Infomedia Ltd and controlled entities

Appendix 4D (rule 4.3A)

Preliminary final report for the half year ended 31 December 2017

Results for announcement to the market

(All comparisons to half year ended 31 December 2016)

	2017 $'000	Up/(down) $'000	% Movement
Revenues from ordinary activities	**35,345**	499	1%
Earnings before interest, tax, depreciation and amortisation expenses (EBITDA) (Note 1)	**12,441**	(1,029)	(8%)
Cash EBITDA (Note 1)	**3,681**	(2,532)	(41%)
Profit from ordinary activities after income tax attributable to shareholders (NPAT)	**5,708**	(1,265)	(18%)
Net profit for the period attributable to shareholders	**5,708**	(1,265)	(18%)

Note 1:	2017 $'000	2016 $'000
Cash EBITDA	**3,681**	6,213
Development expenses capitalised	**9,120**	6,845
Unrealised foreign currency translation (losses)/gains	**(360)**	412
EBITDA*	**12,441**	13,470

* Refer to page 3 of the HY18 Financial report for the reconciliation between EBITDA and NPAT.

Dividend information	Amount per share cents	Franked amount per share cents	Franking credit %
2018 Interim dividend per share	1.40	1.40	100%

Final dividend dates

Record date	1 March 2018
Payment date	29 March 2018

The Company's Dividend Reinvestment Plan (DRP) will operate with no discount. Shares will be acquired on market and transferred to participants in accordance with the DRP Rules. The last time for the receipt of an election notice to participate in the DRP is 5:00pm on 2 March 2018.

Eligible shareholders may lodge their DRP elections electronically by logging onto Infomedia's share registry, Link Market Services, via their website at https://investorcentre.linkmarketservices.com.au and clicking on the link to Investor Login. Further information about the DRP may be found at http://www.infomedia.com.au/investors/at-a-glance/.

Net tangible assets

	2017 cents	2016 cents
Net tangible assets per ordinary share*	**2.3**	5.7

* The net tangible assets (NTA) per ordinary share is calculated as net assets (including a contingent consideration liability associated with the recent acquisition) adjusted for intangible assets including goodwill and net deferred tax liabilities.

Other information

During the reporting period, Infomedia Ltd:

- has acquired the assets and business of FieldForce Auto CRM and affiliated clients and businesses. Refer to note 8 Business Combination in the Half Year Financial Report for further details;
- had no change in investment in subsidiaries; and
- held no interest in associates or joint ventures.

Additional Appendix 4D disclosure requirements (including explanation of the figures reported above) can be found in the Half Year Financial Report which contains the directors' report and the 31 December 2017 financial statements and accompanying notes.

This report is based on the consolidated financial statements which have been reviewed by Deloitte Touche Tohmatsu.

Infomedia Ltd

ABN 63 003 326 243

Interim Report - 31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Infomedia') consisting of Infomedia Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

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

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

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, the United Kingdom and the USA, serving the Group’s customers across the world.

During the financial half-year the principal continuing activities of the consolidated entity consisted of:
- 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 half year.

Dividends
Details of dividends paid or declared by the Company during the half-year ended 31 December 2017 are set out in note 6.

Operating and financial review
A. Financial information
As foreshadowed, Infomedia reported a subdued half year result with a one percent increase in revenue of $35.345 million for the half-year ended 31 December 2017 (‘1H18’), when compared to $34.846 million reported in the previous corresponding period (‘pcp’) and net profit after tax (‘NPAT’) of $5.708 million, down 18 percent from $6.973 million pcp. Earnings before interest, tax, depreciation and amortisation (‘EBITDA’) of $12.441 million was down eight percent pcp.

The decline in Cash EBITDA is attributed to the completion of a Europe-based Electronic Parts Catalogue (‘EPC’) contract as well as the cash investment on product delivery for contracts won that have yet to contribute to revenue. Operating cash expenses were held flat to the June 2017 exit cash run-rate for 1H18.

The cash and cash equivalents of $13.137 million has been maintained at a similar level compared to $13.313 million at 30 June 2017. The Company has no debt.

The Board declared a fully franked interim dividend of 1.40 cents per share. The dividend represents a payout of 76% of NPAT and falls within the Company’s stated dividend policy of paying 75% to 85% of NPAT.

A summary of the results is shown below:

	31 Dec 2017 $'000	31 Dec 2016 $'000	Change $'000	Change %
Revenue (a)	35,345	34,846	499	1%
NPAT	5,708	6,973	(1,265)	(18%)
Cash EBITDA	3,681	6,213	(2,532)	(41%)
Development expenses capitalised	9,120	6,845	2,275	33%
Unrealised foreign currency translation (losses)/gains	(360)	412	(772)	(187%)
EBITDA (b)	12,441	13,470	(1,029)	(8%)
Earnings per share (cents)	1.84	2.25	(0.41)	(18%)
Interim dividend per share (cents)	1.40	1.70	(0.3)	(18%)

(a) Revenue details:

By geographical location (local currency)	31 Dec 2017 $'000	31 Dec 2016 $'000	Change $'000	Change %
Worldwide revenue (AUD)	35,345	34,846	499	1%
Asia Pacific (AUD)	8,509	8,375	134	2%
EMEA (EUR)	8,991	10,268	(1,277)	(12%)
Americas (USD)	9,311	8,625	686	8%

(b) Reconciliation of EBITDA to NPAT:

	31 Dec 2017 $'000	31 Dec 2016 $'000	Change $'000	Change %
EBITDA	12,441	13,470	(1,029)	(8%)
Finance income (interest)	37	10	27	270%
Depreciation and amortisation expenses	(5,978)	(4,654)	(1,324)	28%
Income tax expense	(792)	(1,853)	1,061	(57%)
NPAT	5,708	6,973	(1,265)	(18%)

On 25 August 2017, the Company completed an acquisition of a small, Australian developed customer relationship management (CRM) software business. The customer data platform, rebranded Microcat CRM™, increases efficiency in the fixed operations of a dealerships parts and service departments contributing to higher dealer profitability and improved customer experience. Refer to note 8 Business Combination for further details of this acquisition.

B. Review of operations
The 1H18 result reflects the impact of the completion of a European-based EPC contract and an increase in development costs and associated investment in future growth.

Investment in capitalised product development increased to meet the needs of contractual commitments of major projects secured in 2017. Development work for those major projects was largely completed in the period on time and on-budget including the Nissan global EPC contract announced in February 2017.

Associated investments made in the period in the areas of infrastructure, sales, processes and upskilling, position Infomedia for future sustainable growth.

At a product level, Infomedia achieved strong double-digit revenue growth in its Superservice™ product in the period, which offset the loss of revenue from the above mentioned European-based EPC contract. Infomedia continued to invest in product innovation to enhance the product portfolio.

Despite modest top-line growth, the Company is on track to accelerate growth from the second half as revenue from 2017 contract wins commences and will continue to ramp up into the financial year ending 30 June 2019 (‘FY19’).

Investment in highly skilled leadership with backgrounds in technology, development, the global automotive industry and sales is an indication of the Board and Management’s confidence in leveraging Infomedia’s global presence and relevance with automotive manufacturers and dealers.

C. Outlook
Infomedia expects a stronger second half for the six months to 30 June 2018 through both revenue ramp and managing operating expenses at levels similar to 1H18. The Company anticipates year on year growth in reported Revenue, EBITDA and NPAT for FY18.

Infomedia expects momentum to continue in FY19 with the full benefit of recurring revenue from large contracts won in the previous year. In particular, the double digit revenue growth of the Superservice™ suite of products will provide a platform for growth in revenue, EBITDA and profits into 2019 and beyond.

Significant changes in the state of affairs

On 25 August 2017, the Group completed the acquisition of a CRM software product for its customers. Refer to note 8 for details of this business acquisition.

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

Matters subsequent to the end of the financial half-year

On 22 February 2018, the Board declared a fully franked interim dividend of 1.40 cents per share.

There were no other matters or circumstances which have arisen since 31 December 2017 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

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

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Bart Vogel
Chairman

22 February 2018

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Infomedia Ltd
3 Minna Close,
Belrose
SYDNEY NSW 2085

22 February 2018

Dear Board Members

Infomedia Ltd

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

As lead audit partner for the review of the half-year financial report of Infomedia Ltd for the period ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sandeep Chadha

Sandeep Chadha
Partner
Chartered Accountants

	Consolidated 31 Dec 2017 $'000	Consolidated 31 Dec 2016 $'000
Revenue	35,345	34,846
Finance income	37	10
Expenses		
Research and development expenses	(7,610)	(6,349)
Sales and marketing expenses	(11,655)	(11,295)
General and administration expenses	(9,165)	(8,736)
Net foreign currency translation gains/(losses)	(452)	350
Profit before income tax expense	6,500	8,826
Income tax expense	(792)	(1,853)
Profit after income tax expense for the half-year attributable to the owners of Infomedia Ltd	5,708	6,973
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Net change in the fair value of cash flow hedges taken to equity, net of tax	10	(158)
Foreign currency translation	251	(265)
Other comprehensive income/(loss) for the half-year, net of tax	261	(423)
Total comprehensive income for the half-year attributable to the owners of Infomedia Ltd	5,969	6,550
	Cents	**Cents**
Basic earnings per share	1.84	2.25
Diluted earnings per share	1.83	2.25

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

Infomedia Ltd
Consolidated statement of financial position
As at 31 December 2017

	Note	Consolidated 31 Dec 2017 $'000	Consolidated 30 Jun 2017 $'000
Assets			
Current assets			
Cash and cash equivalents		13,137	13,313
Trade and other receivables		7,199	7,826
Income tax refund due		1,100	2,175
Prepayments		2,074	1,529
Total current assets		23,510	24,843
Non-current assets			
Property, plant and equipment		2,555	2,634
Intangibles	7	50,421	39,530
Total non-current assets		52,976	42,164
Total assets		76,486	67,007
Liabilities			
Current liabilities			
Trade payables		3,215	2,150
Other payables		4,454	4,820
Provisions		988	216
Employee benefits		3,065	3,146
Deferred revenue		828	992
Total current liabilities		12,550	11,324
Non-current liabilities			
Deferred tax		5,759	4,415
Provisions		5,776	989
Employee benefits		483	423
Total non-current liabilities		12,018	5,827
Total liabilities		24,568	17,151
Net assets		51,918	49,856
Equity			
Issued capital		12,923	12,923
Treasury shares held in trust		(651)	(602)
Foreign currency reserve		1,156	905
Share-based payments reserve		3,472	3,499
Cash flow hedge reserve		-	(10)
Retained profits		35,018	33,141
Total equity		51,918	49,856

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

Infomedia Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2017

Consolidated	Share capital $'000	Treasury shares held in trust $'000	Foreign currency reserve $'000	Share-based payments reserve $'000	Cash flow hedge reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2016	12,449	-	1,272	711	148	29,578	44,158
Profit after income tax expense for the half-year	-	-	-	-	-	6,973	6,973
Other comprehensive loss for the half-year, net of tax	-	-	(265)	-	(158)	-	(423)
Total comprehensive income/(loss) for the half-year	-	-	(265)	-	(158)	6,973	6,550
Transactions with owners in their capacity as owners:							
Share-based payments	-	-	-	608	-	-	608
Share options exercised	474	-	-	-	-	-	474
Dividends paid (Note 6)	-	-	-	-	-	(3,103)	(3,103)
Balance at 31 December 2016	12,923	-	1,007	1,319	(10)	33,448	48,687

Consolidated	Share capital $'000	Treasury shares held in trust $'000	Foreign currency reserve $'000	Share-based payments reserve $'000	Cash flow hedge reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2017	12,923	(602)	905	3,499	(10)	33,141	49,856
Profit after income tax expense for the half-year	-	-	-	-	-	5,708	5,708
Other comprehensive income for the half-year, net of tax	-	-	251	-	10	-	261
Total comprehensive income for the half-year	-	-	251	-	10	5,708	5,969
Transactions with owners in their capacity as owners:							
Share-based payments	-	-	-	233	-	(111)	122
Tax effect related to share-based payments	-	-	-	257	-	-	257
Shares allocated to employees on vesting of performance rights	-	517	-	(517)	-	-	-
Purchase of treasury shares	-	(566)	-	-	-	-	(566)
Dividends paid (note 6)	-	-	-	-	-	(3,720)	(3,720)
Balance at 31 December 2017	12,923	(651)	1,156	3,472	-	35,018	51,918

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

	Note	Consolidated 31 Dec 2017 $'000	Consolidated 31 Dec 2016 $'000
Cash flows from operating activities			
Receipts from customers		36,337	33,908
Payments to suppliers and employees		(22,793)	(20,689)
		13,544	13,219
Interest received		37	10
Income taxes refunded/(paid)		1,116	(2,144)
Net cash from operating activities		14,697	11,085
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	8	(1,200)	-
Payments for property, plant and equipment		(76)	(969)
Payments for development costs capitalised		(9,311)	(5,704)
Net cash used in investing activities		(10,587)	(6,673)
Cash flows from financing activities			
Proceeds from exercise of share options		-	473
Payments for purchase of treasury shares		(566)	-
Dividends paid	6	(3,720)	(3,103)
Net cash used in financing activities		(4,286)	(2,630)
Net (decrease)/increase in cash and cash equivalents		(176)	1,782
Cash and cash equivalents at the beginning of the financial half-year		13,313	14,748
Cash and cash equivalents at the end of the financial half-year		13,137	16,530

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

Note 1. General information

The financial statements cover Infomedia Ltd as a Group consisting of Infomedia Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Infomedia Ltd's functional and presentation currency.

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

3 Minna Close
Belrose, Sydney NSW 2085

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2018.

Note 2. Statement of compliance

These general purpose financial statements for the half year ended 31 December 2017 have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting and the Australian Securities Exchange (ASX) Listing Rules. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

These general purpose financial statements do not include all the notes of the type normally included in annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Note 3. Basis of preparation

The accounting policies adopted are consistently applied by all entities in the Group and are the same as those applied for and disclosed in the Group’s 2017 annual financial report for the financial year ended 30 June 2017 and corresponding interim reporting period except as set out below.

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.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Reclassification of comparatives
Certain prior period comparative information has been revised in this financial report to conform with the current period’s presentation. Lease incentive liabilities are now presented in provisions and split into current and non-current portion. These balances were included in other payables in prior period.

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

Note 4. 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 will seldom equal 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) within the next financial year are discussed below.

Research and development
Research and development expenses incurred relate to works provided by third parties and internal salaries and on-costs of employees.

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

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

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

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

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

Goodwill
Goodwill is assessed for impairment when there is an evidence of impairment and at least annually.

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

Fair value of assets acquired
The Group measures the net tangible and intangible assets in a business combination at their fair value at the date of acquisition. Fair value is estimated with reference to the market transactions for similar assets or discount cash flow analysis. An independent purchase price allocation report was obtained for the valuation of the CRM business acquired during the reporting period.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the fair value, then the amounts recognised as at the acquisition date will be retrospectively revised.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Deferred consideration
The Group has made a best estimate based on the independent purchase price allocation report of the fair value of consideration payable for the acquisitions where there is a variable purchase price (a multiple of net profit after tax) after performing due diligence on the acquisition.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the fair value, then the amounts recognised as at the acquisition date will be retrospectively revised against goodwill or other intangible assets.

Should the fair value of the final consideration payable vary from these estimates after twelve months, the Group will be required to recognise the difference as expense or income.

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

Note 5. Operating segments

Identification of reportable segments
The Group is organised into three reportable segments:
- Asia Pacific;
- Europe, Middle East and Africa ('EMEA'); and
- Americas, representing the combined North America and Latin & South America regions.

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

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

The CODM reviews earnings before interest and tax ('EBIT'). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

Reportable segment information

Consolidated - 31 Dec 2017	Asia Pacific $'000	EMEA $'000	Americas $'000	Unallocated $'000	Total $'000
Revenue					
Revenue from external customers	8,509	13,580	11,978	1,278	35,345
Finance income	-	-	-	37	37
Total revenue	8,509	13,580	11,978	1,315	35,382
EBIT	7,015	10,574	4,639	(15,765)	6,463
Finance income	-	-	-	37	37
Profit/(loss) before income tax expense	7,015	10,574	4,639	(15,728)	6,500
Income tax expense					(792)
Profit after income tax expense					5,708

Note 5. Operating segments (continued)

Consolidated - 31 Dec 2016	Asia Pacific $'000	EMEA $'000	Americas $'000	Unallocated $'000	Total $'000
Revenue					
Revenue from external customers	8,375	15,001	11,470	-	34,846
Finance income	-	-	-	10	10
Total revenue	8,375	15,001	11,470	10	34,856
EBIT	6,602	11,145	4,318	(13,249)	8,816
Finance income	-	-	-	10	10
Profit/(loss) before income tax expense	6,602	11,145	4,318	(13,239)	8,826
Income tax expense					(1,853)
Profit after income tax expense					6,973

Unallocated EBIT

Unallocated EBIT is represented by the following costs:

	Consolidated 31 Dec 2017 $'000	Consolidated 31 Dec 2016 $'000
Total research and development costs incurred during the half-year	11,494	8,981
Amortisation of deferred development costs	5,236	4,213
Less: Development costs capitalised	(9,120)	(6,845)
Research and development expenses	7,610	6,349
General and administrative expenses	8,155	6,900
	15,765	13,249

Note 6. Equity - dividends

Dividends paid during the financial half-year were as follows:

	Consolidated 31 Dec 2017 $'000	Consolidated 31 Dec 2016 $'000
Final dividend for the year ended 30 June 2017 (2016: 30 June 2016) of 1.20 cents fully franked (2016: 1.00 cents fully franked) per ordinary share	3,720	3,103

On 22 February 2018, the directors declared an interim dividend of 1.40 cents per share, fully franked, to be paid on 29 March 2018. As this occurred after the reporting date, the dividends declared have not been recognised in this financial report.

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

The Company's DRP will operate by purchasing shares on market. No discount will be applied. Election notices for participation in the DRP in relation to this interim dividend must be received by 2 March 2018.

Note 7. Non-current assets - intangibles

	Consolidated	
	31 Dec 2017 $'000	30 Jun 2017 $'000
Goodwill	15,707	12,237
Capitalised development costs	52,957	43,837
Less: Accumulated amortisation	(21,780)	(16,544)
	31,177	27,293
Software systems - at valuation	3,382	-
Less: Accumulated amortisation	(282)	-
	3,100	-
Customer relationships - at valuation	492	-
Less: Accumulated amortisation	(55)	-
	437	-
	50,421	39,530

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

Consolidated	Goodwill $'000	Capitalised development costs $'000	Software systems $'000	Customer relationships $'000	Total $'000
Balance at 1 July 2017	12,237	27,293	-	-	39,530
Additions	-	9,120	-	-	9,120
Additions through business combinations	3,470	-	3,382	492	7,344
Amortisation expense	-	(5,236)	(282)	(55)	(5,573)
Balance at 31 December 2017	15,707	31,177	3,100	437	50,421

Note 8. Business combinations

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

The goodwill of $3,470,000 represents the strategic drivers of the business as it integrates with Infomedia's systems and customers, increasing market penetration and growth.

None of the goodwill is expected to be deductible for tax purposes.

The value attributed to the CRM software of $3,382,000 represents the replacement cost of this software.

The acquired business contributed revenue of $169,000 and net profit after tax ('NPAT') of $45,000 to the consolidated entity for the period from 25 August 2017 to 31 December 2017. If the acquisition occurred on 1 July 2017, the contribution to the half-year results to 31 December 2017 would have been revenue of $253,000 and NPAT of $68,000.

The fair values (as determined at acquisition date per the independent purchase price allocation report provided by an external valuer) identified in relation to the acquisition of the CRM software and business are listed in the tables below and are provisional as at 31 December 2017. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the below amounts, then the acquisition accounting will be revised.

Details of identifiable assets and liabilities acquired are as follows:

	Fair value $'000
Property, plant and equipment	1
Trade receivables	185
Prepayments	45
Identifiable intangible assets – customer relationships	492
Identifiable intangible assets – software systems	3,382
Deferred tax	(1,008)
Net assets acquired	3,097
Goodwill	3,470
Acquisition-date fair value of the total consideration transferred	6,567
Representing:	
Cash paid to vendor	1,200
Contingent consideration*	5,367
	6,567

* Pursuant to the Business Sale Agreement, some of the consideration will be settled based on future years' actual financial performance of the acquired business determined on contractual terms and thus was recognised as contingent consideration by the Group. The contingent consideration (being the fair value determined as per the independent purchase price allocation report) is estimated based on a multiple of forecast net profit after tax of the business over a three year period, subject to clawback. The contingent consideration will be paid in each of those three years with 50% in cash and 50% in Infomedia Ltd's ordinary shares. Any variation at the time of settlement will be recognised as an expense or income in the statement of profit or loss and other comprehensive income.

All acquisition costs ($30,000) were expensed as incurred during the year ended 30 June 2017. No further acquisition costs incurred in the half-year ended 31 December 2017.

Note 9. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the half-year ended 31 December 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets.

A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and are solely payments of principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income.

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

The Group will adopt this standard from 1 July 2018. As at 31 December 2017, the Group’s financial assets and liabilities can be categorised as follows:
- the financial assets only consist of cash and cash equivalents and trade and other receivables;
- the financial liabilities only consist of trade and other payables (the contingent consideration liability arising from the business combination which occurred during the period, is not included in the definition of trade and other payables for the purposes of AASB 9);
- financial assets and liabilities do not carry any financing component as at 31 December 2017;
- all the financial assets and liabilities carrying values are close to fair value. This includes newly recognised contingent liabilities arising from the business combination which occurred during this financial period; and
- there are no other financial instruments at the end of the reporting period.

Based on the above, and the facts and circumstances that exist at 31 December 2017, the implementation of AASB 9 from 1 July 2018 is not expected to have a significant financial impact on the Group.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018 and provides a single standard for all revenue recognition.

The core principle of AASB15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under AASB15 an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group derives its revenue primarily from recurring subscriptions backed by customer contracts. Subscription revenue is recognised when customers are licenced to access the software and/or the database with related support revenue (if any) being recognised over the service period. Revenue from software installations for new customers, is recognised once installation is complete.

Note 9. New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

The Group is conducting detailed reviews of its revenue and underlying contracts to evaluate the impact of the new standard on its current revenue recognition procedures and to implement any changes necessary to align its revenue recognition to the new standard.

To date the Group has evaluated material contracts by revenue value against the five revenue recognition steps above with further ongoing reviews of additional contracts.

The evaluation of these material contracts reflects a high degree of compliance with the requirements of the new standard. Performance obligations, services and product pricing are defined and the price of the services can be allocated to the performance obligation.

The Group will complete the additional contract evaluations and finalise the implementation of processes (if required) by 30 June 2018 to ensure compliance with AASB15. The Group will disclose the impact of any changes to revenue recognition in its full year financial report for the year ending 30 June 2018.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. Under the new standard, a lessee is in essence required to: (a) recognise all right of use assets and lease liabilities, with the exception of short term (under 12 months) and low value leases, on the balance sheet. The liability is initially measured at the present value of future lease payments for the lease term. This includes variable lease payments that depend on an index or rate but excludes other variable lease payments. The right of use asset reflects the lease liability, initial direct costs, any lease payments made before the commencement date of the lease, less any lease incentives and, where applicable, provision for dismantling and restoration. (b) recognise depreciation of right of use assets and interest on lease liabilities in the income statement over the lease term. (c) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest portion (which the Group presents in operating activities) in the cash flow statement. This standard will have an impact on the Group's earnings and shareholders' funds at transition and in future years. It must be implemented retrospectively, either with the restatement of comparatives or with the cumulative impact of application recognised as at 1 January 2019 under the modified retrospective approach. AASB 16 contains a number of practical expedients, one of which permits the classification of existing contracts as leases under current accounting standards to be carried over to AASB 16. Under the modified retrospective approach, on a lease-by-lease basis, the right of use of an asset may be deemed to be equivalent to the liability at transition or calculated retrospectively as at inception of the lease. Under AASB 16 the present value of the Group's operating lease commitments as defined under the new standard, excluding low value leases and short term leases, will be shown as right of use assets and as lease liabilities on the balance sheet. The Group is considering the available options for transition. To date, work has focused on the identification of the provisions of the standard which will most impact the Group. Work on the detailed review of contracts and financial reporting impacts is currently in progress.

Note 10. Events after the reporting period

Apart from the dividend declared as disclosed in note 6, no other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declaration required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the half-year ended 31 December 2017.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Bart Vogel
Chairman

22 February 2018

Deloitte.

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Independent Auditor's Review Report to the directors of Infomedia Ltd

We have reviewed the accompanying half-year financial report of Infomedia Ltd, which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, 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 end of the half-year or from time to time during the half-year as set out on pages 6 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Infomedia Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Infomedia Ltd is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sandeep Chadha

Sandeep Chadha
Partner
Chartered Accountants
Sydney, 22 February 2017