest from arising.

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.

## LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 38 and forms part of the Directors' report for the year ended 30 June 2016.

## REMUNERATION REPORT – AUDITED

### A. INTRODUCTION

The Directors present the Company's Remuneration Report for the financial year ended 30 June 2016 (FY16). During the latter part of FY16, the Company undertook a review of its existing Executive Incentive Plan and remuneration philosophies. Following that review, the Company adjusted elements of its executive remuneration framework. Those changes are effective from 1 July 2016 and represent a timely realignment of executive remuneration to the Company's future strategies and objectives. This year's report is slightly longer than usual as, in addition to mandatory reporting requirements for FY16, the Board of Directors has also provided commentary describing key revisions to the Company's revised executive remuneration framework, in the interests of transparency moving into FY17 and beyond. The revised executive remuneration framework is provided in Section B of this report which relates to the Company's remuneration philosophy.

This year, the Remuneration Report is structured as follows:

**TABLE 1 – STRUCTURE OF REMUNERATION REPORT**

Section	Details
B	Remuneration governance
C	Executive remuneration structure
D	Executive remuneration details
E	Non-Executive Directors remuneration
F	Non-Executive Directors remuneration details
G	Additional information

### KEY MANAGEMENT PERSONNEL

This report outlines Infomedia's remuneration philosophy, framework and outcomes for FY16 for all key management personnel (KMP), including all Non-Executive Directors and the Executive Team made up of the Chief Executive Officer & Managing Director (CEO & Managing Director) and senior executives. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

The following persons were KMP during FY16:

**TABLE 2 – INDEPENDENT NON-EXECUTIVE DIRECTORS**

Current Directors	Date of appointment
Fran Hernon	19 June 2000
Clyde McConaghy	1 November 2013
Anne O'Driscoll	15 December 2014
Bart Vogel	31 August 2015

Clyde McConaghy is Chairman of the Remuneration & Nominations Committee.

Anne O'Driscoll is Chairman of Audit & Risk Committee.

Myer Herszberg retired on 31 August 2015.

**TABLE 3 – SENIOR EXECUTIVE TEAM**

Current executives	Role	Date of appointment
Jonathan Rubinsztein	CEO & Managing Director	14 March 2016
Richard Leon	Chief Financial Officer (CFO)	29 March 2016
Nick Georges	Company Secretary and General Counsel	22 March 1999

Andrew Pattinson and Russel King, the former CEO & Managing Director and CFO, resigned on 22 August 2015 and 22 April 2016, respectively.



## B. REMUNERATION GOVERNANCE

This report meets the remuneration reporting requirements of the Corporations Act 2001 and Accounting Standard AASB 124 Related Party Disclosures. The term remuneration 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 Board's aim is to present information in a way which is easily understood whilst meeting legal reporting obligations.

### I. REMUNERATION & NOMINATIONS COMMITTEE

The Remuneration & Nominations Committee (the Committee) of the Board is responsible for reviewing and determining remuneration arrangements for the Non-Executive Directors and the Executive Team. The Committee is charged with responsibility to assist and advise the Board to fulfil its responsibilities on matters relating to:

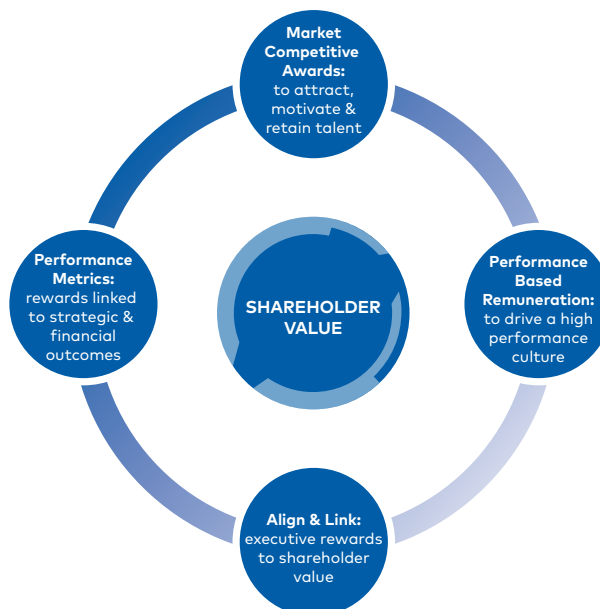
- the composition and quantum of compensation, bonuses, incentives and remuneration issues relating to KMP and other senior management personnel;
- policies relating to remuneration, incentives and superannuation for all employees;
- remuneration of Non-Executive Directors; and
- other matters as required.

The Committee operates in accordance with its charter, a copy of which is available on the Company's website.

### II. REMUNERATION PHILOSOPHY

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. The Company's remuneration framework aligns executive reward with achievement of strategic objectives and shareholder returns.

The Company follows the core remuneration philosophies as summarised in the diagram below to drive shareholder value:



### III. INVOLVEMENT OF EXTERNAL REMUNERATION ADVISORS

The Remuneration & Nominations Committee, subject to Board approval, directly engages with, and considers market remuneration data from, external remuneration consultants as required. The data provided by remuneration consultants is used as a guide for remuneration decisions in respect of the Executive Team. During FY16, Ernst & Young were engaged to provide information and advice on:

- structure of the Short and Long Term Incentive packages of the Chief Executive Officer;
- valuation of the Long Term Incentives granted to the Chief Executive Officer and the Chief Financial Officer; and
- benchmarking of the Company's revised Executive STI and LTI Plan structure and metrics (effective 1 July 2016) against like ASX listed entities.

No remuneration recommendations as defined by the Corporations Act 2001 were provided by Ernst & Young.

## REMUNERATION REPORT – AUDITED continued

### IV. 2015 AGM – REMUNERATION REPORT

At the 2015 Annual General Meeting held in October 2015, no comments were made in relation to the Company's Remuneration Report. The Remuneration Report was passed with 89.17% of votes cast at the meeting in favour of the adopting of the report.

### V. REVISED EXECUTIVE INCENTIVE PLAN EFFECTIVE FROM 1 JULY 2016

The Company undertook a review of its remuneration philosophies and strengthened the link of executive remuneration opportunities to the Company's strategic goals and objectives. Following that review, the Board, acting on the advice of the Remuneration & Nominations Committee, approved a number of refinements to the Company's existing short term incentive (STI) and long term incentive (LTI) Plans. The revised STI and LTI Plan rules represent an improvement in the following key areas:

- introduction of a robust gateway qualification for STI participation tied to achievement of budgeted net profit after tax (NPAT);
- improved performance metrics against which STI entitlements will be measured. The revised metrics are more aligned to key growth drivers under a recurring subscription based sales model;
- alignment between the LTI metrics assigned to the CEO and CFO, and the broader Executive Team;
- introduction of stepped vesting opportunity for performance rights, as opposed to the cliff vesting conditions of the outgoing LTI Plan whereby executives either received all or nothing based on a pre-determined EPS target.

The revised plan commenced effective from 1 July 2016 for FY17 and will form the basis of the Company's FY17 Remuneration Report.

The Board believes that the revised performance metrics represent a timely overhaul of the Company's executive remuneration strategy in line with its transition towards a fresh set of objectives and strategies. In the interests of transparency, the following table provides a bridge analysis between key terms of the existing Executive Incentive Plan and the revised plan, including rationale underpinning the key changes.

**TABLE 4 – EXECUTIVE REMUNERATION: KEY CHANGES FOR FY17**

Element	FY16 terms	FY17 terms	Rationale						
Fixed remuneration	As contractually agreed with each executive, subject to annual review	No change.	N/A						
STI: Cash bonus	<b>CEO and CFO:</b> entitled to an STI opportunity equivalent to 30% of their total remuneration package  <b>Other members of Executive Team:</b> entitled to an STI opportunity equivalent to 20% of their total remuneration package	Executives entitled to an STI opportunity, defined as a pre-determined monetary amount.	No substantial change.						
STI: Gateway to participation	No gateway to participation other than individual performance metrics	<div>The STI Plan will operate subject to achievement against budgeted Group NPAT.  Against those gateways, the STI Plan will operate as follows (subject to Board discretion):<table><tr><td>Less than 95% achievement</td><td>STI Plan does not operate</td></tr><tr><td>Between 95% and 99.9% achievement</td><td>STI Plan operates at 80%</td></tr><tr><td>Achievement of 100% or greater</td><td>STI Plan operates at 100%</td></tr></table></div>	Less than 95% achievement	STI Plan does not operate	Between 95% and 99.9% achievement	STI Plan operates at 80%	Achievement of 100% or greater	STI Plan operates at 100%	<div>Gateways provide a cap to the maximum STI potential based on level of achievement of the Group's financial target and no STI will be awarded if minimum expected financial performance is not met.  The Gateway relies on achievement of measurements (NPAT) which ensure executives remain focussed both on revenue growth and cost control.  The Board retains discretion to vary the gateway to avoid executives being penalised unfairly for circumstances beyond their control.</div>
Less than 95% achievement	STI Plan does not operate								
Between 95% and 99.9% achievement	STI Plan operates at 80%								
Achievement of 100% or greater	STI Plan operates at 100%								



Element	FY16 terms	FY17 terms	Rationale
<b>STI: Individual performance metrics</b>	<p>All metrics have equal weight:</p> <ul style="list-style-type: none"> <li>• achievement of budgeted revenue</li> <li>• achievement of budgeted adjusted earnings before interest, tax and depreciation and amortisation (EBITDA)</li> <li>• achievement of budgeted NPAT</li> </ul>	<p>Metrics have different weight:</p> <ul style="list-style-type: none"> <li>• achievement of Group budgeted NPAT: 60% weighting</li> <li>• achievement of personal performance goals: 40% weighting</li> </ul>	<p>The revised metrics represent simplification and streamlining of the STI measurements. Alignment to NPAT ensures continuing focus on both revenue and cost.</p> <p>The Company has also introduced a weighting based on personal performance goals as assigned to the executive each year. Achievement against goals will be measured using a weighted scoring system to determine achievement.</p>
<b>LTI in the form of performance rights: Performance metrics</b>	<p>Previously aligned to a pre-determined EPS measure set three years in advance (eg EPS target of 8.5 cents for FY17). Vesting either occurred in full on achievement, or lapsed in full (cliff vesting).</p>	<p>Compound EPS growth of 10%-15% over a three-year period for executive tranches results in stepped vesting of rights between 25% and 100%. Baseline EPS will be taken at the time of grant and applied as the testing metric. The Board retains discretion to adjust the EPS metric to account for changes in gearing and other anomalies.</p>	<p>Stepped vesting increases the likelihood of executives remaining engaged. Cliff vesting on the other hand may act as a disincentive, and may unfairly penalise executives where the target is narrowly missed.</p>
<b>LTI grants</b>	<p>Executives contractually entitled to receive an LTI in the form of performance rights of up to 20% of their total potential remuneration package annually. Each grant generally subject to a three year vesting period.</p>	<p>The Executive Team (other than the CEO and CFO) will be allocated an annual LTI award based on recommendation of the CEO and as approved by the Board. As a general guiding principle, Executives may receive an award up to 20% of their total potential remuneration package.</p> <p>The CEO and CFO have received three years' worth of LTI grants (in a combination of performance rights and share options) in advance effective from FY17 in accordance with their service agreements. The grants cover FY17, FY18 and FY19 performance periods and represent 30% of their total potential remuneration package. The detailed terms of the grant will be described in the FY17 Remuneration Report and were disclosed to the ASX, most recently on 8 August 2016.</p>	<p>The revised scheme for the Executive Team allows flexibility to increase LTI awards for outstanding executives who have outperformed historically, and who are expected to make a significant contribution in the future.</p>
<b>Service condition</b>	<p>Employees must generally remain employed at for the entire performance period to participate in STI, and must remain employed at the time of vesting to receive LTI.</p>	<p>No change.</p>	<p>Conditions relating to ongoing service are standard as plans are designed both to incentivise and retain key employees.</p>

Similar changes in terms and conditions of the Executive Incentive Plan will be applied to the broader Performance and Option Plan where other eligible employees are invited to participate. The Executive Team have authority to recommend who may participate in the plan with oversight by the Remunerations & Nominations Committee.

The Company intends to acquire shares on market to satisfy any vested entitlements from the FY17 Executive Incentive Plan.

## REMUNERATION REPORT – AUDITED continued

### C. EXECUTIVE REMUNERATION STRUCTURE FY16

Infomedia aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group, and their ability to influence shareholder value.

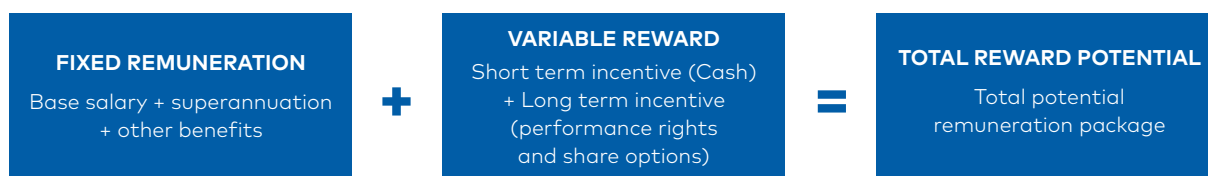
The remuneration framework links rewards with the strategic goals and performance of the Group, and provides a market competitive mix of both fixed and variable rewards. In determining the level and make-up of executive compensation, the Company periodically engages with external consultants to provide independent remuneration advice, but more typically conducts its own market salary review of similar companies to determine the level and make-up of executive compensation.

As noted in previous Annual Reports, the Board undertook a review of Infomedia's approach to both executive and non-executive remuneration in FY14, based on advice received from Mr. Ian Crichton of CRA Plan Managers Pty Ltd (Crichton Review). This has been supplemented by advice from other recognised external specialists.

As noted above in this report, the Company has undertaken a comprehensive internal review of its STI and LTI structures and has transitioned to those structures as of 1 July 2016.

#### I. FY16 REMUNERATION STRUCTURE OVERVIEW

The remuneration strategy is implemented via the following framework:



#### II. REMUNERATION STRUCTURE RATIONALE

The target remuneration mix is designed to balance reward for achievement of short term objectives and long term strategies which, when combined, drive shareholder value. The at risk (or variable) remuneration components of the Executive Team are set by reference to current market practices. The targeted remuneration mix for FY16 was:

- For the CEO and CFO: 40% fixed and 60% variable (at risk);
- For other members of Executive Team: 40% to 60% fixed and 40% variable (at risk).

##### CEO & CFO



##### Other KMP



- Fixed remuneration
- Short term incentive
- Long term incentive

Table 5 provides a snapshot of the key elements comprising Executive Team remuneration and any relevant performance hurdles (where applicable) and the FY16 outcome.

**TABLE 5 – SNAPSHOT OF EXECUTIVE REMUNERATION STRUCTURE AND FY16 OUTCOME**

Form of remuneration	Purpose and link to strategy	Operation and outcome for FY16	Opportunity	Performance metrics
<b>a. Fixed remuneration</b>				
Cash salary and superannuation	Attract, motivate and retain high calibre executives  Reflects individual role, experience and performance	Reviewed periodically by the Remuneration & Nominations Committee and fixed for at least 12 months. Decision influenced by: <ul style="list-style-type: none"><li>• role, experience and performance;</li><li>• reference to comparative remuneration in the market; and</li><li>• overall Company budget.</li></ul> <b>FY16 outcome</b> The Board approved an overall 2.5% increase in fixed remuneration for the incumbent Executive Team, reflecting current market trend and their respective contributions.	Target at 40% to 60% of total potential remuneration package	Personal objectives set each year
Non-monetary benefits	Attract, motivate and retain high calibre executives	Executive Team is provided with flexibility to utilise salary packaging solutions such as novated vehicle leasing and/or salary sacrificing into superannuation.  <b>FY16 outcome</b> No change from FY15.		N/A
<b>b. Variable remuneration</b>				
STI	Recognises the contributions and achievements of the Executive Team and helps to attract and retain talent	STI Plan is a cash bonus dependent upon a combination of individual performance objectives and Company objectives being met.  <b>FY16 outcome</b> STI was awarded in the range of 5% to 74% of fixed remuneration approved by Board. Refer to Table 8 for details of STI awarded.	Both STI and LTI are discretionary, performance based, at risk reward arrangements.	<b>STI – Cash bonus</b> Refer Table 7 below
LTI	Provides opportunity for the Executive Team to acquire ordinary shares in the Company as a reward for increasing EPS over the longer term and helps to attract and retain talent	LTI Plan is in the form of performance rights and share options dependent upon a combination of individual performance objectives and Company's financial objectives (eg EPS target) being met.  <b>FY16 outcome</b> Refer to section III.b of the report for details of LTI awarded based on the service agreements of the CEO and CFO.	The combined total of STI and LTI is targeted at 40% to 60% of total potential remuneration package	<b>LTI – Performance rights</b> N/A



## REMUNERATION REPORT – AUDITED continued

Table 6 provides a breakdown of the three elements of the total remuneration for the current Executive Team, measured at maximum level and FY16 actual. FY16 actual represents:

- Fixed remuneration – amount received in cash during the financial year;
- STI in the form of cash bonus – amount to be received in cash as approved by the Board in relation to the performance period of FY16; and
- LTI in the form of performance rights and share options – zero value of performance rights and share options as no rights or options vested during FY16.

**TABLE 6 – MAXIMUM POTENTIAL AND FY16 ACTUAL REMUNERATION**

	Maximum potential		FY16 Actual	
	CEO and CFO	Other executives	CEO and CFO	Other executives
Fixed remuneration	40%	60%	40%	60%
<b>At risk</b>				
STI – cash bonus	30%	20%	30%	3%
LTI – performance rights	22%	20%	-%	-%
LTI – share options	8%	-%	-%	-%
Total at risk	60%	40%	30%	3%
	100%	100%	70%	63%

### III. REMUNERATION OUTCOME FOR FY16

The following sections provide further detail as to how the 'at risk' components (being STI and LTI) of the Executive Team remuneration were determined, and how STI outcome is linked to overall Company performance.

#### a. Short term incentive

Details of the STI Plan are explained in Table 7 below.

**TABLE 7 – KEY DETAILS OF THE STI PLAN FOR FY16**

Why was the STI Plan introduced?	The STI Plan is designed to recognise the contributions and achievements of the Executive Team when financial results and individual performance objectives are achieved.																																		
Who participates in the STI Plan?	All members of the Executive Team participate in the STI Plan.																																		
What form do the STI Plan awards take?	100% in the form of cash bonus, normally calculated and approved by the Board in July and generally paid following the release of annual audited results for the financial year.																																		
What quantum of STI were the participants eligible to receive for FY16?	<p>CEO and CFO: Eligible to receive an STI representing 30% of total potential reward, pro-rated for the duration of their employment during FY16.</p> <p>Other members of Executive Team: Eligible to receive an STI representing 20% of their total potential reward.</p>																																		
What performance metrics applied and how were FY16 STI entitlements determined?	<p>For FY16, the following metrics applied to determine STI entitlements:</p> <p><b>CEO and CFO:</b></p> <table> <tr> <th>Metric</th><th>Relative weighting</th><th>Performance gateway: Payout ratios</th><th>Payout FY16</th></tr> <tr> <td>Personal performance goals assigned by the Board*</td><td>100%</td><td>Performance goals met: <b>100%</b></td><td>100%</td></tr> </table> <p><b>Other members of Executive Team:</b></p> <table> <tr> <th>Metric</th><th>Relative weighting</th><th>Performance gateway: Payout ratios</th><th>Payout FY16</th></tr> <tr> <td>Budgeted Group revenue</td><td>25%</td><td>At 80% to 89% of target: <b>40%</b></td><td>60%</td></tr> <tr> <td>Budgeted adjusted EBITDA</td><td>25%</td><td>At 90%-99% of target: <b>60%</b></td><td>-%</td></tr> <tr> <td>Budgeted Group NPAT</td><td>25%</td><td>At 100% of target: <b>100%</b></td><td>-%</td></tr> <tr> <td>Budgeted Group NPAT</td><td>25%</td><td>At &gt;110% of target: <b>120%</b></td><td>-%</td></tr> <tr> <td>Forecast Group Monthly Recurring Revenue (MRR)</td><td>25%</td><td>Target met or exceeded: <b>100%</b></td><td>-%</td></tr> </table>			Metric	Relative weighting	Performance gateway: Payout ratios	Payout FY16	Personal performance goals assigned by the Board*	100%	Performance goals met: <b>100%</b>	100%	Metric	Relative weighting	Performance gateway: Payout ratios	Payout FY16	Budgeted Group revenue	25%	At 80% to 89% of target: <b>40%</b>	60%	Budgeted adjusted EBITDA	25%	At 90%-99% of target: <b>60%</b>	-%	Budgeted Group NPAT	25%	At 100% of target: <b>100%</b>	-%	Budgeted Group NPAT	25%	At >110% of target: <b>120%</b>	-%	Forecast Group Monthly Recurring Revenue (MRR)	25%	Target met or exceeded: <b>100%</b>	-%
Metric	Relative weighting	Performance gateway: Payout ratios	Payout FY16																																
Personal performance goals assigned by the Board*	100%	Performance goals met: <b>100%</b>	100%																																
Metric	Relative weighting	Performance gateway: Payout ratios	Payout FY16																																
Budgeted Group revenue	25%	At 80% to 89% of target: <b>40%</b>	60%																																
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Budgeted Group NPAT	25%	At 100% of target: <b>100%</b>	-%																																
Budgeted Group NPAT	25%	At >110% of target: <b>120%</b>	-%																																
Forecast Group Monthly Recurring Revenue (MRR)	25%	Target met or exceeded: <b>100%</b>	-%																																

\* From FY17 the CEO and CFO performance metrics will align with the broader Executive Team.

Testing and approval of performance measures	<p><b>CEO and CFO:</b> The Board, acting through the Remuneration &amp; Nominations Committee, conducted an assessment of the CEO and CFO relative to the performance goals to determine the FY16 STI outcome for each of the CEO and CFO. The result of that review was approved by the Board to arrive at the final STI payout ratio. More information on the rationale for choosing the performance metrics is set out below in this table.</p> <p><b>Other members of Executive Team:</b> The performance measures were established by the Board following the Crichton Review. The specific trigger points for each performance period are recommended by the Remuneration &amp; Nominations Committee and approved by the Board. FY16 STI's are payable based on the objective measurable targets identified above, with no subjective elements applied.</p>
Rationale for choosing performance measures	<p><b>CEO and CFO:</b> The performance measures applicable to the CEO and CFO are reflective of the personal performance goals and objectives identified by the Board on their appointment in March 2016. On the basis that CEO and CFO joined the Company in the last quarter of the financial year, their ability to impact the financial results of the Company was limited. Accordingly, the Board set a number of personal performance goals and objectives aimed at stabilising the business and setting a platform for growth in FY17 and beyond.</p> <p><b>Other members of Executive Team:</b> The objective financial measures applied to the incumbent executives were implemented based on the Crichton Review conducted in FY14. The selected metrics were chosen to directly align the executives' interests with those of shareholders. The metrics ensure accountability of the executives of key financial performance measures of the Group. The specific measures are:</p> <ul style="list-style-type: none"> <li>• <b>Revenue:</b> Ensures executives are incentivised to drive top line revenue growth;</li> <li>• <b>Adjusted EBITDA:</b> Ensures executives are accountable for cost control measures. The adjustment to exclude foreign exchange fluctuations and research and development capitalisation ensures executives are not unfairly penalised for costs outside their direct control;</li> <li>• <b>NPAT:</b> Ensures Executives interests are aligned with shareholders and encourages Executives to exercise collective oversight over the entire spectrum of the Company's profit &amp; loss statement;</li> <li>• <b>Monthly Recurring Revenue (MRR):</b> MRR is a key driver of Infomedia's subscription based business model, and sets the base for revenue in future periods. By aligning executives to MRR, they are incentivised to drive sales throughout the entire performance period.</li> </ul>
Forfeiture conditions	If a participant leaves the employment of the Company during any Performance Period, the STI component is automatically forfeited unless the Board determines otherwise.

TABLE 8 – ACTUAL STI OUTCOMES FOR FY16

	Maximum STI potential		FY 16 Actual STI outcome	
	(% of fixed pay)	(% of maximum STI potential)	(% of fixed pay)	(\$)
Jonathan Rubinsztein	74%	100%	74%	111,986
Richard Leon	74%	100%	74%	51,506
Nick Georges	33%	15%	5%	12,936
<b>Executive who ceased as KMP during the year:</b>				
Andrew Pattinson <sup>(a)</sup>	74%	-%	-%	-
Russel King <sup>(a)</sup>	33%	-%	-%	-

**Table note**

(a) For Andrew Pattinson and Russel King, the former CEO and CFO, who left the Company during FY16, no cash bonus was paid to them in accordance with the Executive Incentive Plan's terms and conditions.

**b. Long term incentive**

**i. CEO and CFO**

The Company entered into contractual arrangements with the incoming CEO and CFO during FY16 which included an entitlement to participate in the Company's LTI Plan. However, the final number of performance rights and share options to be granted was dependent on the variable weighted average price (VWAP) of the Company's ordinary shares during the month ended 30 June 2016. Accordingly, the number of performance rights and share options could not be determined and issued to the CEO and CFO until after the balance date, 30 June 2016. As required by the Accounting Standard AASB2 Share-based Payment, LTI are deemed to be granted to the CEO and CFO during FY16. Refer to section G.II and G.III for further details of performance rights and share options granted.

## REMUNERATION REPORT – AUDITED continued

### II. OTHER KMP

Based on the timing of the grants of LTI to the KMP, no LTI in the form of performance rights was granted during FY16.

Following commencement of the CEO during FY16, the Board, on the advice of the Remuneration & Nominations Committee, revised the terms of the Company's Executive Incentive Plan to ensure greater alignment between the LTI awards of the CEO and those of the broader participants. The revised metrics will apply prospectively to LTI awards granted to Executives from 1 July 2016.

The allocations of performance rights and share options are disclosed as subsequent events in Tables 15 and 16 in this report.

All outstanding historical performance rights and share options remain unaltered as a result of the review.

### IV. SHAREHOLDING REQUIREMENTS

There is no specific policy requiring the Executive Team to hold any Infomedia's ordinary shares. Table 17 provides details of Infomedia's ordinary shares held by the Executive Team during FY16.

### V. HISTORICAL ANALYSIS OF FINANCIAL PERFORMANCE

The following table outlines the returns of the Group delivered to its shareholders.

**TABLE 9 – KEY FINANCIAL PERFORMANCE INDICATORS**

	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000
Regional revenue:					
Asia Pacific	12,349	13,275	13,863	14,882	15,749
EMEA	21,129	22,184	27,161	27,252	30,297
Americas	12,199	13,230	16,119	18,251	22,041
Net profit after tax <sup>(a)</sup>	8,461	10,066	12,279	13,232	10,323
Earnings before interest and tax (EBIT) <sup>(a)</sup>	11,087	11,974	15,406	17,344	12,550
Earnings before interest, tax, depreciation and amortisation (EBITDA) <sup>(a)</sup>	17,654	20,104	24,598	25,024	20,897
Earnings per share (cents)	2.79	3.32	4.02	4.30	3.33
Dividends per share (cents)	2.40	2.82	3.78	3.89	2.65
Share price at 30 June (\$)	0.20	0.47	0.75	1.20	0.69

(a) Reconciliation of net profit after tax per the consolidated statement of profit and loss and other comprehensive income to EBIT and EBITDA

	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000
Net profit after tax	8,461	10,066	12,279	13,232	10,323
Interest	(101)	(76)	(106)	(123)	(71)
Tax	2,727	1,984	3,233	4,235	2,298
EBIT	11,087	11,974	15,406	17,344	12,550
Depreciation and amortisation expense	6,567	8,130	9,192	7,680	8,347
EBITDA	17,654	20,104	24,598	25,024	20,897



## D. EXECUTIVE REMUNERATION DETAILS

The table below provides remuneration details for Executive Team.

For an executive who was newly appointed during either financial year, the remuneration information provided in the table below relates to the period from the date of their appointment as KMP to the year ended 30 June. Refer Table 2 above for a listing of KMP who were appointed during the reporting period.

The table below also contains remuneration information of executives who resigned during the financial year from 1 July 2015 to the date of their resignation.

**TABLE 10 – TOTAL EXECUTIVE REMUNERATION OF THE GROUP**

Table note	Short term employment benefits		Post employment benefits		Other long term employment benefits	Share based payments	Performance rights and share options (refer to Table 11)	Total
	(1)	(2)	(3)	(4)	(5)	(6)		
	Cash salary and leave accruals	Short term incentive	Non-monetary benefits	Super-annuation	Termination payments	Long service leave accruals		
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Current Executive Team (including CEO &amp; Managing Director):</b>								
Jonathan Rubinsztein, CEO & Managing Director, KMP since 14 March 2016								
2016	162,037	111,986	-	7,692	-	-	171,056	452,771
Richard Leon, CFO, KMP since 29 March 2016								
2016	72,039	51,506	-	5,124	-	-	82,911	211,580
Nick Georges, Company Secretary and General Counsel								
2016	228,130	12,936	-	22,503	-	6,327	12,544	282,440
2015	230,761	-	-	21,972	-	3,842	10,593	267,168
<b>Executives who ceased as key management personnel during FY16:</b>								
Andrew Pattinson, Former CEO & Managing Director, KMP until 22 August 2015								
2016	218,584	-	-	20,601	328,531	(8,048)	(13,600)	546,068
2015	333,575	-	-	31,690	-	5,554	63,138	433,957
Russel King, Former CFO, KMP until 22 April 2016 <sup>(b)</sup>								
2016	214,736	-	-	27,403	68,162	-	(10,899)	299,402
2015	236,331	-	-	22,451	-	-	10,899	269,681

### I. Footnote to Table 10

- (a) During FY16, the Board critically re-assessed the definition of key management personnel as it applies to the operations of the Infomedia Group to clarify which executives hold actual authority and responsibility for strategic planning, direction and control of the activities of the Group. On the basis that each of the regions remain subject to the direction and control of the Corporate team based in Infomedia's head office, the Company determined that Michael Roach (Head of Asia Pacific) and Karen Blunden (Head of Americas) will no longer be classified as the key management personnel of the Group from 1 July 2015. They remain employed by the Group as senior management. For those executives who ceased to be classified as KMP during the year ended 30 June 2016, their total FY15 remuneration was: Michael Roach \$280,284; and Karen Blunden \$380,645.
- (b) During FY16, Russel King also oversaw the day to day operations of the Company and directly reported to the Chairman during the international search for the new CEO.

## REMUNERATION REPORT – AUDITED continued

### 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 FY16 short term incentive was awarded and approved by the Board and will be paid in cash in September 2016.
- (3) Superannuation contributions are paid in line with legislative requirements.
- (4) Post termination payments were calculated and paid based on the terms of Andrew Pattinson's and Russel King's service agreements as follows:
  - Andrew Pattinson: 12 months of his fixed remuneration averaged over three years; and
  - Russel King: 3 months of his fixed remuneration.
- (5) Long service leave accruals are determined in accordance with Accounting Standard, AASB 119 Employee Benefits.
- (6) The share based payments value in Table 10 above represents:
  - Jonathan Rubinsztein and Richard Leon – the amount of LTI (in the form of performance rights and share options) granted for the next three financial years commencing 1 July 2016 from the date of service agreements signed in accordance with Accounting Standard, AASB 2 Share-based Payment. Further information is provided in section G.II and G.III in this report;
  - Nick Georges – the amount recognised for FY16 based on an allocation of performance rights granted in FY15; and
  - Andrew Pattinson and Russel King – they ceased as KMP during FY16, the value of share based payments is negative representing the lapsing of the unvested performance rights and share options in accordance with the terms and conditions of the LTI Plan.

**Table 11 – Breakdown of share based payments**

	Performance rights \$	Share options \$	Total share based payments \$
<b>Current Executive Team (including CEO &amp; Managing Director):</b>			
Jonathan Rubinsztein, CEO & Managing Director, KMP since 14 March 2016			
<b>2016</b>	<b>141,618</b>	<b>29,438</b>	<b>171,056</b>
Richard Leon, CFO, KMP since 29 March 2016			
<b>2016</b>	<b>68,925</b>	<b>13,986</b>	<b>82,911</b>
Nick Georges, Company Secretary and General Counsel			
<b>2016</b>	<b>12,544</b>	<b>-</b>	<b>12,544</b>
2015	9,408	1,185	10,593
<b>Executives who ceased as key management personnel during FY16:</b>			
Andrew Pattinson, Former CEO & Managing Director, KMP until 22 August 2015			
<b>2016</b>	<b>(13,600)</b>	<b>-</b>	<b>(13,600)</b>
2015	13,600	49,538	63,138
Russel King, Former CFO, KMP until 22 April 2016			
<b>2016</b>	<b>(10,899)</b>	<b>-</b>	<b>(10,899)</b>
2015	10,899	-	10,899

## E. NON-EXECUTIVE DIRECTORS' REMUNERATION

### I. STRUCTURE AND POLICY

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit and recommended for approval by shareholders.

The Board has historically considered advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking a review process. Responsibility for reviewing and advising upon the Non-Executive Director fees falls with the Remuneration & Nominations Committee.

## II. BOARD AND COMMITTEE FEES

Independent Non-Executive Director remuneration consists of three elements:

- Board fees;
- Committee chair fees; and
- superannuation which is paid in line with legislative requirements.

The Non-Executive Directors do not participate in any incentive programs.

Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs.

At the Annual General Meeting held on 30 October 2002, the shareholders approved the maximum aggregate Directors' fee pool of \$450,000 per annum. The Constitution of the Company, as approved by shareholders in 2002, states that superannuation contributions are excluded from the director fee cap, consistent with governance practice and ASX Listing Rules at that time. The Company intends to revise the terms of its Constitution to bring it in line with modern governance practice and regulatory requirements, and to place those revisions, together with a revised Director fee cap, before shareholders at the 2016 Annual General Meeting.

**Table 12 – Infomedia's Board or committee annual fee (exclusive of superannuation)**

Board/Committee	Role	From 1 January 2016 \$	Prior to 1 January 2016 \$
Board	Chairman	175,000	115,000
	Non-Executive Directors	75,000	56,250
Audit & Risk Committee	Chairman	15,000	10,000
Remuneration & Nominations Committee	Chairman	15,000	10,000

## F. NON-EXECUTIVE DIRECTORS' REMUNERATION DETAILS

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

Bart Vogel was appointed Non-Executive Director from 31 August 2015. The remuneration information provided in the table below relates to the period from the date of his appointment to the year ended 30 June 2016.

The table below also contains remuneration information of Myer Herszberg who retired during the financial year. Mr Herszberg held his position from 1 July 2015 until 31 August 2015.

**TABLE 13 – TOTAL NON-EXECUTIVE DIRECTORS REMUNERATION OF THE GROUP**

	Short term Employment benefits Board and committee fees \$	Post employ- ment benefits Superannuation \$	Total \$
<b>Current Non-Executive Directors:</b>			
Fran Hernon			
<b>2016</b>	<b>145,230</b>	<b>13,797</b>	<b>159,027</b>
2015	115,000	10,925	125,925
Clyde McConaghy			
<b>2016</b>	<b>78,216</b>	<b>7,431</b>	<b>85,647</b>
2015	66,250	6,294	72,544
Anne O'Driscoll			
<b>2016</b>	<b>78,216</b>	<b>7,431</b>	<b>85,647</b>
2015	36,947	3,510	40,457
Bart Vogel, Director since 31 August 2015			
<b>2016</b>	<b>57,043</b>	<b>5,419</b>	<b>62,462</b>
<b>Non-Executive Directors ceased as KMP during FY16:</b>			
Myer Herszberg, Director until 31 August 2015			
<b>2016</b>	<b>8,661</b>	<b>823</b>	<b>9,484</b>
2015	56,300	5,348	61,648



## REMUNERATION REPORT – AUDITED continued

### SHAREHOLDING REQUIREMENTS

There is no specific policy requiring the Non-Executive Directors to hold any ordinary shares in Infomedia.

Table 17 provides details of Infomedia's ordinary shares held by the Non-Executive Directors during FY16.

## G. ADDITIONAL INFORMATION

### I. EXECUTIVE SERVICE AGREEMENTS

Infomedia has executive service agreements with KMP. The executive service agreements outline the components of remuneration paid to executives. The executive service agreements do not require the Company to increase base salary, pay a short term incentive or offer a long term incentive in any given year.

The table below contains the key terms of the Executive Team's service agreements. The executive service agreements do not provide for any termination payments, other than payment in lieu of notice by the Company.

Table 14 – Key terms of executive service agreements

Name	Commencement date of latest contract	Duration	Notice period – Company	Notice period – Employee	Termination payment in lieu of notice
Jonathan Rubinsztein	14 March 2016	Continuing	6 months	6 months	6 months fixed remuneration
Richard Leon	29 March 2016	Continuing	3 months	3 months	3 months fixed remuneration
Nick Georges	15 January 2015	3 years	3 months	3 months	3 months fixed remuneration

Termination payments may include the payment of amounts owing pursuant to an industrial instrument as permitted by the Corporations Act 2001.

#### a. Redundancy entitlements

Name	Redundancy at instance of Company
Jonathan Rubinsztein	12 months' fixed pay payable following the notice period, plus accrued and unpaid STI and LTI entitled, if remained employed to the end of the relevant notice period.
Richard Leon	12 months' fixed pay payable following the notice period.
Nick Georges	Statutory entitlements, unless effected in consequence of a takeover, merger or amalgamation, in which case 3 weeks' base salary for each full year of service, capped at 12 months' base salary.

#### b. Termination in other situations

The Company may immediately terminate the Executive Agreements without notice, or any payment in lieu of notice, in the following circumstances:

Name	Cause
Jonathan Rubinsztein	Material breach incapable of remedy, conduct which has a material adverse effect on the Company's reputation, 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.
Richard Leon	Material breach incapable of remedy, conduct which has a material adverse effect on the Company's reputation, 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.
Nick Georges	Engages in misconduct, becomes bankrupt or commits a serious or persistent material breach incapable of remedy.

## II. PERFORMANCE RIGHTS

LTI in the form of performance rights were granted to KMP during the financial year ended 30 June 2015. During FY16, no performance rights were granted. Further details of the performance rights are disclosed in Note 18 Share based remuneration.

The table below provides the number of performance rights held by members of the Executive Team at 30 June 2015 and 30 June 2016.

**Table 15 – Movement in performance rights**

Name	Rights held at 30 June 2015 Number	Rights granted during FY16 Number	Rights exercised during FY16 <sup>(a)</sup> Number	Rights lapsed during FY16 <sup>(b)</sup> Number	Rights held at 30 June 2016 <sup>(a)</sup> Number
<b>Current Executive Team (including CEO &amp; Managing Director):</b>					
Jonathan Rubinsztein <sup>(c)</sup>	-	-	-	-	-
Richard Leon <sup>(c)</sup>	-	-	-	-	-
Nick Georges <sup>(d)</sup>	73,165	-	-	-	73,165
<b>Executives who ceased as key management personnel during FY16:</b>					
Andrew Pattinson	105,763	-	-	(105,763)	-
Russel King	84,755	-	-	(84,755)	-
	263,683	-	-	(190,518)	73,165

### Table note

- (a) The performance rights held by the Executive Team at the beginning of FY16 will be tested for vesting on 1 October 2017 and therefore no performance rights vested, are exercisable or were exercised during FY16 and as at 30 June 2016.
- (b) In accordance with the terms of the LTI Plan, performance rights will automatically lapse upon termination of employment with the Company. Andrew Pattinson and Russel King both resigned during FY16.
- (c) Subsequent to the end of the financial year ended 30 June 2016, 1,418,067 and 756,302 performance rights have been issued to Jonathan Rubinsztein and Richard Leon, respectively, in accordance with their service agreements as part of their LTI. The performance rights issued were for the performance period for the year ending 30 June 2017, 2018 and 2019 (ie FY17, FY18 and FY19), respectively. These performance rights represent three years' LTI award. The terms of these LTI entitlements have been disclosed to the ASX and will be disclosed in full as part of the Company's FY17 Remuneration Report.
- (d) Subsequent to the end of the financial year ended 30 June 2016, 80,000 performance rights have been granted to Nick Georges. The performance rights are granted for the performance period spanning FY17 to FY19 and will be tested for vesting on 1 October 2019 by comparing FY16 EPS against FY19 EPS metrics. The terms of these LTI entitlements will be disclosed in full as part of the Company's FY17 Remuneration Report.

## III. SHARE OPTIONS

The Company provides the Executive Team with the opportunity to subscribe for ordinary shares in the Company through the Performance Rights and Option Plan. Share options are generally granted to eligible executives on an annual basis. Further details of the share options are disclosed in the share based remuneration note to the financial statements. During FY16, no share options were granted to the Executive Team.

The table below provides the number of share options held by members of the Executive Team at 30 June 2015 and 30 June 2016.

**Table 16 – Movement in share options**

Name	Options held at 30 June 2015	Options granted during FY16	Options exercised during FY16 <sup>(a)</sup>	Options lapsed during FY16 <sup>(a)</sup>	Options held at 30 June 2016	Options vested during FY16 <sup>(a)</sup>	Options vested & exercisable at 30 June 2016
			Number	Number	Number	Number	Number
<b>Current Executive Team (including CEO &amp; Managing Director):</b>							
Jonathan Rubinsztein <sup>(b)</sup>	-	-	-	-	-	-	-
Richard Leon <sup>(b)</sup>	-	-	-	-	-	-	-
Nick Georges	-	-	-	-	-	-	-
<b>Executives who ceased as key management personnel during FY16:</b>							
Andrew Pattinson <sup>(a)</sup>	750,000	-	(500,000)	(250,000)	-	250,000	-
Russel King	-	-	-	-	-	-	-
	750,000	-	(500,000)	(250,000)	-	250,000	-

## REMUNERATION REPORT – AUDITED continued

### Table note

- (a) As approved by the Board, 250,000 share options held by Andrew Pattinson vested on 27 September 2015 following his resignation. Mr Pattinson exercised all vested share options (500,000) on 27 November 2015. The remaining 250,000 unvested share options lapsed in accordance with the terms of the Performance Rights and Option Plan. The exercise price for these share options is \$0.565 per share option.
- (b) Subsequent to the end of the financial year ended 30 June 2016, 3,750,000 and 2,000,000 share options have been issued to Jonathan Rubinsztein and Richard Leon, respectively, in accordance with their service agreements as part of their LTI. The share options issued were for the performance period for FY17, FY18 and FY19, respectively. These share options represent three years' LTI award.

### IV. LOANS TO EXECUTIVE

There were no loans at the beginning or at the end of the financial year ended 30 June 2016 to the Executive Team. No loans were made available during FY16 to the Executive Team.

### V. SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS AND THE EXECUTIVE TEAM

Table 17 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 nominally by related parties of Non-Executive Directors and the Executive Team.

**Table 17 – Movement of shareholding interests of Non-Executive Directors in accordance with section 205G of the Corporations Act 2001 and the Executive Team – FY16**

Name	Balance at 30 June 2015 Number	Grant as compensation Number	Exercise of share options Number	Exercise of performance rights Number	Net other changes Number	Total shares held at 30 June 2016 Number	Shares held nominally at 30 June 2016 <sup>(a)</sup> Number
<b>Non-Executive Directors:</b>							
Fran Hernon	5,000	-	-	-	23,300	28,300	-
Clyde McConaghy	-	-	-	-	12,000	12,000	-
Anne O'Driscoll	15,000	-	-	-	30,000	45,000	45,000
Bart Vogel	-	-	-	-	152,000	152,000	152,000
<b>Current Executive Team (including CEO &amp; Managing Directors):</b>							
Jonathan Rubinsztein <sup>(c)</sup>	-	-	-	-	500,000	500,000	500,000
Richard Leon <sup>(c)</sup>	-	-	-	-	119,000	119,000	119,000
Nick Georges	100,000	-	-	-	-	100,000	100,000
<b>Director and executives who ceased as key management personnel during FY16:</b>							
Myer Herszberg <sup>(d)</sup>	15,010	-	-	-	-	15,010	15,010
Andrew Pattinson <sup>(d)</sup>	2,747,567	-	-	-	-	2,747,567	-
Russel King <sup>(d)</sup>	-	-	-	-	-	-	-

### Footnote to Table 17

- (a) Shares held nominally are included in the column headed Total shares held at 30 June 2016. Total shares are held directly by the KMP and indirectly by the KMP's related parties, inclusive of domestic partner, dependants and entities controlled, jointly controlled or significantly influenced by the KMP.
- (b) For the Directors, total shares held directly and nominally also represented the relevant interest in the listed securities, being ordinary shares of the Company, as notified by the Directors to the ASX in accordance with section 205G(1) of the Corporations Act 2001, at the date of this Directors' Report.
- (c) Jonathan Rubinsztein and Richard Leon became KMP from 14 March 2016 and 29 March 2016, respectively.
- (d) Individual shareholdings information is provided until the date when they ceased as KMP of the Company.

### VI. KMP AND OTHER RELATED PARTY TRANSACTIONS

During the year, there was not any related party transactions with KMP and KMP related parties other than those disclosed in this report.



## ROUNDING

The Group is of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016. In accordance with that instrument, amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed at Sydney on 29 August 2016 in accordance with a resolution of the Directors.



**Fran Hernon**

Chairman



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Australia

## **DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF INFOMEDIA LTD**

As lead auditor of Infomedia Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Infomedia Ltd and the entities it controlled during the year.

A handwritten signature in black ink, appearing to read 'Grant Saxon', with a stylized flourish at the end.

Grant Saxon  
Partner

**BDO East Coast Partnership**

Sydney, 29 August 2016

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>REVENUE</b>	3	<b>68,087</b>	60,385
<b>EXPENDITURE</b>			
Research and development expenses	15	(15,232)	(13,838)
Sales and marketing expenses		(20,466)	(16,278)
General and administration expenses		(18,032)	(13,177)
Total expenditure		(53,730)	(43,293)
<b>OTHER INCOME AND EXPENSES</b>			
Finance income		71	123
Foreign currency translation gains/(losses)		(1,807)	252
<b>Profit before tax</b>		<b>12,621</b>	17,467
Income tax expense	6	(2,298)	(4,235)
<b>Profit after tax for the year</b>		<b>10,323</b>	13,232
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may be reclassified subsequently to profit or loss			
Net movement in foreign currency translation reserve for foreign operations		237	253
Effective cash flow hedges gains/(losses) taken to equity		784	(865)
Income tax (expense)/benefit on other comprehensive income		(236)	141
Other comprehensive income/(loss) for the period, net of tax		785	(471)
<b>Total comprehensive income for the year, net of tax</b>		<b>11,108</b>	12,761
<b>EARNINGS PER SHARE</b>			
Basic earnings per share (cents per share)	4	3.33	4.30
Diluted earnings per share (cents per share)	4	3.31	4.29

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

## Consolidated Statement of Financial Position

As at 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	19	14,748	16,092
Trade receivables	8	6,281	5,031
Other receivables		14	34
Income tax recoverable		870	-
Prepayments		958	1,599
Derivatives		250	-
Total current assets		23,121	22,756
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	16	2,373	1,055
Intangible assets – Capitalised development costs	7	22,416	21,808
Intangible assets – Goodwill	7	12,367	12,990
Total non-current assets		37,156	35,853
<b>Total assets</b>		<b>60,277</b>	<b>58,609</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables		693	623
Other payables		4,482	2,812
Derivatives		-	533
Income tax payable		-	1,579
Provision for employee entitlements	17	2,938	2,801
Deferred revenue		1,795	489
Total current liabilities		9,908	8,837
<b>NON-CURRENT LIABILITIES</b>			
Provision for employee entitlements		527	460
Deferred tax liabilities	6	5,684	5,483
Total non-current liabilities		6,211	5,943
<b>Total liabilities</b>		<b>16,119</b>	<b>14,780</b>
<b>Net assets</b>		<b>44,158</b>	<b>43,829</b>
<b>EQUITY</b>			
Share capital	9	12,449	12,074
Foreign currency translation reserve		1,272	1,035
Share based payments reserve		711	720
Cash flow hedge reserve		148	(400)
Retained earnings		29,578	30,400
<b>Total equity</b>		<b>44,158</b>	<b>43,829</b>

The above consolidated statement of financial position should be read in conjunction with the notes to the financial statements.



## Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Equity attributable to owners of Infomedia Ltd					Total equity
	Share capital \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Cash flow hedge reserve \$'000	Retained earnings \$'000	\$'000
<b>2016</b>						
Balance at 1 July 2015	12,074	1,035	720	(400)	30,400	43,829
Profit after income tax expense for the year	-	-	-	-	10,323	10,323
Other comprehensive income for the year, net of tax	-	237	-	548	-	785
Total comprehensive income for the year	-	237	-	548	10,323	11,108
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>						
Share options exercised	375	-	-	-	-	375
Share based payments	-	-	(9)	-	-	(9)
Dividends declared and paid	-	-	-	-	(11,145)	(11,145)
Balance at 30 June 2016	12,449	1,272	711	148	29,578	44,158
<b>2015</b>						
Balance at 1 July 2014	11,476	782	463	324	28,944	41,989
Profit after income tax expense for the year	-	-	-	-	13,232	13,232
Other comprehensive income for the year, net of tax	-	253	-	(724)	-	(471)
Total comprehensive income for the year	-	253	-	(724)	13,232	12,761
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>						
Share options exercised	598	-	-	-	-	598
Share based payments	-	-	257	-	-	257
Dividends declared and paid	-	-	-	-	(11,776)	(11,776)
Balance at 30 June 2015	12,074	1,035	720	(400)	30,400	43,829

The above consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		65,208	62,371
Payments to suppliers and employees		(49,202)	(42,752)
Interest received		71	123
Income taxes paid		(4,753)	(3,469)
Net cash from operating activities	19	11,324	16,273
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(1,898)	(413)
Net cash used in investing activities		(1,898)	(413)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share options	9	375	598
Dividends paid to owners of Infomedia Ltd	5	(11,145)	(11,776)
Net cash from financing activities		(10,770)	(11,178)
Net changes in cash and cash equivalents		(1,344)	4,682
Cash and cash equivalents at the beginning of the financial year		16,092	11,410
Cash and cash equivalents at the end of the financial year	19	14,748	16,092

The above consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

## Notes to the Financial Statements

For the year ended 30 June 2016

### NOTE 1. GENERAL INFORMATION

This general purpose financial report is for the year ended 30 June 2016 and comprises the consolidated financial statements for Infomedia Ltd (Infomedia or the Company) and its subsidiaries (Infomedia Group or the Group). These financial statements are presented in Australian dollars, which is Infomedia's functional and presentation currency.

The Company is a for-profit 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 is included in the Directors' report, which is not part of the financial report.

This general purpose financial report was authorised for issue by the Board on 29 August 2016.

This year's financial report is re-ordered and re-written to aid improvement in communication. The flow of information is grouped as follows:

- critical accounting judgements, estimates and assumptions – Note 2;
- key financial performance of the Group – Notes 3 to 6;
- significant operating assets and liabilities – Notes 7 to 8;
- capital and financial risk management matters – Notes 9 to 13;
- group structure – Note 14; and
- additional information and disclosures required by Accounting Standards – Notes 15 to 23.

Significant accounting policies applied are provided at the end of each note, where appropriate.

Other significant accounting policies and the new and revised accounting standards not applicable for the financial year are provided in Note 23.

#### A. STATEMENT OF COMPLIANCE

This financial report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, as appropriate for for-profit oriented entities and the Australian Securities Exchange (ASX) Listing Rules.

International Financial Reporting Standards (IFRS) refer to the overall framework of standards and pronouncements approved by the International Accounting Standards Board. IFRS forms the basis of the Australian Accounting Standards. This financial report of the Group complies with IFRS.

#### B. BASIS OF PREPARATION OF THE FINANCIAL REPORT

The accounting policies adopted in the preparation of this financial report have been applied consistently by all entities in the Group and are the same as those applied for the previous reporting period unless otherwise noted. These financial statements have been prepared under the historical cost convention, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

##### I. Changes in accounting policies

The Company has adopted all of the new recognition and measurement requirements, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the year ended 30 June 2016. The Company has early adopted a revised Australian Accounting Standard applicable for the current reporting period. Adoption of this standard has not had any material effect on the financial position or performance of the Group.

Title	Description	Note
<b>Accounting Standards early adopted for the financial year ended 30 June 2016</b>		
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	(i)

##### Table note

(i) These changes only impact disclosure in the financial statements.

##### II. Reclassification of comparatives

There were no material changes in prior year comparative information in this financial report to conform with the current period's presentation.

##### III. Rounding

The Group is of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, amounts in this financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

## Notes to the Financial Statements continued

For the year ended 30 June 2016

### C. PRINCIPLES OF CONSOLIDATION

#### I. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date on which control commences until the date on which control ceases.

#### II. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full.

## NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates may differ from the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) during the year ended 30 June 2016 are discussed below.

#### A. GOODWILL

Goodwill is assessed annually for impairment or when there is an evidence of impairment.

The recoverable amount of goodwill is estimated using discounted cash flow analysis of the relevant cash generating unit (CGU) deducting the carrying amount of the identifiable net assets of the CGU. Key assumptions used in the calculation of recoverable amounts are the discount rates, terminal value growth rates and EBITDA growth rates.

#### B. INTANGIBLE ASSETS

The carrying amounts of intangible assets with finite lives are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated on the same basis as goodwill above.

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

#### C. ESTIMATION OF USEFUL LIVES OF ASSETS

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives. Assets that became technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### D. SHARE BASED PAYMENT TRANSACTIONS

The Company measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

#### E. RESEARCH AND DEVELOPMENT

Development costs are only capitalised by the Group when it is assessed that the technical feasibility of completing the intangible asset is valid so that the asset will be available for use or sale and that the asset is expected to generate future economic benefits.

## NOTE 3. OPERATING SEGMENTS

#### A. IDENTIFICATION OF REPORTABLE SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO & Managing Director (identified as the chief operating decision makers or CODM) in assessing performance and in determining the allocation of resources.

The reportable/business segments identified are from a geographic perspective and the three segments are:

- Asia Pacific;
- Europe, Middle East and Africa (EMEA); and
- Americas represents the combined North America and Latin & South America segments.

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

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold as these are the sources of the Group's major risks and have the most effect on the rates of return.



## B. MAJOR CUSTOMERS

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

## C. FINANCIAL INFORMATION OF REPORTABLE SEGMENTS

	Note	Asia Pacific \$'000	EMEA \$'000	Americas \$'000	Unallocated* \$'000	Total \$'000
<b>2016</b>						
Revenue		15,749	30,297	22,041	-	68,087
Total revenue		15,749	30,297	22,041	-	68,087
Segment contribution		12,223	23,709	12,324	(35,706)	12,550
Finance income					71	71
<b>Profit before tax</b>						12,621
Income tax expense	6					(2,298)
<b>Profit after tax for the year</b>						10,323
<b>Assets</b>						
Segment assets		80	5,081	1,565	53,551	60,277
<b>Total assets</b>		80	5,081	1,565	53,551	60,277
<b>Liabilities</b>						
Segment liabilities		-	1,982	902	13,235	16,119
<b>Total liabilities</b>		-	1,982	902	13,235	16,119
Capital expenditure		-	21	519	1,358	1,898
Amortisation		-	320	-	7,447	7,767
Depreciation		-	107	97	376	580
	Note	Asia Pacific \$'000	EMEA \$'000	Americas \$'000	Corporate \$'000	Total \$'000
<b>2015</b>						
Revenue		14,882	27,252	18,251	-	60,385
Total revenue		14,882	27,252	18,251	-	60,385
Segment result		11,214	22,363	12,168	(28,401)	17,344
Finance income		-	-	-	123	123
<b>Profit before tax</b>		11,214	22,363	12,168	(28,278)	17,467
Income tax expense	6					(4,235)
<b>Profit after tax for the year</b>						13,232
<b>Assets</b>						
Segment assets		62	8,016	726	49,805	58,609
<b>Total assets</b>		62	8,016	726	49,805	58,609
<b>Liabilities</b>						
Segment liabilities		-	868	466	13,446	14,780
<b>Total liabilities</b>		-	868	466	13,446	14,780
Capital expenditure		-	32	80	301	413
Amortisation		-	440	-	6,613	7,053
Depreciation		-	99	52	476	627

\* Unallocated represents costs, all assets and all liabilities not directly attributable to the business segments. The types of unallocated costs are changed in FY16 and comparatives are not reclassified:

## Notes to the Financial Statements continued

For the year ended 30 June 2016

	2016 \$'000	2015 \$'000
<b>Unallocated costs:</b>		
Research and development expenses	15,232	14,458
Sales and marketing expenses	5,909	5,453
General and administration expenses	12,982	7,936
Cash flow hedges losses	1,583	554
	<b>35,706</b>	<b>28,401</b>

### D. ACCOUNTING POLICY APPLIED – REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The Group's recurring revenue is through subscription. Subscription revenue is recognised when the copyright article has passed to the customer with related support revenue being recognised over the service period. Where the copyright article and related support revenue are inseparable then the revenue is recognised over the service period.

### NOTE 4. EARNINGS PER SHARE

		2016 cents	2015 cents
<b>A. REPORTING PERIOD VALUE</b>			
Basic earnings per share	(a)/(b)	3.33	4.30
Diluted earnings per share	(a)/(c)	3.31	4.29

		2016 \$'000	2015 \$'000
<b>B. EARNINGS USED IN CALCULATING EARNINGS PER SHARE</b>			
Profit after tax	(a)	10,323	13,232

		2016 Number in '000	2015 Number in '000
<b>C. RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES USED IN CALCULATING EARNINGS PER SHARE</b>			
Weighted average number of ordinary shares used in calculating basic earnings per share	(b)	309,644	307,468
Dilutive effect of:			
Share options and performance rights		2,061	986
Weighted average number of ordinary shares used in calculating diluted earnings per share	(c)	311,705	308,454

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.

## NOTE 5. DIVIDENDS

### A. DIVIDENDS ON ORDINARY SHARES

	Cents per share	Total amount \$'000	Payment date	Tax rate for franking credit	Percentage franked
<b>2016</b>					
2016 Interim dividend	1.65	5,115	18 March 2016	30%	-%
2015 Final dividend	1.70	5,257	15 September 2015	30%	-%
2015 Special dividend	0.25	773	15 September 2015	30%	100%
	3.60	11,145			
<b>2015</b>					
2015 Interim dividend	1.94	5,975	18 March 2015	30%	-%
2014 Final dividend	1.89	5,801	17 September 2014	30%	100%
	3.83	11,776			

It is standard practice that the Board declares the dividend for a period after the relevant reporting date. A dividend is not accrued for until it is declared and so the dividends for a period are generally recognised and measured in the financial reporting period following the period to which the dividends relate.

### B. DIVIDEND POLICY

The Company intends to target a dividend pay-out ratio in the range of 75% to 85% of net profit after tax attributable to shareholders of the Company. The actual pay-out ratio in the year ended 30 June 2016 was 80% (2015: 84%, excluding the special dividend declared) including the final dividend for the respective financial year declared after the reporting date.

### C. DIVIDEND REINVESTMENT

During the financial year ended 30 June 2016, the Company launched 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.

### D. DIVIDEND NOT RECOGNISED AT REPORTING DATE

On 29 August 2016, the Board resolved to pay the following dividend. As this occurred after the reporting date, the dividends declared have not been recognised in this financial report.

	Cents per share	Total amount \$'000	Expected payment date	Tax rate for franking credit	Percentage franked
<b>2016</b>					
2016 Final dividend	1.00	3,100	22 September 2016	30%	100%

The Company's DRP will operate by acquiring shares on market to participants with an issue price per share of the average market price as defined by the DRP terms with no discount applied and a record date of 5 September 2016. The last election notice for participation in the DRP in relation to this final dividend is 6 September 2016.

	2016 \$'000	2015 \$'000
<b>E. FRANKING CREDITS</b>		
Franking account balance at reporting date at 30%	5,331	749
Franking credits to arise from payment of income tax payable	(878)	1,541
Franking credits available for future reporting periods	4,453	2,290
Franking account impact of dividends declared before issuance of financial report but not recognised at reporting date	(1,329)	(331)
Franking credits available for subsequent financial periods based on a tax rate of 30%	3,124	1,959

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date;
- franking debits that will arise from the payment of dividends not 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.

## Notes to the Financial Statements continued

For the year ended 30 June 2016

### NOTE 6. TAXATION

	2016 \$'000	2015 \$'000
<b>A. INCOME TAX EXPENSE</b>		
Profit before tax	12,621	17,467
Income tax expense at statutory tax rate of 30%	3,786	5,240
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income:		
Additional research and development deduction	(1,386)	(1,347)
Income tax paid in China	9	32
Non-deductible expenses	44	278
	2,453	4,203
Over/(under) provision for income tax of prior periods	(155)	32
Income tax expense	2,298	4,235
<b>B. MAJOR COMPONENTS OF INCOME TAX EXPENSE</b>		
Current tax	2,488	4,075
Movement in deferred tax assets	(248)	122
Movement in deferred tax liabilities	213	6
Adjustments for current tax of prior periods	(155)	32
	2,298	4,235
<b>C. INCOME TAX ON ITEMS RECOGNISED DIRECTLY IN EQUITY</b>		
Cash flow hedges	223	(310)
	223	(310)
<b>D. DEFERRED TAX LIABILITIES</b>		
<b>I. Composition</b>		
Derivatives	(75)	160
Deferred development costs	(6,757)	(6,543)
	(6,832)	(6,383)
<b>II. Movements</b>		
Balance at the beginning of the financial year	(5,483)	(5,496)
Add: reversal of offset against deferred tax assets	(900)	(1,022)
Gross balance at the beginning of the financial year	(6,383)	(6,518)
Credited to profit or loss	(213)	(6)
Credited to equity	(236)	141
Balance at the end of the financial year before offset	(6,832)	(6,383)
Less: offset against deferred tax assets	1,148	900
Balance at the end of the financial year	(5,684)	(5,483)
<b>E. DEFERRED TAX ASSETS</b>		
<b>I. Composition</b>		
Provisions	1,070	1,002
Other payables	198	(34)
Currency exchange	(120)	(68)
	1,148	900
<b>II. Movements</b>		
Balance at the beginning of the financial year	-	-
Add: reversal of offset against deferred tax liabilities	900	1,022
Gross balance at the beginning of the financial year	900	1,022
Credited to profit or loss	248	(122)
Balance at the end of the financial year before offset	1,148	900
Less: offset against deferred tax liabilities	(1,148)	(900)
Balance at the end of the financial year	-	-



## F. ACCOUNTING POLICY APPLIED

Income tax expense for a reporting year comprises current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates for each jurisdiction, and any adjustment to tax payable in respect of previous financial periods.

Deferred tax assets and liabilities are recognised using the balance sheet method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes except for temporary differences relating to the initial recognition of goodwill.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at reporting date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

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

## NOTE 7. INTANGIBLE ASSETS

	Capitalised development costs \$'000	Goodwill* \$'000
<b>2016</b>		
<b>A. COMPOSITION</b>		
At cost	71,046	17,330
Accumulated amortisation	(48,630)	(4,963)
	22,416	12,367
<b>B. MOVEMENTS</b>		
Balance at 1 July 2015	21,808	12,990
Additions	8,054	-
Amortisation	(7,446)	(320)
Revaluation on cost (foreign exchange movements)	-	(525)
Revaluation on amortisation	-	222
Balance at 30 June 2016, net of accumulated amortisation and impairment	22,416	12,367
<b>2015</b>		
<b>C. COMPOSITION</b>		
At cost	62,992	17,330
Accumulated amortisation	(41,184)	(4,340)
	21,808	12,990
<b>D. MOVEMENTS</b>		
Balance at 1 July 2014	21,264	13,058
Additions	7,157	-
Amortisation	(6,613)	(440)
Revaluation on cost (foreign exchange movements)	-	533
Revaluation on amortisation	-	(161)
Balance at 30 June 2015, net of accumulated amortisation and impairment	21,808	12,990
<b>E. AMORTISATION RATES</b>	4 years	4 to 5 years

\* Goodwill was acquired through business/territory acquisition. The balance in the table above includes intellectual property related to copyright and software coded over key products and other identifiable intangibles. The gross and written down value of the separately identified intellectual property and other intangibles are immaterial and are included as goodwill for disclosure purposes. The intellectual property and other intangibles have finite life and are amortised over 4 to 5 years.

**Notes to the Financial Statements** continued

For the year ended 30 June 2016

**F. ACCOUNTING POLICIES APPLIED****I. Capitalised development costs**

Except for capitalised development costs, internally generated intangible assets are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. Research costs are expensed as incurred.

Development costs are capitalised and an intangible asset for development expenditure recognised on an internal project only when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete;
- its ability to use or sell the asset;
- the asset will generate future economic benefits;
- the availability of resources to complete the development; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development costs represent the up-front costs of developing new products or enhancing existing products to meet customer needs. These up-front development costs are capitalised until such time as the applicable product is released to market. At that point, the capitalised development cost is amortised over a four year period on a straight line basis, being the estimated useful life. Capitalised development costs are also subject to a periodic impairment review to ensure that amounts are recoverable in future periods.

**II. Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses recognised for goodwill are not subsequently reversed.

**G. IMPAIRMENT TESTING OF GOODWILL**

The Group performed impairment testing for all goodwill on an annual basis and intangibles (capitalised development costs) which had impairment indicators. There was no impairment provision for the year ended 30 June 2016 (2015: no impairment provision).

Goodwill acquired through business combinations or territory acquisition has been allocated to individual cash generating units (CGU), each of which is a reportable segment (refer Note 3) for impairment testing as follows:

- Asia Pacific;
- Europe, Middle East & Africa (EMEA); and
- Americas.

**I. Goodwill allocated to each CGU**

	Asia Pacific \$'000	EMEA \$'000	Americas \$'000	Total \$'000
Goodwill as at 30 June 2015	2,866	6,023	3,740	12,629
Foreign exchange movements	(70)	(145)	(90)	(305)
Goodwill as at 30 June 2016	<b>2,796</b>	<b>5,878</b>	<b>3,650</b>	<b>12,324</b>

The total goodwill in the table above does not include intellectual property and other intangibles acquired through business/territory acquisitions.

## II. Impairment assessment

The methodology used in the impairment testing is value in use – a discounted cash flow model, based on a five year projection on the approved budget of the tested cash generating units with a terminal value.

The following table sets out the key assumptions for the value in use model.

	2016	2015
Discount rates <sup>(a)</sup>	14% per annum	14% per annum
Revenue growth rate <sup>(b)</sup> – one year to five years extrapolation	5% per annum	5% per annum
AUD/USD exchange rate <sup>(c)</sup>	\$0.73	\$0.84
AUD/EUR exchange rate <sup>(c)</sup>	\$0.66	\$0.70

(a) The discount rate reflects management's estimate of the cost of capital.

(b) The Group has estimated a conservative growth of 5% per annum for the financial years between 2016 and 2021 based on forecast projections.

(c) These exchange rates are used in the cash flow projects for foreign operations.

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

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

No reasonable possible change in assumptions would result in the recoverable amount of a CGU being materially less than the carrying value.

## NOTE 8. TRADE RECEIVABLES

	2016 \$'000	2015 \$'000
<b>A. BALANCE AT REPORTING DATE</b>		
Trade debtors	6,679	5,185
Provision for impairment loss	(398)	(154)
	6,281	5,031
	2016 \$'000	% of total trade debtors
	2015 \$'000	% of total trade debtors
<b>B. AGING ANALYSIS OF TRADE RECEIVABLES</b>		
0-60 days – not impaired	5,637	84.4%
0-60 days – considered impaired	109	1.6%
Over 60 days – not impaired	647	9.7%
Over 60 days – considered impaired	286	4.3%
Total trade debtors	6,679	100.0%
Allowance for impairment	(398)	6.0%
	6,281	

## C. ACCOUNTING POLICIES APPLIED

Trade and other receivables are initially recognised based on the invoiced amount to customers. After initial recognition, provision is made for matters that may lead to non-collection.

These receivables are generally due for settlement within 30 to 60 days. Collectability of trade receivables is reviewed on an ongoing basis.

The Group has considered the collectability and recoverability of trade receivables. An allowance for impairment loss has been made for the estimated irrecoverable trade receivable amounts arising from the past, determined by reference to past default.

## Notes to the Financial Statements continued

For the year ended 30 June 2016

### NOTE 9. NOTES TO THE STATEMENT OF CHANGES IN EQUITY AND RESERVES

	2016 Number of shares in '000	2015 Number of shares in '000	2016 \$'000	2015 \$'000
<b>A. SHARE CAPITAL</b>				
<b>Reconciliation of movements</b>				
Balance at the beginning of the financial year	309,240	306,767	12,074	11,476
Share options exercised	747	2,473	375	598
Balance at the end of the financial year	309,987	309,240	12,449	12,074

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

#### B. 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 ASX, 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.

#### C. NATURE AND PURPOSE OF RESERVES

##### I. Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences from the translation of the financial information of foreign operations that have a functional currency other than Australian dollars. It is also used to record the effect of hedging net investments in foreign operations.

##### II. Share based payments reserve

The share based payments reserve is used to recognise the fair value at grant date of equity settled share based remuneration provided to employees.

##### III. Cash flow hedge reserve

The cash flow hedge reserve is used to record the mark to market valuation of forward foreign currency contracts at the balance sheet date that are considered effective hedges.

### NOTE 10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### A. FINANCIAL RISK MANAGEMENT OBJECTIVES

The finance division manages the funding, liquidity and financial risks of the group. It operates and trades in three major economic currency regions, as a result, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed utilising direct forward and range forward contracts to hedge the exchange rate risk arising from cross-border trade flows and foreign income.

The group does not enter into or trade financial instruments for speculative purposes.

#### B. MARKET RISKS – INTEREST RISK

Cash and cash equivalents includes cash at bank, deposits held at call with financial institutions that are readily convertible to known amounts of cash. This includes cash held by the subsidiaries for business operations/operating expenses purposes.

As at the reporting date, the Group had the following variable rate bank accounts.

	2016 Weighted average interest rate %	Balance \$'000	2015 Weighted average interest rate %	Balance \$'000
Cash at bank	-%	11,442	-%	8,432
Cash on deposit	1.30%	3,306	1.30%	7,660
Cash and cash equivalents		14,748		16,092

An increase/decrease in interest rates of one hundred (2015: one hundred) basis points would have an adverse/favourable effect on profit after tax of \$0.023 million (2015: adverse/favourable effect of \$0.053 million) per annum.

The basis point change is based on the expected volatility of interest rates using market data, historical trends over prior years and the Group's ongoing relationships with financial institutions.



### C. FOREIGN CURRENCY RISK

The Group has transactional foreign currency exposures. These exposures mainly arise from the transactional sale of products and to a lesser extent the associated cost of sales component relating to these products. As the 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 by entering into forward exchange derivative contracts under an approved hedging policy.

As a result of 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).

At 30 June, the Group had the following exposure to foreign currency which was held in bank:

	USD exposure		EUR exposure	
	2016	2015	2016	2015
Cash and cash equivalents – local currency (in thousands)	<b>US\$2,852</b>	US\$1,574	<b>€3,993</b>	€3,506
Cash and cash equivalents – Australian dollar (in thousands)	<b>A\$3,841</b>	A\$2,040	<b>A\$5,961</b>	A\$5,062

The following sensitivity is based on the foreign currency risk exposures in existence at the balance date.

At 30 June, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post-tax profit and total equity would have been affected as follows.

Estimates of reasonably possible movements:

Currency	Movement	Post tax profit Higher/(lower)		Total equity Higher/(lower)	
		2016 \$'000	2015 \$'000	2016 €'000	2015 €'000
AUD/USD	+10%	<b>(139)</b>	(72)	<b>(139)</b>	(72)
AUD/USD	-15%	<b>271</b>	141	<b>271</b>	141
AUD/EUR	+10%	<b>(272)</b>	(117)	<b>(272)</b>	(117)
AUD/EUR	-15%	<b>528</b>	228	<b>528</b>	228

Management believes the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

### D. 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, trade and other receivables and certain derivative instruments.

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 Company'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 Company's exposure to bad debts is not significant. As the products typically have a monthly life cycle and are priced on a relatively low subscription price, the concentration of credit risk is typically low with automotive manufacturers being the exception.

Since the Company 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 8 shows that majority of the Group's trade receivables are within the normal credit term and the receivables impairment loss is immaterial.

### E. 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, operating leases and no borrowings, the Group does not have fixed or contracted payments at balance date other than with respect of its cash flow hedges which are disclosed below. Consequently the remaining contractual maturity of the Group's financial liabilities is as stated in the statement of financial position and is less than 60 days. Deferred revenue requires no cash outflow.

## Notes to the Financial Statements continued

For the year ended 30 June 2016

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

- cash and cash equivalents, refer to section B above for further details;
- 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 2016, the Group has a total of cash and cash equivalents and trade and other receivables of \$21.043 million (2015: \$21.157 million) to meet its future cash outflows of trade and other payables of \$5.175 million (2015: \$3.435 million) when due for payment.

### F. DERIVATIVES

The following table summarises the forward exchange contracts on hand at reporting date.

	Company buys	Company sells	Exchange rate
<b>2016</b>			
<b>Foreign exchange contracts – AUD/USD</b>	<b>A\$'000</b>	<b>US\$'000</b>	
Maturity within one year	5,694	4,135	0.726
<b>Foreign exchange contracts – AUD/EUR</b>	<b>A\$'000</b>	<b>€'000</b>	
Maturity within one year	5,685	3,660	0.644
<b>2015</b>			
<b>Foreign exchange contracts – AUD/USD</b>	<b>A\$'000</b>	<b>US\$'000</b>	
Maturity within one year	11,651	9,375	0.805
<b>Foreign exchange contracts – AUD/EUR</b>	<b>A\$'000</b>	<b>€'000</b>	
Maturity within one year	11,134	7,500	0.674
Maturity over one year	298	200	0.671

The mark to market valuation of these contracts at 30 June 2016 was a net gain of \$0.250 million (2015: a net loss of \$0.533 million) which is booked directly in equity. The net gain/loss is recognised as assets/liabilities on the face of the statement of financial position.

Subsequent to reporting date, the Group entered into another form of derivatives, being zero cost collar/range forward contracts, to mitigate foreign currency exchange risk. The Group terminated all foreign exchange contracts with a small gain.

### G. FAIR VALUES

The carrying amounts and estimated fair values of all the Group's financial instruments recognised in the financial statements are materially the same. The fair value of the financial instruments is determined as follows:

- Cash – the carrying amount is fair value due to the asset's liquid nature.
- Receivables/payables – due to the short-term nature of these financial rights and obligations, carrying amounts are estimated to represent fair values.
- Derivatives – the fair values of derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates. As market rates are observable they are classified as Level 2.

#### I. Fair value hierarchy

For all fair value measurements and disclosures, the Group uses the following to categorise the method used:

- Level 1: the fair value is calculated using quoted prices in active markets.
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

#### II. Valuation techniques used to derive Level 2 fair values

Derivative instruments use valuation techniques other than quoted prices in active markets with only observable market inputs for the asset or liability, either directly (as prices) or indirectly (derived from prices) to determine the fair value of foreign exchange contracts. The fair value is calculated by reference to forward exchange market rates at reporting date for contracts with similar maturity profiles.

#### III. Transfers

During the year ended 30 June 2016, there were no transfers of derivatives between levels 1 and 2 of the fair value hierarchy. There were also no transfers into or out of level 3 during the period.

**NOTE 11. CONTINGENCIES**

There were no contingent assets or contingent liabilities as at 30 June 2016.

**NOTE 12. COMMITMENTS**

Contracted non-cancellable leases for property, plant and equipment committed at the reporting date but not recognised as liabilities or payables are provided below.

	2016 \$'000	2015 \$'000
<b>OPERATING LEASE COMMITMENTS</b>		
Within one year	1,660	1,358
One to five years	6,115	1,419
Over five years	2,124	-
	<b>9,899</b>	<b>2,777</b>

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

Infomedia has provided a performance bank guarantee to a maximum value of \$0.722 million (2015: \$0.508 million) relating to the lease commitments of its corporate headquarters.

**NOTE 13. EVENTS AFTER THE REPORTING PERIOD**

Other than matters listed below, there have been no matters or circumstances that have significantly affected, or may significantly affect the operations, results or state of affairs of the Group since the end of the financial year.

**A. FINAL DIVIDEND**

On 29 August 2016, the Board declared a final dividend for 2016 of 1.00 cents per share, fully franked. The dividend will be paid on 22 September 2016.

**B. LTI GRANTS**

On 8 August 2016, the Company granted 2,254,369 performance rights and 5,750,000 share options as part of its long term incentive (LTI) plan for key management personnel, ie the Executive Team. The LTI represents an allocation for a member of the Executive Team for FY17, and a three year allocation for the CEO and CFO spanning FY17, FY18 and FY19 performance periods. Further details on the grants are provided in section G.II and G.III in the Remuneration Report.

**NOTE 14. SUBSIDIARIES**

The consolidated financial statements incorporate the assets, liabilities and results of the parent entity and the following subsidiaries.

	Class of shares	Country of incorporation	2016 %	2015 %
<b>A. PARENT ENTITY</b>				
Infomedia Ltd		Australia		
<b>B. SUBSIDIARIES</b>				
IFM Europe Ltd	Ordinary shares	United Kingdom	100.0	100.0
Different Aspect Software Ltd*	Ordinary shares	United Kingdom	-	100.0
IFM Americas Inc.	Ordinary shares	USA	100.0	100.0
IFM Germany GmbH	Ordinary shares	Germany	100.0	100.0
IFM China (WFOE)	Ordinary shares	China	100.0	100.0

\* The entity was de-registered during FY16.

## Notes to the Financial Statements continued

For the year ended 30 June 2016

### NOTE 15. PROFIT AND LOSS INFORMATION

	2016 \$'000	2015 \$'000
This provides further information about individual items recognised in the statement of profit or loss and other comprehensive income:		
<b>A. RESEARCH AND DEVELOPMENT COSTS</b>		
Total research and development costs incurred during the financial year	15,840	14,382
Amortisation of deferred development costs	7,446	6,613
Less: development costs capitalised	(8,054)	(7,157)
Net research and development costs expensed	15,232	13,838
<b>B. EMPLOYEE BENEFITS</b>		
Employee benefits expense	31,194	25,108
Contributions to defined contribution superannuation funds	1,669	1,544
Share based payments	(9)	257
<b>C. RENTAL EXPENSE RELATING TO OPERATING LEASES</b>		
Minimum lease payments	2,712	1,477
<b>D. DEPRECIATION AND AMORTISATION</b>		
Depreciation expense	580	627
Amortisation expense	7,767	7,053
<b>E. FOREIGN CURRENCY TRANSLATION GAINS/(LOSSES)</b>		
Unrealised/realised foreign currency translation gains/(losses)	(224)	806
Cash flow hedges losses	(1,583)	(554)
	(1,807)	252

### F. ACCOUNTING POLICIES APPLIED

#### I. Leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease. Lease incentives relating to operating lease are recognised as a liability and classified as other payables. The other payables are subsequently decreased through reduction of lease expenses in the profit or loss on a straight line basis over the period of the lease.

#### II. Employee benefits

##### a. Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related services. They are measured at the amounts expected to be paid when the liabilities are settled. Related on-costs such as superannuation, workers' compensation and payroll tax are also included in the liability.

##### b. Long service leave and annual leave

The liability for long service leave and annual leave are those not expected to be settled wholly before 12 months after the end of the reporting period. They are measured as 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 Australian Government bond rates with terms to maturity that match, as closely as possible, the estimated future cash outflows. Related on-costs such as superannuation, workers' compensation and payroll tax are also included in the liability.

##### c. Post-employment and termination benefits

Superannuation contributions in accordance with the legislative requirements are recognised on a straight line basis. Termination benefits are recognised at the point of being incurred where relevant.

## NOTE 16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements \$'000	Furniture and fittings \$'000	Office equipment \$'000	Plant and equipment \$'000	Total \$'000
<b>2016</b>					
Cost	1,260	760	10,209	3,340	15,569
Accumulated depreciation	(495)	(451)	(8,918)	(3,332)	(13,196)
	765	309	1,291	8	2,373
<b>2015</b>					
Cost	497	494	9,380	3,340	13,711
Accumulated depreciation	(446)	(401)	(8,493)	(3,316)	(12,656)
	51	93	887	24	1,055
<b>DEPRECIATION RATES</b>	5 to 7 years	5 to 10 years	5 years	3 to 15 years	

## NOTE 17. CURRENT LIABILITIES – PROVISION FOR EMPLOYEE ENTITLEMENTS

\$1.375 million (2015: \$1.050 million) of total provision for employee entitlements, classified as current liabilities, is expected to be settled within 12 months from the reporting date.

## NOTE 18. 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 Company, and provide greater incentive to have broader involvement and participation in the Company beyond their immediate role. Equity participation also assists the Company to attract and retain skilled and experience senior employees.

The obligations under share based payment arrangements are settled by 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 Company's half year and annual result announcements, unless Board express approval is obtained.

The Company has the following types of share based remuneration arrangements provided to employees, each arrangement has different purposes:

- Executive Incentive Plan – under which offers of Share Options (Options) and/or Performance Rights (Rights) may be made to Executive Team of the Company; and
- Employee Performance Rights and Option Plan – under which Options and/or Rights may be made to eligible employees of the Company.

Both 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.

### A. EXECUTIVE INCENTIVE PLAN

The Board of Directors first approved the Executive Incentive Plan in the financial year ended 30 June 2015. Effective from 1 July 2016, the Executive Incentive Plan has been amended by the Board as part of a review into the Company's remuneration objectives and philosophies, as noted in the Remuneration Report. The Executive Incentive Plan is an integral part of the Company's remuneration policy.

The Company provides eligible employees (including the key management personnel) with the opportunity to receive short term incentives in the form of annual cash bonuses and long term incentives in the form of Options and/or Rights. The Board, based on recommendations from the Remuneration & Nominations Committee, approves the participation of each individual (participants) in the plan.



## Notes to the Financial Statements continued

For the year ended 30 June 2016

### 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 condition of the Rights is not market related and is 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 will be converted into one Infomedia ordinary share per Right for nil consideration upon exercise by the participant; and
- if the vesting conditions are not met then the Rights automatically lapse unless a retesting event is specified.

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

Date of grant	Testing date	Rights tested on testing date	Performance hurdle	Vesting scale
1 October 2014	1 August 2017	100% - unvested Rights lapse	Earnings per shares (EPS) target of 8.5 cents to be achieved in FY17	Maximum – 120% when EPS exceeds EPS target by 10% Minimum – nil if EPS target is not met
13 October 2015	1 October 2016	50%	EBIT growth target	EBIT growth of 5%
	1 October 2017	Retest unvested Rights	EBIT growth target	EBIT growth of 10%
	1 October 2018	Remaining 50% plus any unvested Rights	EBIT growth target	EBIT growth of 15%

The following information relates to the Rights issued under the Executive Incentive Plan:

	Fair value at grant date \$	Rights on issue at 1 July Number	Rights granted during the year Number	Rights exercised during the year Number	Rights lapsed during the year Number	Number of rights at 30 June On issue	Exercisable
<b>2016</b>							
GRANT DATE							
1 October 2014	1.150	614,702	-	-	(190,518)	424,184	-
13 October 2015	0.750	-	826,000	-	(66,000)	760,000	-
		614,702	826,000	-	(256,518)	1,184,184	-
<b>2015</b>							
GRANT DATE							
1 October 2014	1.150	-	614,702	-	-	614,702	-
		-	614,702	-	-	614,702	-

No rights are vested and exercisable as at 30 June 2016 (2015: Nil).

## B. EMPLOYEE SHARE OPTIONS PLAN

The Company provides eligible employees (including the key management personnel) 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:

- granted for nil issue consideration, unless otherwise determined by the Board;
- each Option entitles the participants to subscribe for one Infomedia ordinary share;
- Options generally vest in three equal tranches over a three-year period, subject to the achievement of performance hurdles. Any un-exercised Options shall lapse on the expiry date;
- 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 transfer existing shares, or to issue new ordinary shares to satisfy the allocation; and
- the Options on issue during the financial year were subject to the following additional performance hurdles and vesting scales:

Date of grant	Vesting dates	Options available for vesting	Exercise price	Performance hurdles for all Options	Expiry date
12 March 2013	15 January 2014	1/3 of the original grant	28 cents	The 5-day variable weighted average price of the Company's share price must exceed the strike price immediately prior to exercise as follows:	1 February 2016
	15 January 2015	1/3 of the original grant			
	15 January 2016	1/3 of the original grant			
27 September 2013	27 September 2014	1/3 of the original grant	56.5 cents	<ul style="list-style-type: none"> <li>• 10% for tranche 1;</li> <li>• 20% for tranche 2; and</li> <li>• 30% for tranche 3.</li> </ul>	31 October 2016
	27 September 2015	1/3 of the original grant			
	27 September 2016	1/3 of the original grant			
16 December 2013	15 December 2014	1/3 of the original grant	56.5 cents	<ul style="list-style-type: none"> <li>• 10% for tranche 1;</li> <li>• 20% for tranche 2; and</li> <li>• 30% for tranche 3.</li> </ul>	31 December 2016
	15 December 2015	1/3 of the original grant			
	15 December 2016	1/3 of the original grant			

The following information relates to the share options issued under the Employee Share Options Plan:

	Fair value at grant date \$	Options on issue at 1 July Number	Options granted during the year Number	Options exercised during the year Number	Options lapsed during the year Number	Number of Options at 30 June On issue	Exercisable
<b>2016</b>							
GRANT DATE							
12 March 2013	0.210	160,000	-	(160,000)		-	-
27 September 2013	0.295	750,000	-	(500,000)	(250,000)	-	-
16 December 2013	0.295	1,043,334	-	(86,667)	(80,000)	876,667	-
		1,953,334	-	(746,667)	(330,000)	876,667	-
<b>2015</b>							
GRANT DATE							
15 January 2012	0.058	900,000	-	(750,000)	(150,000)	-	-
30 May 2012	0.040	1,320,000	-	(1,320,000)	-	-	-
12 March 2013	0.210	240,000	-	(80,000)	-	160,000	40,000
27 September 2013	0.295	750,000	-	-	-	750,000	250,000
16 December 2013	0.295	1,420,000	-	(323,332)	(53,334)	1,043,334	150,000
		4,630,000	-	(2,473,332)	(203,334)	1,953,334	440,000

No Options were granted in the financial year ended 30 June 2016 (2015: Nil).

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

## Notes to the Financial Statements continued

For the year ended 30 June 2016

### F. ACCOUNTING POLICIES APPLIED

The fair value of share based payments is recognised as an expense on a straight line basis over the vesting period, with a corresponding increase in equity. The fair value is calculated on grant date as the fair value of each share granted multiplied by the number of shares expected to eventually vest. The fair value of the share based payments is based on the market price of the shares, dividend entitlements, and market vesting conditions (e.g. share price related performance criteria) upon which the shares were granted. Non-market vesting conditions (e.g. service conditions) are taken into account by adjusting the number of shares which will eventually vest and are not taken into account in the determination of the grant date fair value. On a cumulative basis, no expense is recognised for shares granted that do not vest due to a non-market vesting condition not being satisfied.

### NOTE 19. NOTES TO THE STATEMENT OF CASH FLOWS

	2016 \$'000	2015 \$'000
<b>A. COMPOSITION OF CASH AND CASH EQUIVALENTS</b>		
Cash at bank	11,442	8,432
Cash on deposit	3,306	7,660
	<b>14,748</b>	<b>16,092</b>
<b>B. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH FROM OPERATING ACTIVITIES</b>		
Profit after tax for the year	10,323	13,232
<b>Adjustments for</b>		
Depreciation expense	580	627
Amortisation expense	7,767	7,053
Share based payments	(9)	257
(Gains)/losses on hedging instruments	1	(28)
<b>Change in operating assets and liabilities</b>		
Change in trade and other receivables	(692)	1,350
Change in prepayments	641	(733)
Change in capitalised development costs	(8,054)	(7,157)
Change in intangible assets	-	(372)
Change in trade and other payables	1,740	896
Change in income tax payable	(2,449)	428
Change in deferred tax liabilities	(34)	285
Change in deferred revenue	1,306	11
Change in provision for employee entitlements	204	424
Net cash from operating activities	<b>11,324</b>	<b>16,273</b>

### C. SIGNIFICANT NON-CASH TRANSACTIONS IN RELATION TO INVESTING AND FINANCING ACTIVITIES

During the financial year ended 30 June 2015 and 2016, there were no non-cash transactions relating to investing and financing activities.

## NOTE 20. RELATED PARTY TRANSACTIONS

### A. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate remuneration received/receivable by the Directors and other members of key management personnel of the Group is set out below.

	2016 \$	2015 \$
Short term employee benefits	1,439,320	1,881,535
Post-employment benefits	118,224	177,089
Long term benefits	(1,721)	13,428
Termination payments	396,693	-
Share based payments	242,012	108,803
	2,194,528	2,180,855

### B. TRANSACTIONS WITH SUBSIDIARIES

All transactions that have occurred among the subsidiaries within the Group have been eliminated for consolidation purposes.

## NOTE 21. PARENT ENTITY INFORMATION

The financial information provided in the table below is only for Infomedia Ltd, the parent entity of the Group.

	2016 \$'000	2015 \$'000
<b>A. STATEMENT OF COMPREHENSIVE INCOME</b>		
Profit/(loss) after income tax	13,173	13,580
Total comprehensive income	12,623	14,305
<b>B. STATEMENT OF FINANCIAL POSITION</b>		
Current assets	15,813	15,519
Total assets	56,760	54,929
Current liabilities	6,211	7,580
Total liabilities	12,352	13,465
<b>Equity</b>		
Share capital	12,451	12,074
Reserves	859	318
Retained earnings	31,098	29,072
Total equity	44,408	41,464

### C. SIGNIFICANT ACCOUNTING POLICIES APPLIED

The accounting policies of the parent entity are consistent with those of the Group, except for Investments in subsidiaries which are accounted for at cost, less any impairment. Dividends received are recognised as income by the parent entity and its receipt may be an indicator of an impairment of the investment.

### D. GOING CONCERN

The parent entity financial statements have been prepared on a going concern basis.

### E. GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

The parent entity has no guarantees in relation to the debts or other forms finance of its subsidiaries as at 30 June 2016 and 30 June 2015.

### F. CONTINGENT ASSETS/LIABILITIES

Other than the following guarantee, there were no contingent assets and contingent liabilities as at 30 June 2016:

The parent entity has provided a performance bank guarantee to a maximum value of \$0.722 million (2015: \$0.508 million) relating to the lease commitments of its corporate headquarters.

### G. CAPITAL COMMITMENTS

The parent entity has no capital commitments as at 30 June 2016 and 30 June 2015.

## Notes to the Financial Statements continued

For the year ended 30 June 2016

### NOTE 22. REMUNERATION OF AUDITORS

	2016 \$	2015 \$
<b>A. AUDIT AND REVIEW SERVICES</b>		
Audit or review of the financial statements	117,417	108,000
<b>B. SERVICES OTHER THAN AUDIT AND REVIEW OF FINANCIAL STATEMENTS</b>		
Taxation compliance and advisory services	25,000	25,000
Other assurance services	10,000	4,465
	<b>152,417</b>	<b>137,465</b>

### NOTE 23. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### A. TRADE AND OTHER PAYABLES

These amounts represent payable on invoiced amounts and liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### B. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative financial instruments are measured at fair value.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

##### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs. The Group tests each of the designated cash flow hedges for effectiveness on a monthly basis both retrospectively and prospectively using the matched terms principle.

At each balance date, hedge effectiveness is measured in the first instance by determining whether there have been any changes to these matched terms. When there have been no changes to these matched terms, the hedge is considered to be highly effective. Where there has been a change to these terms, effectiveness is measured using the hypothetical derivative method.

#### C. FOREIGN CURRENCY

##### I. Foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currency of the operation using the spot exchange rates at the date of the transaction. Foreign currency monetary assets and liabilities at balance date are translated into the functional currency using the spot exchange rates current on that date.

The resulting differences on monetary items are recognised as exchange gains or losses in the financial year in which the exchange rates difference arises. Foreign currency non-monetary assets and liabilities that are measured in terms of historical cost are translated using the exchange rates at the date of the transaction.

Foreign currency non-monetary assets and liabilities that are stated at fair value are translated using exchange rates at the dates the fair value was determined. Where a non-monetary asset is classified as an available-for sale financial asset, the gain or loss is recognised in other comprehensive income.

##### II. Financial reports of foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve.



#### D. AUSTRALIAN ACCOUNTING STANDARDS ISSUED AND NOT YET EFFECTIVE

The Company has early adopted and applied a revised Accounting Standard AASB 2015-2, Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101, which is not yet mandatory for the year ended 30 June 2016.

New, revised or amending Accounting Standards and Interpretations will be adopted by the Company in the operating year commencing 1 July after the effective date of these standards and interpretations as set out in the table below.

Title	Description	Effective date	Operating year	Note
AASB 15	Revenue from Contracts with Customers	1 January 2018	30 June 2019	(i)
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018	30 June 2019	(i)
AASB 2015-8	Amendments to Australian Accounting Standards arising – Effective Date of AASB 15	1 January 2018	30 June 2019	(ii)
AASB 9	Financial Instruments	1 January 2018	30 June 2019	(iii)
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2018	30 June 2019	(iii)
AASB 2014-8	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)	1 January 2018	30 June 2019	(iii)
AASB 16	Leases	1 January 2019	30 June 2020	(i)

#### Table note

- (i) The financial impact of these changes is yet to be assessed by the Group.
- (ii) Implementation of AASB 15 has been changed from 1 January 2017 to 1 January 2018.
- (iii) The financial impact of these changes is yet to be assessed by the Group and these changes are not expected to have a significant financial impact, if any.

## Directors' declaration

In the opinion of the Directors of Infomedia Ltd (the Company):

- the consolidated financial statements and notes 1 to 23, including all the remuneration disclosures that are contained in the Remuneration Report of the Directors' Report, are in accordance with the Corporations Act 2001, including:
  - giving a true and fair view of the financial position of the Group as at 30 June 2016 and of its performance for the year ended on that date; and
  - complying with Australian Accounting Standards (including Australian Interpretations) and the Corporations Regulations 2001; and
- the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; 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 declaration required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2016.

Signed at Sydney on 29 August 2016 in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read 'Fran Hernon', is written over a horizontal line.

**Fran Hernon**  
Chairman

## INDEPENDENT AUDITOR'S REPORT

To the members of Infomedia Ltd

### Report on the Financial Report

We have audited the accompanying financial report of Infomedia Ltd, which comprises the consolidated statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility for the Financial Report

The directors of the company 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



## Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Infomedia Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

## Opinion

In our opinion:

- (a) the financial report of Infomedia Ltd is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 36 of the directors' report for the year ended 30 June 2016. The directors of the company 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.

## Opinion

In our opinion, the Remuneration Report of Infomedia Ltd for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

## BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'Grant Saxon', is written over a faint, stylized BDO logo.

Grant Saxon  
Partner

Sydney, 29 August 2016

## Shareholder information

As at 23 August 2016

### 1. ORDINARY SHARE CAPITAL

There were 6,084 shareholders holding a total of 309,986,854 fully paid ordinary shares.

### 2. DISTRIBUTION OF SHAREHOLDERS AND SHAREHOLDINGS

Range	Number of holders	Number of shares	% of issued capital
1-1,000	616	402,018	0.13
1,001-5,000	1,991	6,203,580	2.00
5,001-10,000	1,243	10,195,117	3.29
10,001-100,000	2,081	62,402,683	20.13
100,001 and above	147	230,783,456	74.45
Total	6,078	309,986,854	100.00

The number of shareholders holding less than a marketable parcel is 276.

### 3. TOP 20 SHAREHOLDERS

Name	Number of shares	% of issued capital
J P Morgan Nominees Australia Limited	58,460,756	18.86%
HSBC Custody Nominees (Australia) Limited	28,596,764	9.23%
Citicorp Nominees Pty Limited	24,895,761	8.03%
National Nominees Limited	22,032,746	7.11%
Bell Potter Nominees Ltd <Bb Nominees A/C>	11,961,107	3.86%
BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	11,933,023	3.85%
BNP Paribas Noms Pty Ltd <DRP>	10,549,973	3.40%
Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	7,407,557	2.39%
RBC Investor Services Australia Nominees Pty Limited <Pi Pooled A/C>	7,379,956	2.38%
RBC Investor Services Australia Pty Limited <Vfa A/C>	4,716,251	1.52%
RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	4,518,488	1.46%
UBS Nominees Pty Ltd	2,365,094	0.76%
Anacacia Pty Limited <Wattle Fund A/C>	1,960,085	0.63%
Pershing Australia Nominees Pty Ltd <Accordius A/C>	1,828,736	0.59%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,353,859	0.44%
Mr Peter Alexander Brown	1,350,000	0.44%
AMP Life Limited	1,253,385	0.40%
Bond Street Custodians Limited <Brjk1 - V13134 A/C>	1,243,232	0.40%
CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	994,890	0.32%
Escor Equities Consolidated Pty Ltd	800,000	0.26%
Total	205,601,663	66.33%

### 4. SUBSTANTIAL SHAREHOLDERS

The following information is extracted from substantial shareholder notices received by the Company.

Name	Number of shares	% of issued capital
Viburnum Funds Pty Ltd	28,581,829	9.22
Commonwealth Bank of Australia	19,656,479	6.34
Greencap Capital Pty Ltd	16,350,011	5.28
Total	64,588,319	20.84



## Shareholder information continued

As at 23 August 2016

### 5. UNQUOTED EQUITY SECURITIES

	Number of shares	Number of holders
<b>Unquoted share options</b>		
Employees	6,626,667	11
Non-Executive Directors	-	-
<b>Unquoted performance rights</b>		
Employees	4,075,319	31
Non-Executive Directors	-	-

### 6. VOTING RIGHTS

#### Fully paid ordinary shares

The voting rights are governed by the Company's constitution. Shareholders are entitled to vote in person or by proxy at any meeting of shareholders of the Company on :

- a show of hands – one vote per shareholder; and
- a poll – one vote for each share.

#### Unquoted share options and performance rights

Unquoted share options and performance rights carry no voting rights.

### 7. SHARE BUY-BACK

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

## CORPORATE DIRECTORY

### INFOMEDIA LTD (ASX:IFM)

ABN 63 003 326 243

#### DIRECTORS

Fran Hernon – Non-Executive Chairman  
Jonathan Rubinsztein – CEO & Managing Director  
Clyde McConaghy  
Anne O'Driscoll  
Bart Vogel

#### COMPANY SECRETARIES

Nick Georges  
Daniel Wall

#### CHIEF FINANCIAL OFFICER

Richard Leon

#### REGISTERED OFFICE

##### Address

3 Minna Close  
Belrose Sydney NSW 2085

##### Telephone

+61 2 9454 1500

##### Website

[www.infomedia.com.au](http://www.infomedia.com.au)

#### SHARE REGISTRY

##### Boardroom Pty Ltd

Grosvenor Place, Level 12, 225 George Street,  
Sydney, NSW, 2000

##### Telephone

Within Australia: 1300 737 760  
International: +61 29290 9600

##### Email

[enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

##### Website

<http://www.boardroomlimited.com.au/index.php>

#### AUDITORS

BDO Australia  
Level 10, 1 Margaret Street  
Sydney NSW 2000

All statements other than statements of historical fact included within this presentation, 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 presentation 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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