Infomedia Ltd

ABN 63 003 326 243

Appendix 4E

Year Ended 30 June 2004

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Appendix 4E

Preliminary final report

Name of entity

Infomedia Ltd

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Financial year ended ('current period')
A.B.N 63 003 326 243		✓	12 months ended 30 June 2004

Results for announcement to the market

				$A'000
Revenues from ordinary activities	Up	**17%**	**to**	**73,005**
Profit from ordinary activities after tax attributable to members	Up	**13%**	**to**	**20,686**
Profit (loss) from extraordinary items after tax attributable to members				**Nil**
Net profit for the period attributable to members	Up	**13%**	**to**	**20,686**

Dividends (distributions)	Amount per security	Franked amount per security
Current Year:		
Final dividend	**1.9¢**	**1.9¢**
Interim dividend	**1.9¢**	**1.9¢**
Previous Corresponding Period:		
Final dividend	1.9¢	1.9¢
Interim dividend	1.5¢	1.5¢

Record date for determining entitlements to the dividend	**7 September 2004**
Date the dividend is payable	**30 September 2004**

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

Infomedia Ltd
Year Ended 30 June 2004

Commentary on the results for the period:

The earnings per security and nature of any dilution aspects:

Earnings per share improved over the equivalent prior year by 13% to 6.37 cents. The improvement was driven by growth in the electronic catalogue division.

Return to shareholders including distributions and buy backs:

Total dividends (ie interim paid and final declared) increased over the prior year by 12% to 3.8 cents per share.

Significant features of operating performance:

The consolidated entity experienced improvement in sales and profits over the prior year. Revenue from ordinary activities increased by 17% and profit from ordinary activities after income tax expense increased by 13%.

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

Details of segmental results are located in the Financial Report (Note 32).

A discussion of trends in performance:

The Directors anticipate the 2005 financial year will present some material challenges to the Company as it transitions from exclusive to non-exclusive in its largest EPC market - European Ford dealers - and as higher currency exchange rates make a negative impact on the Company's revenues and profits.

The Directors also anticipate that partially offsetting this negative impact will be in:

- continued expansion of subscription revenues for Infomedia's products in selected regions;
- obtaining broad market acceptance of Infomedia's Internet trading versions of Microcat; and
- improving performance from non-EPC divisions.

Whilst there are several uncertain factors at the time of filing this report which can affect the Company's FY 2005 revenue and profit potential, the Directors think it would be prudent to anticipate that the year's revenue and profits will decline rather than rise. The longer term outlook for the Company remains positive and growth oriented.

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

Nil.

Infomedia Ltd

ABN 63 003 326 243

Annual Financial Report

for the year ended 30 June 2004

ABN 63 003 326 243

Directors
Richard Graham – Chairman & CEO
Barry Ford
Geoffrey Henderson
Frances Hernon
Myer Herszberg
Andrew Pattinson

Company Secretary
Nick Georges

Chief Financial Officer
Peter Adams

Registered Office
357-373 Warringah Road
Frenchs Forest NSW Australia

Auditors
Ernst & Young

Share Register
Computershare Registry Services Pty Ltd

Solicitors
Cowley Hearne

Internet Address
www.infomedia.com.au

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DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2004.

DIRECTORS

The names and details of the Directors of the Company in office during the financial year and until the date of this report are:

Names, qualifications, experience and special responsibilities

Richard Graham Chairman and CEO	Richard Graham has held senior management positions in the American and Australian computer industry since 1977. Mr Graham has been Managing Director/CEO and Chairman of Infomedia since 1988. His previous positions within the technology arena include: Marketing Director, ComputerLand Corp (USA) - 1977; General Manager, ComputerLand Australia Pty Ltd - 1980; Founder/Managing Director of Wiser-Microsoft - 1982; Founder/Managing Director of Osborne Computers (Australia) - 1982 and Founder/Managing Director of Telecorp Pty Ltd - 1985. His personal interests include matters of the environment, civil liberties, public food nutrition and democratic process.
Barry Ford Non-Executive Director (Chairman of Audit & Risk Committee)	Barry Ford was appointed to the Infomedia Board of Directors on 19 June 2000. Mr Ford was Director of Finance and Chief Financial Officer of Goodman Fielder Ltd from 1997 to 1999 and has sat on a number of boards, including the Island Food Company and Yallourn Energy where he was Chairman of the Audit Committee. Mr Ford held various financial management positions at General Motors Corporation between 1964 and 1989 including Director, Overseas Financial Planning & Analysis at GM Corp USA from 1984 to 1986 and Director of Finance and Strategic Planning at General Motors-Holden from 1987 to 1989. He is currently on the Board of Bartter Enterprises Pty Ltd. Mr Ford's experience has been mainly in the automotive industry worldwide and in food processing and distribution. His core expertise is finance and manufacturing. Mr Ford also serves on Infomedia's Remuneration & Nomination Committee. Mr Ford was last re-elected to the Board in October 2003.
Andrew Pattinson Executive Director	Andrew Pattinson was appointed to the Board of Directors on 31 October 2001. He has played a leading role in Infomedia for over 16 years, with 6 of these as Director of Production and Operations in Sydney and 2 years as General Manager of the Data Management Division in Melbourne. He moved back to Sydney in January 2002 to take on the role of Infomedia's Vice-CEO and subsequently relocated to the United Kingdom to become Managing Director of IFM Europe Ltd. Mr Pattinson was appointed to the Board in October 2001.
Frances Hernon Non-Executive Director (Chairman of Remuneration & Nomination Committee)	Frances Hernon was appointed to the Infomedia Board of Directors on 19 June 2000. Ms Hernon has extensive experience in media, publishing, marketing and technology. She has held senior editorial positions at News Ltd and Murdoch Magazines and was General Manager, Harrison Communications, Director of Publicity at Channel Ten, Managing Editor of the NRMA's member magazine The Open Road, Manager, Business Communications for NRMA, and Senior Account Manager, Group IT&T for the Insurance Australia Group (IAG). Ms Hernon is currently Corporate Affairs Manager for Nestlé Australia Ltd. Ms Hernon also serves on Infomedia's Corporate Governance Committee. Ms Hernon was last re-elected to the Board in October 2002.

DIRECTORS' REPORT

DIRECTORS (Continued)

Myer Herszberg
Non-Executive Director

Myer Herszberg has been a Director of Infomedia since 1992. Mr Herszberg is the founder of Melbourne's Denman Audio chain and has extensive consumer electronics experience. He was active in bringing home computers to Australia in the early 1980s and has also brought many other leading edge electronic products to Australia. He also has extensive experience in the commercial property market, and is active in a number of community service organisations. Mr Herszberg serves on the company's Audit & Risk, Corporate Governance, and Remuneration & Nomination Committees.

Mr Herszberg was last re-elected to the Board in October 2003.

Geoffrey Henderson
Non-Executive Director
(Chairman of Corporate Governance Committee)

Geoffrey Henderson was appointed to the Infomedia Board of Directors on 25 February 2003. Mr Henderson is a qualified accountant and has had an extensive career spanning positions in Australia, New Zealand, Europe and North America. He worked in a number of financial positions for Olympic Tyres in Melbourne for 8 years and then for the Ford Motor Company for 30 years. During his time with Ford, Mr Henderson worked not only in the Finance Division but also held senior positions in the Supply and Parts and Service Divisions. Immediately prior to his retirement from Ford, Mr Henderson headed the up the company's Asia Pacific Parts and Service operation which covered Ford's parts and service activities in 12 countries including Japan, South Africa, China, India and Australia. Mr Henderson also serves on Infomedia's Audit & Risk Committee.

Mr Henderson was appointed to the Board in February 2003.

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

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

	Infomedia Ltd	
	Ordinary Shares fully paid	Options over Ordinary Shares
Wiser Laboratory Pty Limited	100,277,501	-
Yarragene Pty Limited	39,421,599	-
Andrew Pattinson	4,407,716	582,000
Wiser Centre Pty Limited	1,000,000	-
Richard Graham	926,559	-
Barry Ford	116,666	-
Frances Hernon	5,000	-
Geoffrey Henderson	-	-

Richard Graham is the sole director and beneficial shareholder of Wiser Laboratory Pty Limited. Richard Graham is a director of Wiser Centre Pty Limited, trustee for the Wiser Centre Pty Ltd Superannuation Fund (formerly Sidford Superannuation Fund). Myer Herszberg is a director and major shareholder of Yarragene Pty Limited.

PRINCIPAL ACTIVITIES

Infomedia Ltd is a company limited by shares that is incorporated and domiciled in Australia.

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

- developer and supplier of electronic parts catalogues for the automotive industry globally;
- information management, analysis and creation for the domestic automotive and oil industries; and
- the provision of dealer management systems for the automotive industry.

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

EMPLOYEES

The consolidated entity employed 205 (2003: 171) full time employees as at 30 June 2004.

DIRECTORS' REPORT

DIVIDENDS

	$'000
Dividends paid or declared during the year:	
• Interim dividend – 1.9 cents per share – fully franked	6,170
• Final dividend – 1.9 cents per share – fully franked	6,174

NET TANGIBLE ASSETS PER SECURITY

	Cents
The consolidated entity's net tangible assets per security are as follows:	
• Net tangible assets per share at 30 June 2004	8.6
• Net tangible assets per share at 30 June 2003	4.9

REVIEW AND RESULTS OF OPERATIONS

The consolidated entity experienced improvement in sales and profits over the prior year. Revenue from ordinary activities increased by 16.5% and profit from ordinary activities after income tax expense increased by 12.9%.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant change in the state of affairs of the Company since the last Directors' report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors anticipate the 2005 financial year will present some material challenges to the Company as it transitions from exclusive to non-exclusive in its largest EPC market - European Ford dealers - and as higher currency exchange rates make a negative impact on the Company's revenues and profits.

The Directors also anticipate that partially offsetting this negative impact will be in:

- continued expansion of subscription revenues for Infomedia's products in selected regions;
- obtaining broad market acceptance of Infomedia's Internet trading versions of Microcat; and
- improving performance from non-EPC divisions.

Whilst there are several uncertain factors at the time of filing this report which can affect the Company's FY 2005 revenue and profit potential, the Directors think it would be prudent to anticipate that the year's revenue and profits will decline rather than rise. The longer term outlook for the Company remains positive and growth oriented.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity is not subject to any particular or significant environmental regulation under a law of the Commonwealth of Australia or of a State or Territory.

SHARE OPTIONS

Unissued shares

At the date of this report, there were 6,908,000 unissued ordinary shares under options. Refer to notes 27 and 29 for further details. Upon the recommendation of the Remuneration & Nomination Committee, following its review of ASX CGC Recommendation 9.3 relating to Non-executive Director remuneration, during the 2004 financial year Geoffrey Henderson voluntarily surrendered 100,000 options.

Shares issued as a result of the exercise of options

During the financial year, employees have exercised the option to acquire 16,000 fully paid ordinary shares in Infomedia Ltd at a weighted average exercise price of $0.88. Since the end of the financial year, no further options have been exercised.

DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year the Company paid a premium in relation to insuring directors and other officers against liability incurred in their capacity as a director or officer of the Company.

The insurance contract specifically prohibits the disclosure of the nature of the policy and amount of premium paid.

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

The Remuneration & Nomination Committee of the Board of Directors is responsible for reviewing compensation arrangements for the directors and the executive team. The Remuneration & Nomination Committee assesses the appropriateness of the nature and amount of these emoluments on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

The nature and amount of executive directors' and officers' emoluments was determined with regard to a number of factors, including the individual's specific responsibilities and performance, market benchmarking, and the Company's overall financial performance.

Details of the nature and amount of each element of the emolument of each director of the Company and each of the five executive officers of the Company receiving the highest emolument for the financial year are as follows:

Emoluments of directors of Infomedia Ltd

	Annual Emoluments			Long Term Emoluments		
				Options		
	Base fee $	Bonus $	Other $	Number Granted	Amortised Cost $	Super-annuation $
Andrew Pattinson	237,445	18,000	-	-	33,760	21,033
Richard Graham	197,697	-	28,554	-	-	17,635
Myer Herszberg	42,800	-	-	-	-	3,875
Barry Ford	42,800	-	-	-	-	3,875
Frances Hernon	42,800	-	-	-	-	3,875
Geoffrey Henderson	42,800	-	-	-	-	3,875

Emoluments of executives of Infomedia Ltd

	Annual Emoluments				Long Term Emoluments		
					Options		
	Base fee $	Bonus $	Other $	Employee Share Plan $	Number Granted	Amortised Cost $	Super-annuation $
Guy Bryant	158,304	24,000	1,497	2,000	450,000	8,149	13,947
Gary Martin	147,616	24,000	19,650	2,000	-	33,760	13,113
Peter Adams	145,104	12,000	-	2,000	-	5,220	12,816
Nick Georges	140,929	12,000	-	2,000	-	33,760	12,519
Michael Roach	108,114	6,000	-	2,000	-	3,480	9,619

(a) The category 'Other' includes the value of any non-cash benefits provided
(b) The value attributed to the employee share plan is calculated as the total number of shares allotted multiplied by the weighted average market price of the five trading days on the Australian Stock Exchange preceding first date of offer.
(c) Options granted as part of remuneration have been valued using a Black Scholes option pricing model which takes into account factors such as the exercise price, the current level of volatility of the underlying share price, the dividend yield, share price at grant date, risk free rate and the time to maturity of the option.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	Meeting of Committees		
		Audit & Risk	Corporate Governance	Remuneration & Nomination
Number of meetings held:	9	4	4	5
Number of meetings attended:				
Richard Graham	9	-	-	-
Geoffrey Henderson	9	4	4	-
Andrew Pattinson	5	-	-	-
Myer Herszberg	9	3	4	5
Barry Ford	9	4	-	4
Frances Hernon	9	-	4	5

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC class Order 98/0100. The Company is an entity to which the Class Order applies.

TAX CONSOLIDATION

Effective 1 July 2002, for the purposes of income taxation, Infomedia Ltd and its 100% owned Australian subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the directors of Infomedia Ltd support and have adhered to the principles of corporate governance. The Company's corporate governance statement is in the annual report.

Signed in accordance with a resolution of the Directors.

Richard David Graham

Chairman

Sydney, 25 August 2004

STATEMENT OF FINANCIAL PERFORMANCE

YEAR ENDED 30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
Revenue from ordinary activities	2(i)	**73,005**	62,652	**68,817**	60,584
Expenses from ordinary activities excluding borrowing costs	2(ii)	**(42,994)**	(36,067)	**(38,361)**	(33,730)
Borrowing costs expense	2(iii)	**(283)**	(348)	**(283)**	(348)
Profit from ordinary activities before income tax expense		**29,728**	26,237	**30,173**	26,506
Income tax expense relating to ordinary activities	3	**(9,042)**	(7,912)	**(9,074)**	(7,888)
Profit from ordinary activities after income tax expense	5	**20,686**	18,325	**21,099**	18,618
Net exchange difference on translation of financial statements of foreign controlled entity		**9**	-	**-**	-
Total revenues, expenses and valuation adjustments attributable to Infomedia Ltd and recognised directly in equity		**9**	-	**-**	-
Total changes in equity other than those resulting from transactions with owners as owners		**20,695**	18,325	**21,099**	18,618
Basic earnings per share (cents per share)	23	**6.37**	5.65		
Diluted earnings per share (cents per share)	23	**6.36**	5.65		
Franked dividends per share (cents per share)	4	**3.80**	3.40		

STATEMENT OF FINANCIAL POSITION

AT 30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
CURRENT ASSETS		**$'000**	$'000	**$'000**	$'000
Cash		**6,887**	19,352	**6,333**	19,001
Receivables	6	**9,389**	9,313	**8,565**	8,807
Inventories	7	**95**	106	**68**	86
Property held for resale		**1,534**	-	**-**	-
Other	8	**364**	540	**328**	529
TOTAL CURRENT ASSETS		**18,269**	29,311	**15,294**	28,423
NON-CURRENT ASSETS					
Receivables – wholly owned group	9	**-**	-	**23,180**	6,742
Investments	10	**-**	-	**247**	-
Property, plant and equipment	12	**23,026**	7,082	**5,344**	4,602
Intangible assets	13	**23,671**	27,265	**19,547**	22,520
Deferred research & development costs	14	**3,708**	2,748	**3,708**	2,748
Deferred tax assets	15	**748**	1,206	**678**	1,040
TOTAL NON-CURRENT ASSETS		**51,153**	38,301	**52,704**	37,652
TOTAL ASSETS		**69,422**	67,612	**67,998**	66,075
CURRENT LIABILITIES					
Payables	16	**5,103**	3,823	**4,713**	3,693
Interest-bearing liabilities	17	**-**	2,384	**-**	2,384
Provisions excluding tax liabilities	18	**1,140**	963	**950**	808
Provision for income tax		**1,673**	1,176	**1,673**	1,155
Deferred revenue	19	**1,503**	5,304	**1,057**	4,820
TOTAL CURRENT LIABILITIES		**9,419**	13,650	**8,393**	12,860
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	20	**4,173**	8,128	**4,173**	8,128
Provisions excluding tax liabilities	21	**704**	680	**296**	354
Deferred tax liabilities		**3,605**	2,004	**3,605**	1,977
TOTAL NON-CURRENT LIABILITIES		**8,482**	10,812	**8,074**	10,459
TOTAL LIABILITIES		**17,901**	24,462	**16,467**	23,319
NET ASSETS		**51,521**	43,150	**51,531**	42,756
EQUITY					
Contributed equity	22	**17,488**	17,474	**17,488**	17,474
Reserves	5	**9**	-	**-**	-
Retained profits	5	**34,024**	25,676	**34,043**	25,282
TOTAL EQUITY		**51,521**	43,150	**51,531**	42,756

STATEMENT OF CASH FLOWS

YEAR ENDED 30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**67,616**	60,551	**63,771**	58,256
Payments to suppliers and employees		**(36,879)**	(30,463)	**(32,592)**	(29,692)
Interest received		**428**	723	**410**	845
Borrowing costs		**(283)**	(348)	**(283)**	(348)
Income tax paid		**(4,441)**	(7,225)	**(4,384)**	(7,204)
NET CASH FLOWS FROM OPERATING ACTIVITIES	24 (a)	**26,441**	23,238	**26,922**	21,857
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		**(21,101)**	(1,332)	**(3,262)**	(1,296)
Proceeds from sale of property, plant and equipment		**2,515**	-	**1,770**	-
Purchase of EDS PartsImager catalogue business		**-**	(22,076)	**-**	(22,076)
Purchase of Australian Windows Publishing business		**-**	(596)	**-**	(596)
Purchase of VM Computer Services business		**-**	(1,583)	**-**	-
Purchase of shares in controlled entity		**-**	-	**(247)**	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(18,586)**	(25,587)	**(1,739)**	(23,968)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		**7,000**	21,779	**7,000**	21,779
Repayment of borrowings		**(14,982)**	(9,074)	**(14,982)**	(9,074)
Loan to controlled entity for property purchase		**-**	-	**(17,531)**	-
Dividends paid on ordinary shares		**(12,338)**	(9,730)	**(12,338)**	(9,730)
Proceeds from exercise of options by employees		**14**	-	**14**	-
Finance lease principal		**(14)**	(59)	**(14)**	(59)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(20,320)**	2,916	**(37,851)**	2,916
NET (DECREASE)/INCREASE IN CASH HELD		**(12,465)**	567	**(12,668)**	805
Add opening cash brought forward		**19,352**	18,785	**19,001**	18,196
CLOSING CASH CARRIED FORWARD	24 (b)	**6,887**	19,352	**6,333**	19,001

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

(c) Principles of consolidation

The consolidated financial statements are those of the economic entity, comprising Infomedia Ltd (the parent entity) and all entities which Infomedia Ltd controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(d) Foreign currencies

Translation of foreign currency transactions

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

Amounts payable to and by the entities within the consolidated entity that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year.

Except for certain specific hedges and hedges of foreign currency operations, all resulting exchange differences arising on settlement or re-statement are brought to account in determining the profit or loss for the financial year, and transaction costs, premiums and discounts on forward currency contracts are deferred and amortised over the life of the contract.

Forward exchange contracts

The consolidated entity enters into forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from sales and purchases in foreign currencies, to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are usually for no longer than 12 to 24 months.

Forward exchange contracts are recognised at the date the contract is entered. Exchange gains or losses on forward exchange contracts are charged to the profit and loss except those relating to hedges of specific commitments which are deferred and included in the measurement of the sale or purchase.

Translation of financial reports of overseas operations

All overseas operations are deemed self-sustaining, as each is financially and operationally independent of Infomedia Ltd. The financial reports of overseas operations are translated using the current rate method and any exchange differences are taken directly to the foreign currency translation reserve.

(e) Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Trade and other receivables

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

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

(g) Investments

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

(h) Inventories

Manufacturing

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials – purchase cost on a first-in-first-out basis; and
- Work-in-progress – cost of direct labour and materials.

(i) Property held for resale

Freehold property and other assets held for resale are held are valued at the lower of cost and net realisable value.

(j) Recoverable amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down.

(k) Property, plant and equipment

Cost and valuation

Property, plant and equipment are carried at cost.

Depreciation

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

Major depreciation periods are:	**2004**	**2003**
Freehold buildings:	40 years	40 years
Leasehold improvements:	5 to 20 years	5 to 20 years
Plant and equipment:	3 to 15 years	3 to 15 years
Plant and equipment under lease:	3 years	3 years

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leases

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

Operating leases

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

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are recognised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the estimated useful life of the assets. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to profit and loss.

The cost of improvements to or on leasehold property is recognised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(m) Intangibles

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity.

Goodwill is amortised by the straight-line method over the period during which benefits are expected to be received. This is taken as being 10 years.

Intellectual Property

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

(n) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(o) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(p) Revenue in advance

Certain contracts allow annual subscriptions to be invoiced in advance. The components of revenue relating to the subscription period beyond balance date are recorded as a liability.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Loans and borrowings

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

Finance lease liability is determined in accordance with the requirements of AASB 1008: Leases.

(r) Share capital

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

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

(s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Subscriptions

Subscription revenue is recognised when the copyright article has passed to the buyer with related support revenue being recognised over the service period. Where the copyright article and related support revenue are inseparable then the revenue is recognised over the service period.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(t) Cost of goods sold

Cost of goods sold includes the direct cost of raw materials and agency costs associated with the manufacture and distribution of the product.

(u) Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of being realised.

Goods and services tax (GST)

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

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Tax consolidation

Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government bonds which have terms to maturity approximating the terms of the related liability are used.

Employee entitlements expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave entitlements; and
- other types of employee entitlements

are charged against profits on a net basis in their respective categories.

The value of shares issued under the employee share scheme described in note 27 is not being charged as an employee entitlement expense.

In respect of the consolidated entity's accumulated benefits superannuation plans, any contributions made to the superannuation funds by entities within the consolidated entity are charged against profits when due.

(w) Research and development costs

Research and development costs are expensed as incurred, except where the future benefits are recoverable beyond any reasonable doubt. When research and development costs are deferred such costs are amortised over future periods on a basis related to expected future benefits. Unamortised costs are reviewed at each balance date to determine the amount (if any) that is no longer recoverable and any amount identified is written off.

(x) Earnings per share

Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- cost of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
2. PROFIT FROM ORDINARY ACTIVITIES					
Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:					
(i) Revenues from ordinary activities					
Sales revenue		**69,567**	61,813	**65,715**	59,623
Interest revenue					
- wholly owned group		**-**	-	**726**	141
- other persons/corporations		**428**	723	**411**	704
Total interest revenue		**428**	723	**1,137**	845
Gross proceeds on sale of non current assets		**2,515**	-	**1,770**	-
Foreign currency exchange gain		**193**	-	**195**	-
Other revenue		**302**	116	**-**	116
Revenues from ordinary activities		**73,005**	62,652	**68,817**	60,584
(ii) Expenses from ordinary activities excluding borrowing costs					
Cost of goods sold		**14,604**	12,647	**13,980**	12,306
Salaries & wages (including on-costs)		**15,191**	12,478	**12,291**	10,438
Depreciation of non-current assets					
- Buildings		**267**	62	**5**	7
- Leasehold improvements		**571**	96	**531**	55
- Office equipment		**1,022**	935	**904**	815
- Furniture and fittings		**68**	70	**64**	67
- Plant and equipment		**293**	243	**293**	243
- Plant and equipment under lease		**-**	6	**-**	6
Total depreciation of non-current assets		**2,221**	1,412	**1,797**	1,194
Amortisation of non-current assets					
- Goodwill		**1,276**	1,129	**805**	684
- Intellectual property		**1,829**	1,492	**1,679**	1,455
- Deferred research and development costs		**771**	732	**771**	732
Total amortisation of non-current assets		**3,876**	3,353	**3,255**	2,871
Net book value of non-current assets disposed		**1,893**	-	**1,214**	-
Management fee paid to controlled entities		**-**	-	**1,097**	1,097
Bad and doubtful debts		**103**	66	**103**	65
Operating lease rental		**563**	606	**903**	684
Foreign currency exchange loss		**-**	291	**-**	291
Foreign currency contract costs amortised		**345**	374	**345**	374
Costs incurred in establishing European operations		**487**	-	**-**	-
Industrial relations dispute resolution including legal costs		**-**	206	**-**	206
Costs incurred for non-renewal of overseas distribution services		**-**	909	**-**	909
Costs incurred for defending an international trademark		**-**	282	**-**	282
Other expenses		**3,711**	3,443	**3,376**	3,013
Expenses from ordinary activities		**42,994**	36,067	**38,361**	33,730

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
2. PROFIT FROM ORDINARY ACTIVITIES (CONTINUED)					
(iii) Borrowing costs					
Interest expense					
- other corporations		**283**	346	**283**	346
Finance charges – lease liability		**-**	2	**-**	2
Borrowing costs		**283**	348	**283**	348
(iv) Profit on sale of non current assets					
Gross proceeds from the sale of non current assets		**2,515**	-	**1,770**	-
Net book value of non-current assets disposed		**(1,893)**	-	**(1,214)**	-
Profit on sale of non-current assets		**622**	-	**556**	-
(v) Research & Development Costs (included within item 2(ii) above)					
Total research & development costs incurred during the period		**3,551**	2,091	**3,551**	2,091
Less: research & development costs deferred	14	**(1,731)**	(977)	**(1,731)**	(977)
Net research and development costs expensed		**1,820**	1,114	**1,820**	1,114
3. INCOME TAX					
The prima facie tax on operating profit differs from the income tax provided in the financial statements as follows:					
Prima facie tax on operating profit		**8,918**	7,871	**9,052**	7,951
Tax effect of permanent differences					
Legal expense		**152**	44	**152**	44
Entertainment		**35**	28	**32**	25
Non-deductible depreciation		**80**	2	**2**	2
Amortisation of intangible assets		**470**	399	**319**	267
Additional research and development deduction		**(421)**	(159)	**(421)**	(159)
Intellectual property – copyright deduction		**(24)**	(24)	**(24)**	(24)
Other		**(2)**	-	**-**	-
Over provision of previous year		**(166)**	(249)	**(38)**	(218)
Income tax expense attributable to operating profit		**9,042**	7,912	**9,074**	7,888

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
4. DIVIDENDS PROPOSED OR PAID					
(a) Dividends paid during the year:					
Franked interim - 1.90 cents (2003:1.50) per share		**6,170**	4,866	**6,170**	4,866
Final franked dividend – (2003: 1.90 cents)		**6,168**	4,864	**6,168**	4,864
Total dividends paid during the year		**12,338**	9,730	**12,338**	9,730
(b) Dividends proposed and not recognised as a liability:					
Final franked dividend - 1.90 cents (2003: 1.90) per share		**6,174**	6,168	**6,174**	6,168
The tax rate at which dividends were franked is 30%					
The amount of franking credits available for the subsequent financial year are:					
– franking account balance as at the end of the financial year				**9,216**	5,340
– franking credits that will arise from the payment of income tax payable as at the end of the financial year				**1,673**	1,155
				10,889	6,495

The tax rate at which paid dividends have been franked is 30% (2003: 30%). Dividends proposed will be franked at the rate of 30% (2003: 30%).

5. RETAINED PROFITS AND RESERVES					
(a) Retained Profits					
Balance at the beginning of the year		**25,676**	12,217	**25,282**	11,530
Profit from ordinary activities after income tax expense		**20,686**	18,325	**21,099**	18,618
Adjustment arising from adoption of revised accounting standard: AASB1044 "Provisions, Contingent Liabilities and Contingent Assets"		**-**	4,864	**-**	4,864
Total available for appropriation		**46,362**	35,406	**46,381**	35,012
Dividends provided for or paid		**(12,338)**	(9,730)	**(12,338)**	(9,730)
Balance at the end of the year		**34,024**	25,676	**34,043**	25,282

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
5. RETAINED PROFITS AND RESERVES (CONTINUED)					
(b) Foreign Currency Translation Reserve					
(i) Nature and purpose of reserve					
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining operations.					
(ii) Movement in reserve					
Balance at the beginning of the year		-	-	-	-
Gain on translation of overseas controlled entity		**9**	-	-	-
Balance at end of the year		**9**	-	-	-
6. RECEIVABLES (CURRENT)					
Trade debtors		**8,486**	6,240	**7,653**	5,736
Provision for doubtful debts		**(140)**	(49)	**(140)**	(49)
		8,346	6,191	**7,513**	5,687
Other debtors		**278**	127	**287**	125
Net foreign currency forward contracts receivable		**765**	2,995	**765**	2,995
		9,389	9,313	**8,565**	8,807
(a) Terms and conditions relating to the above financial instruments are set out in Note 33.					
7. INVENTORIES (CURRENT)					
Raw materials					
At cost		**95**	106	**68**	86
Total inventories at the lower of cost and net realisable value		**95**	106	**68**	86
8. OTHER CURRENT ASSETS					
Prepayments		**364**	540	**328**	529
		364	540	**328**	529
9. RECEIVABLES (NON-CURRENT)					
Wholly-owned group					
- subsidiary entities	31	**-**	**-**	**23,180**	6,742

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
10. INVESTMENTS (NON-CURRENT)					
Investments at cost comprise:					
Controlled entities – unlisted	11	**-**	-	**247**	-
Total investments in balance sheet		**-**	-	**247**	-

11. INTERESTS IN SUBSIDIARIES

Name	Country of incor-poration	Percentage of equity interest held by the consolidated entity		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		%	%	**$'000**	$'000
IFM Europe Ltd – ordinary shares	United Kingdom	**100**	-	**247**	-
Infomedia Investments Pty Ltd – ordinary shares - $2 only	Australia	**100**	100	**-**	-
Datateck Publishing Pty Ltd – ordinary shares - $4 only	Australia	**100**	100	**-**	-
AutoConsulting Pty Ltd – ordinary shares - $1 only	Australia	**100**	100	**-**	-
				247	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
12. PROPERTY, PLANT & EQUIPMENT					
Freehold land and buildings					
At cost		**17,531**	2,860	**-**	647
Provision for depreciation		**(210)**	(119)	**-**	(31)
		17,321	2,741	**-**	616
Leasehold improvements					
At cost		**2,664**	1,367	**2,391**	1,115
Provision for amortisation		**(419)**	(301)	**(283)**	(205)
		2,245	1,066	**2,108**	910
Total land and buildings		**19,566**	3,807	**2,108**	1,526
Office equipment					
At cost		**4,691**	4,291	**4,024**	3,817
Provision for depreciation		**(2,582)**	(2,241)	**(2,130)**	(1,907)
		2,109	2,050	**1,894**	1,910
Furniture & fittings					
At cost		**471**	592	**449**	571
Provision for depreciation		**(121)**	(221)	**(108)**	(213)
		350	371	**341**	358
Plant and equipment					
At cost		**2,325**	1,899	**2,325**	1,847
Provision for depreciation		**(1,324)**	(1,045)	**(1,324)**	(1,039)
		1,001	854	**1,001**	808
Plant and equipment under lease					
At cost		**-**	165	**-**	165
Provision for amortisation		**-**	(165)	**-**	(165)
		-	-	**-**	-
Total plant and equipment		**3,460**	3,275	**3,236**	3,076
Total property, plant and equipment					
At cost		**27,682**	11,174	**9,189**	8,161
Provision for depreciation and amortisation		**(4,656)**	(4,092)	**(3,845)**	(3,559)
Total written down amount		**23,026**	7,082	**5,344**	4,602

(a) Valuations

The fair values of freehold land & buildings have been determined by reference to an independent valuation performed on a market value basis being the estimated amounts for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of land and buildings at the valuation date, being 7 June 2004, was $17,500,000.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
12. PROPERTY, PLANT & EQUIPMENT (CONTINUED)					
(b) Reconciliation of property, plant and equipment carrying values					
Freehold land and buildings					
Carrying amount – opening balance		**2,741**	2,803	**616**	623
Additions		**17,531**	-	**-**	-
Disposals		**(1,247)**	-	**(611)**	-
Transfer to property held for resale		**(1,437)**	-	**-**	-
Depreciation		**(267)**	(62)	**(5)**	(7)
Carrying amount – closing balance		**17,321**	2,741	**-**	616
Leasehold Improvements					
Carrying amount – opening balance		**1,066**	1,019	**910**	822
Additions		**1,945**	143	**1,827**	143
Disposals		**(98)**	-	**(98)**	-
Transfer to property held for resale		**(97)**	-	**-**	-
Depreciation		**(571)**	(96)	**(531)**	(55)
Carrying amount – closing balance		**2,245**	1,066	**2,108**	910
Office equipment					
Carrying amount – opening balance		**2,050**	2,197	**1,910**	1,986
Additions		**1,081**	705	**888**	671
Additions through acquisition of business		**-**	83	**-**	68
Depreciation		**(1,022)**	(935)	**(904)**	(815)
Carrying amount – closing balance		**2,109**	2,050	**1,894**	1,910
Furniture & fittings					
Carrying amount – opening balance		**371**	368	**358**	360
Additions		**47**	66	**47**	63
Additions through acquisition of business		**-**	7	**-**	2
Depreciation		**(68)**	(70)	**(64)**	(67)
Carrying amount – closing balance		**350**	371	**341**	358
Plant and equipment					
Carrying amount – opening balance		**854**	496	**808**	450
Additions		**498**	420	**498**	420
Additions through acquisition of business		**-**	181	**-**	181
Disposals		**(58)**	-	**(12)**	-
Depreciation		**(293)**	(243)	**(293)**	(243)
Carrying amount – closing balance		**1,001**	854	**1,001**	808
Plant and equipment under lease					
Carrying amount – opening balance		**-**	6	**-**	6
Depreciation		**-**	(6)	**-**	(6)
Carrying amount – closing balance		**-**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
13. INTANGIBLE ASSETS					
Goodwill – at cost		**12,680**	12,812	**7,968**	8,101
Accumulated amortisation		**(3,462)**	(2,207)	**(1,562)**	(778)
		9,218	10,605	**6,406**	7,323
Intellectual property – at cost		**18,019**	18,469	**16,519**	16,969
Accumulated amortisation		**(3,566)**	(1,809)	**(3,378)**	(1,772)
		14,453	16,660	**13,141**	15,197
		23,671	27,265	**19,547**	22,520
14. DEFERRED RESEARCH & DEVELOPMENT COSTS					
Balance at beginning of year		**3,917**	2,940	**3,917**	2,940
Research & development costs incurred during the year and deferred		**1,731**	977	**1,731**	977
		5,648	3,917	**5,648**	3,917
Accumulated amortisation		**(1,940)**	(1,169)	**(1,940)**	(1,169)
Balance at end of year		**3,708**	2,748	**3,708**	2,748
15. DEFERRED TAX ASSETS					
Future income tax benefit		**748**	1,206	**678**	1,040
		748	1,206	**678**	1,040
16. PAYABLES (CURRENT)					
Trade creditors		**2,038**	1,137	**1,961**	1,120
Other creditors		**3,065**	2,686	**2,752**	2,573
		5,103	3,823	**4,713**	3,693

(a) Terms and conditions relating to the above financial instruments are set out in note 33.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
17. INTEREST-BEARING LIABILITIES (CURRENT)					
Bank loans		**-**	2,370	**-**	2,370
Lease liability		**-**	14	**-**	14
		-	2,384	**-**	2,384
18. PROVISIONS EXCLUDING TAX LIABILITIES (CURRENT)					
Employee entitlements	27	**1,140**	963	**950**	808
		1,140	963	**950**	808
19. DEFERRED REVENUE (CURRENT)					
Revenue in advance		**777**	697	**726**	213
Deferred gain on foreign currency forward contracts		**726**	4,607	**331**	4,607
		1,503	5,304	**1,057**	4,820
20. INTEREST-BEARING LIABILITIES (NON-CURRENT)					
Bank loans	20 (i)	**4,173**	8,128	**4,173**	8,128
		4,173	8,128	**4,173**	8,128

Terms and conditions relating to the above financial instruments

(i) The bank loan drawings have been made pursuant to a multi-currency cash advance facility and are partially denominated in US dollars. The facility terminates in August 2005 and is provided on the condition of interlocking guarantees between the Parent entity and its controlled entities (the guarantors). All outstanding US dollar denominated debt has been hedged at reporting date.

21. PROVISIONS EXCLUDING TAX LIABILITIES (NON-CURRENT)					
Employee entitlements	27	**704**	680	**296**	354
		704	680	**296**	354

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
22. CONTRIBUTED EQUITY		**$'000**	$'000	**$'000**	$'000
Issued and paid up capital					
– shares fully paid 324,762,959 (2003: 324,422,732)		**17,488**	17,474	**17,488**	17,474
		17,488	17,474	**17,488**	17,474

	Notes	**2004** Number of shares	**2004** $'000	2003 Number of shares	2003 $'000
Movement in shares on issue					
Beginning of the financial year		**324,422,732**	**17,474**	323,734,073	17,474
Issued during the financial year:					
- Selective Share Plan	27	**-**	**-**	432,393	-
- Employee Share Plan	27	**324,227**	**-**	256,266	-
- Conversion of employee options		**16,000**	**14**	-	-
End of the financial year		**324,762,959**	**17,488**	324,422,732	17,474

(a) Employee Option Plan

A total of 550,000 options were issued to eligible employees during the year at an average exercise price of $0.76. Refer to Note 27.

(b) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

23. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:	**2004** **$'000**	2003 $'000
Earnings used in calculating basic and diluted earnings per share	**20,686**	18,325

	2004 Number of shares	2003 Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	**324,666,639**	324,335,454
Effect of dilutive securities		
Share options	**372,599**	49,875
Employee share plan shares	**94,216**	83,725
Selective share plan shares	**-**	3,554
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**325,133,454**	324,472,608

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
24. STATEMENT OF CASH FLOWS		**$'000**	$'000	**$'000**	$'000
(a) Reconciliation of profit after tax to the net cash flows from operations					
Profit from ordinary activities after income tax expense		**20,686**	18,325	**21,099**	18,618
Depreciation of non-current assets		**2,221**	1,412	**1,797**	1,194
Amortisation of non-current assets		**3,876**	3,353	**3,255**	2,871
Provision for doubtful debts		**91**	4	**91**	4
Net profit from sale of non current assets		**(622)**	-	**(556)**	-
Changes in assets and liabilities					
Trade receivables and other debtors		**(2,254)**	(1,378)	**(851)**	(2,259)
Deferred research and development costs		**(1,731)**	(977)	**(1,731)**	(977)
Trade and other creditors		**806**	1,919	**545**	2,025
Provision for employee entitlements		**201**	349	**84**	310
Tax provision		**497**	151	**517**	52
Deferred income tax liability		**1,601**	1,220	**1,628**	1,195
Future income tax benefit		**458**	(585)	**362**	(567)
Prepayments		**521**	(372)	**546**	(377)
Inventories		**10**	(36)	**18**	(39)
Revenue in advance		**80**	(147)	**118**	(193)
Net cash flow from operating activities		**26,441**	23,238	**26,922**	21,857
(b) Reconciliation of cash					
Cash balance comprises:					
– cash on hand		**4,832**	2,292	**4,278**	1,941
– cash on deposit		**2,055**	17,060	**2,055**	17,060
		6,887	19,352	**6,333**	19,001
(c) Financing facilities available					
At reporting date, the following financing facilities had been negotiated and were available:					
Total Facilities:					
USD13Million multi-currency cash advance facility		**18,832**	19,496	**18,832**	19,496
Less: amortised portion		**-**	4,872	**-**	4,872
Facility available before utilisation		**18,832**	14,624	**18,832**	14,624
Facilities used at reporting date:					
Bank loans		**4,173**	10,498	**4,173**	10,498
Facilities unused at reporting date:					
Bank loans		**14,659**	4,126	**14,659**	4,126

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
25. BUSINESSES ACQUIRED					
(a) Australian Windows Publishing business					
On 1 July 2002, Infomedia acquired the business of Australian Windows Publishing Pty Limited. The components of the acquisition were:					
Consideration paid:					
Prepaid option fee		-	60	-	60
Cash		-	596	-	596
		-	656	-	656
Net Assets Acquired:					
Inventory		-	4	-	4
Plant and equipment		-	70	-	70
Intellectual property including software code		-	450	-	450
Goodwill arising from acquisition		-	132	-	132
Total net assets acquired		-	656	-	656
(b) EDS PartsImager catalogue business					
On 28 August 2002, Infomedia acquired the EDS PartsImager catalogue business. The components of the acquisition were:					
Consideration paid:					
Cash		-	22,076	-	22,076
Net Assets Acquired:					
Intellectual property including software code		-	14,519	-	14,519
Plant and equipment		-	181	-	181
Goodwill arising from acquisition		-	7,376	-	7,376
Total net assets acquired		-	22,076	-	22,076
(c) VM Computer Services business					
On 31 March 2003, AutoConsulting Pty Ltd (a wholly owned controlled entity) acquired the VM Computer Services dealer management system business. The components of the acquisition were:					
Consideration paid:					
Cash		-	1,583	-	-
Net Assets Acquired:					
Inventory		-	5	-	-
Plant and equipment		-	20	-	-
Intellectual property including software code		-	1,500	-	-
Goodwill arising from acquisition		-	336	-	-
Creditors		-	(2)	-	-
Provisions		-	(38)	-	-
Revenue in advance		-	(238)	-	-
Total net assets acquired		-	1,583	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
26. EXPENDITURE COMMITMENTS					
(a) Lease expenditure commitments					
(i) Operating leases (non-cancellable):					
Minimum lease payments					
– not later than one year		**540**	476	**337**	355
– later than one year and not later than five years		**625**	987	**500**	839
– aggregate operating lease expenditure contracted for at balance date		**1,165**	1,463	**837**	1,194
(ii) Finance leases:					
– not later than one year		**-**	15	**-**	15
– later than one year and not later than five years		**-**	-	**-**	-
– total minimum lease payments		**-**	15	**-**	15
– future finance charges		**-**	(1)	**-**	(1)
		-	14	**-**	14
– lease liability					
– current liability	17	**-**	14	**-**	14
– aggregate finance lease expenditure contracted for at balance date		**-**	14	**-**	14

(b) Assets which are the subject of finance leases include computer hardware and equipment.

(c) Operating leases have an average lease term of two years (2003: two years). Assets which are the subject of operating leases include office space.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
27. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS					
Employee Entitlements					
The aggregate employee entitlement liability is comprised of:					
Provisions (current)	18	**1,140**	963	**950**	808
Provisions (non-current)	21	**704**	680	**296**	354
		1,844	1,643	**1,246**	1,162

Employee Option Plan

The Employee Option Plan entitles the Company to offer 'eligible employees' options to subscribe for shares in the Company. Options will be granted at a nil issue price unless otherwise determined by the directors of the Company and each Option enables the holder to subscribe for one Share. The exercise price for the Options granted will be as specified on the option certificate or, if not specified, the volume weighted average price for Shares of the Company for the five days trading immediately before the day on which the options were granted. The Options may be exercised in accordance with the date determined by the Board, which must be within four years of the option being granted.

Information with respect to the number of options granted under the employee share incentive scheme is as follows:

	Notes	2004		2003	
		Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at beginning of year	27(a)	**8,891,583**	**$1.07**	3,840,584	$1.47
- granted	27(b)	**550,000**	**$0.76**	6,619,000	$0.87
- forfeited		**(2,517,583)**	**$1.57**	(1,568,001)	$1.18
- exercised	27(c)	**(16,000)**	**$0.88**	-	-
Balance at end of year	27(d)	**6,908,000**	**$0.86**	8,891,583	$1.07

(a) Options held at the beginning of the reporting period:

The following table summarises information about options held by employees at 1 July 2003

Number of options	**Grant date**	**Earliest Vesting Date**	**Expiry Date**	**Weighted average exercise price**
54,333	20/4/2001	23/3/2002	20/4/2004	$2.00
431,750	20/4/2001	18/12/2001	20/4/2004	$1.80
450,000	20/4/2001	16/4/2002	20/4/2004	$1.73
1,288,500	23/4/2001	26/3/2002	20/4/2004	$1.59
18,000	8/10/2001	8/10/2002	8/10/04	$1.29
30,000	12/11/2001	12/11/2002	12/11/04	$1.43
5,949,000	5/7/2002	26/3/2004	20/5/2005	$0.88
570,000	1/7/2002	1/7/2004	1/8/2005	$0.73
100,000	25/2/2002	25/2/2004	25/4/2006	$1.00

NOTES TO THE FINANCIAL STATEMENTS

27. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS (CONTINUED)

(b) Options granted during the reporting period:

The following table summarises information about options granted by Infomedia Ltd to employees during the year

Number of options	Grant date	Earliest Vesting Date	Expiry Date	Weighted average exercise price
100,000	5/1/2004	5/1/2005	5/7/2007	$0.83
450,000	24/5/2004	24/5/2005	31/5/2007	$0.75

(c) Options exercised during the reporting period:

The following table summarises information about options exercised by employees during the year ended 30 June 2004:

Number of options	Grant Date	Exercise date	Expiry date	Weighted average exercise price	Proceeds form shares issued	Number of shares issued	Issue date	Fair value of shares issued
16,000	5/7/2002	4/8/2003	20/5/2005	0.88	$14,080	16,000	18/8/2003	$16,320

Fair value of shares issued during the reporting period is estimated to be the market price of shares of Infomedia Ltd on the ASX as at the close of trading on their respective issue dates.

There were no options exercised during the year ended 30 June 2003.

(d) Options held at the end of the reporting period:

The following table summarises information about options held by employees at 30 June 2004

Number of options	Grant date	Earliest Vesting Date	Expiry Date	Weighted average exercise price
18,000	8/10/2001	8/10/2002	8/10/04	$1.29
30,000	12/11/2001	12/11/2002	12/11/04	$1.43
5,933,000	5/7/2002	26/3/2004	20/5/2005	$0.88
477,000	1/7/2002	1/7/2004	1/8/2005	$0.73
450,000	24/5/2004	24/5/2005	31/5/2007	$0.75

Employee Share Plan

The Company provides employees, not including Directors, the opportunity to acquire shares in the Company. The scheme applies to employees with at least 12 months service and provides that offers be made to at least 75% of the persons employed by the Company for at least twelve months and not more than twice in each financial year. Each offer to each employee cannot exceed a market value of $1,000. The consideration for each share offered will be nil unless otherwise determined by the Board. Shares may not be offered to employees who are ineligible, being employees with legal or beneficial interest in more than 5% of the Company or who control or may cast more than 5% of the maximum votes at a general meeting of the Company. The total number of shares issued pursuant to the Employee Share Plan at the date of this report is 973,114 (2003: 625,715). The following table lists the number of shares issued by tranche since the inception of the plan:

Date of Issue	Number of shares	Rounded Unit Price $	Value of tranche $'000
5/2/2001	60,168	1.81	109
5/10/2001	64,872	1.57	102
21/1/2002	74,765	1.27	95
19/7/2002	125,280	0.77	96
6/2/2003	130,986	0.87	114
21/7/2003	169,644	0.79	134
23/1/2004	154,583	0.93	144
15/7/2004	192,816	0.75	145
Total	973,114		939

NOTES TO THE FINANCIAL STATEMENTS

27. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS (CONTINUED)

Selective Share Plan

Under the Selective Share Plan (SSP) and pursuant to the IPO, the Company has offered shares to selected persons on set offer dates. The participants are limited to 17 individuals named in the schedule to the SSP. As at the date of this report all shares under the plan have been issued. The consideration for each share offered was $nil. The set offer dates are provided below.

Date	Number of shares	Status
3 July 2002	432,393	Issued during the 2003 financial year

Superannuation Commitments

Contributions are made by the Company in accordance with the relevant statutory requirements. Contributions by the Company for the year ended 30 June 2004 were 9% (2003: 9%) of employee's wages and salaries which are legally enforceable in Australia. The superannuation plans provide accumulation benefits.

28. CONTINGENT LIABILITIES

(a) Interlocking Guarantees

The bank loan drawings have been made pursuant to a multi-currency cash advance facility. The facility has been provided on the condition of interlocking guarantees between the Parent entity and its controlled entities (the guarantors).

29. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Specified Directors and Specified Executives

(i) Specified directors

Richard Graham	Chairman & Chief Executive Officer
Andrew Pattinson	Managing Director – IFM Europe Ltd
Barry Ford	Non-executive Director
Myer Herszberg	Non-executive Director
Geoffrey Henderson	Non-executive Director
Frances Hernon	Non-executive Director

(ii) Specified executives

Gary Martin	General Manager – Electronic Catalogue Division
Guy Bryant	Director Of Technology
Peter Adams	Chief Financial Officer
Nick Georges	Company Secretary and Legal Counsel
Michael Roach	General Manager – Data Management Division

NOTES TO THE FINANCIAL STATEMENTS

(b) Remuneration of Specified Directors and Specified Executives

The Remuneration & Nomination Committee of the Board of Directors is responsible for reviewing compensation arrangements for the directors and the executive team. The Remuneration & Nomination Committee assesses the appropriateness of the nature and amount of these emoluments on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

The nature and amount of executive directors' and officers' emoluments was determined with regard to a number of factors, including the individual's specific responsibilities and performance, market benchmarking, and the Company's overall financial performance.

Each executive director and officer has an employment contract with the company. The contracts provide a notice period not exceeding six months. At the date of this report, the employment contract with the Chief Executive Officer was subject to renewal.

(ii) Remuneration of Specified Directors and Specified Executives

	Primary			Post Employment	Equity		Total
	Salary & Fees	Cash Bonus	Non Monetary Benefits	Superannuation	Options	Employee/ Selective Share Plan	
Specified Directors							
Andrew Pattinson	**237,445**	**18,000**	**-**	**21,033**	**33,760**	**-**	**310,238**
Richard Graham	**197,697**	**-**	**28,554**	**17,635**	**-**	**-**	**243,886**
Barry Ford	**42,800**	**-**	**-**	**3,875**	**-**	**-**	**46,675**
Myer Herszberg	**42,800**	**-**	**-**	**3,875**	**-**	**-**	**46,675**
Geoffrey Henderson	**42,800**	**-**	**-**	**3,875**	**-**	**-**	**46,675**
Frances Hernon	**42,800**	**-**	**-**	**3,875**	**-**	**-**	**46,675**
Total Remuneration: Specified Directors							
2004	**606,342**	**18,000**	**28,554**	**54,168**	**33,760**	**-**	**740,824**
2003	474,082	-	9,210	44,384	39,747	296,498	863,921
Specified Executives							
Gary Martin	**147,616**	**24,000**	**19,650**	**13,113**	**33,760**	**2,000**	**240,139**
Guy Bryant	**158,304**	**24,000**	**1,497**	**13,947**	**8,149**	**2,000**	**207,897**
Nick Georges	**140,929**	**12,000**	**-**	**12,519**	**33,760**	**2,000**	**201,208**
Peter Adams	**145,104**	**12,000**	**-**	**12,816**	**5,220**	**2,000**	**177,140**
Michael Roach	**108,114**	**6,000**	**-**	**9,619**	**3,480**	**2,000**	**129,213**
Total Remuneration: Specified Executives							
2004	**700,067**	**78,000**	**21,147**	**62,014**	**84,369**	**10,000**	**955,597**
2003	642,380	-	11,668	46,675	77,960	9,000	787,683

NOTES TO THE FINANCIAL STATEMENTS

(c) Remuneration options: Granted and vested during the year

During the financial year options were granted as equity compensation benefits to certain specified directors and certain specified executives as disclosed below. The options were issued free of charge. The options may only be exercised one year after grant date and expire three years from grant date. The options granted vest proportionately over a three year period.

	Terms & Conditions for Each Grant						
	Vested Number	Granted during the year - Number	Grant Date	Value per option at grant date ($)	Exercise Price per share ($)	First exercise Date	Last exercise Date
Specified Directors							
Andrew Pattinson	388,000						
Specified Executives							
Gary Martin	388,000						
Nick Georges	388,000						
Guy Bryant	60,000	450,000	24/5/2004	0.19	0.75	24/5/2005	31/5/2007
Peter Adams	60,000						
Michael Roach	40,000						

(d) Shares issued on exercise of remuneration options

No options were exercised during the year by either specified directors or specified executives.

(e) Option holdings of specified directors and specified executives

	Balance at beginning of period	Granted as Remuneration	Options Exercised	Net change other	Balance at end of period	Vested at 30 June 2004		
	1 July 2003				30 June 2004	Total	Not exercisable	Exercisable
Specified Directors								
Andrew Pattinson	648,000	-	-	(66,000)	582,000	388,000	-	388,000
Geoffrey Henderson	100,000	-	-	(100,000)	-	-	-	-
Specified Executives								
Gary Martin	648,000	-	-	(66,000)	582,000	388,000	-	388,000
Nick Georges	648,000	-	-	(66,000)	582,000	388,000	-	388,000
Guy Bryant	540,000	450,000	-	(450,000)	540,000	60,000	-	60,000
Peter Adams	189,750	-	-	(99,750)	90,000	60,000	-	60,000
Michael Roach	90,000	-	-	(30,000)	60,000	40,000	-	40,000
	2,863,750	450,000	-	(877,750)	2,436,000	1,324,000	-	1,324,000

NOTES TO THE FINANCIAL STATEMENTS

(f) Shareholdings of Specified Directors and Specified Executives

Shares held in Infomedia Ltd (number)	Balance 1 July 2003	Granted as remuneration	On exercise of options	Net change other	Balance 30 June 2004
Specified Directors					
Richard Graham	102,204,060	-	-	-	102,204,060
Myer Herszberg	39,421,599	-	-	-	39,421,599
Andrew Pattinson	4,407,716	-	-	-	4,407,716
Barry Ford	116,666	-	-	-	116,666
Frances Hernon	5,000	-	-	-	5,000
Geoffrey Henderson	-	-	-	-	-
Specified Executives					
Gary Martin	1,685,538	2,347	-	(979,967)	707,918
Nick Georges	274,845	2,347	-	(260,416)	16,776
Michael Roach	6,929	2,347	-	-	9,276
Peter Adams	15,929	2,347	-	(11,500)	6,776
Guy Bryant	2,454	2,347	-	-	4,801
Total	148,140,736	11,735	-	(1,251,883)	146,900,588

All equity transactions with specified directors and specified executives other than those arising from the exercise of remuneration options and remuneration shares have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm' length.

(g) Loans to specified directors and specified executives

There were no loans at the beginning or the end of the reporting period to specified directors and specified executives. No loans were made available during the reporting period to specified directors or specified executives.

(h) Other transactions and balances with specified directors and specified executives

(i) Infomedia Ltd rents office space from Wiser Laboratory Pty Limited, a company in which Richard Graham is a director. The total rent payments for the year ended 30 June 2004 of $256,044 (2003: $277,999) were on commercial terms.

(ii) Infomedia Ltd rents office space from Richard Graham. The total rent payments for the year ended 30 June 2004 of $163,382 (2003: $171,713) were on commercial terms.

(iii) Infomedia Ltd rents office space to Wiser Laboratory Pty Limited, a company in which Richard Graham is a director. The total rent receipts for the year ended 30 June 2004 of $8,600 (2003: $10,053) were on commercial terms.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004	Notes	CONSOLIDATED		INFOMEDIA LTD	
		2004	2003	**2004**	2003
		$	$	**$**	$
30. AUDITORS' REMUNERATION					
Amounts received or due and receivable by the auditors of Infomedia Ltd for:					
– an audit or review of the financial report of the entity and any other entity in the consolidated entity		**143,000**	130,000	**113,050**	110,500
– other services in relation to the entity and any other entity in the consolidated entity		**41,077**	145,645	**41,077**	123,322
		184,077	275,645	**154,127**	233,822

31. RELATED PARTY DISCLOSURES

Ultimate Parent

Infomedia Ltd is the ultimate Australian parent company

Wholly-owned group transactions

(a) An unsecured, interest bearing loan of $18,987,298 (2003: $2,283,970) remains owing from Infomedia Investments Pty Limited to Infomedia Ltd. Interest is charged at commercial rates.

(b) An unsecured, interest free loan of $146,818 was repaid to Infomedia Investments Pty Limited by Infomedia Ltd.

(c) An unsecured, interest free loan of $2,753,338 (2003: $2,840,933) remains owing from Datateck Publishing Pty Limited to Infomedia Ltd. The loan is repayable in seven days upon demand.

(d) An unsecured, interest free loan of $1,350,873 (2003: $1,763,423) remains owing from AutoConsulting Pty Limited to Infomedia Ltd. The loan is repayable in seven days upon demand.

(d) An unsecured, interest free loan of $104,304 (2003: $nil) remains owing from IFM Europe Ltd to Infomedia Ltd. The loan is repayable in seven days upon demand.

(e) During the year a management fee of $1,097,484 (2003: $1,097,484) was paid to Datateck Publishing Pty Limited by Infomedia Ltd.

NOTES TO THE FINANCIAL STATEMENTS

32. SEGMENT INFORMATION

PRIMARY SEGMENT

30 June 2004

Business Segments	Notes	Electronic Catalogue Division $'000	Other Divisions $'000	Eliminations $'000	Total $'000
REVENUE					
Sales revenue		62,868	6,699	-	69,567
Other revenue		495	-	-	495
Intersegment revenue		-	717	(717)	-
Total segment revenue		63,363	7,416	(717)	70,062
Unallocated revenue:					
Interest revenue					428
Proceeds from sale of non current assets					2,515
Total consolidated revenue	2(i)				73,005
RESULTS					
Segment result		32,091	(2,508)	-	29,583
Unallocated items:					
Interest revenue					428
Borrowing costs					(283)
Consolidated entity profit from ordinary activities before income tax expense					29,728
Income tax expense	3				(9,042)
Consolidated entity profit from ordinary activities after income tax expense					20,686
ASSETS					
Segment assets		55,879	6,656	-	62,535
Unallocated assets:					
Cash					6,887
Total Assets					69,422
LIABILITIES					
Segment liabilities		16,724	1,177	-	17,901
Other segment information:					
Acquisition of property, plant and equipment, intangible assets and other non-current assets		20,569	532	-	21,101
Depreciation	2(ii)	1,597	624	-	2,221
Amortisation	2(ii)	2,824	1,052	-	3,876

NOTES TO THE FINANCIAL STATEMENTS

32. SEGMENT INFORMATION (CONT'D)

PRIMARY SEGMENT (CONT'D)

30 June 2003

Business Segments	Notes	Electronic Catalogue Division $'000	Other Divisions $'000	Eliminations $'000	Total $'000
REVENUE					
Sales revenue		56,739	5,074	-	61,813
Other revenue		116	-	-	116
Intersegment revenue		-	660	(660)	-
Total segment revenue		56,855	5,734	(660)	61,929
Unallocated revenue:					
Interest revenue					723
Total consolidated revenue	2(i)				62,652
RESULTS					
Segment result		28,192	(2,330)	-	25,862
Unallocated items:					
Interest revenue					723
Borrowing costs					(348)
Consolidated entity profit from ordinary activities before income tax expense					26,237
Income tax expense	3				7,912
Consolidated entity profit from ordinary activities after income tax expense					18,325
ASSETS					
Segment assets		41,376	6,884	-	48,260
Unallocated assets:					
Cash					19,352
Total Assets					67,612
LIABILITIES					
Segment liabilities		23,105	1,357	-	24,462
Other segment information:					
Acquisition of property, plant and equipment, intangible assets and other non-current assets		23,571	2,016	-	25,587
Depreciation	2(ii)	901	511	-	1,412
Amortisation	2(ii)	2,445	908	-	3,353

SECONDARY SEGMENT

While the products of the consolidated entity are used globally, the Company has only one material distinguishable geographical segment, Australia.

NOTES TO THE FINANCIAL STATEMENTS

32. SEGMENT INFORMATION (Continued)

Segment products and locations

The consolidated entity's operating divisions are organised and managed separately according to the nature of the products and the services they provide, with each segment offering different products. Infomedia's core business involves the production of the Microcat and Partfinder electronic parts catalogues. These systems are specialised business tools designed to make the selection and sale of replacement parts fast, easy and accurate.

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

All products are sourced from Australia.

Segment accounting policies

The group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Segment accounting polices are the same as the consolidated entity's accounting policies described in Note 1. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004

33. FINANCIAL INSTRUMENTS

33 (a) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities at the balance date are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Fixed interest rate maturing in: Over 1 to 5 years		Fixed interest rate maturing in: More than 5 years		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 %	2003 %
(i) Financial assets														
Cash	6,887	19,352	-	-	-	-	-	-	-	-	6,887	19,352	4.25	4.30
Receivables – trade	-	-		-		-	-	-	8,346	6,191	8,346	6,191	N/A	N/A
Net foreign currency forward contracts	-	-	-	-	-	-	-	-	765	2,995	765	2,995	N/A	N/A
Total financial assets	6,887	19,352	-	-	-	-	-	-	9,111	9,186	15,998	28,538		
(ii) Financial liabilities														
Trade and other creditors	-	-	-	-	-	-	-	-	5,103	3,823	5,103	3,823	N/A	N/A
Bank loans	4,173	10,498	-	-	-	-	-	-	-	-	4,173	10,498	3.64	2.08
Finance lease liability	-	-	-	14	-	-	-	-	-	-	-	14	N/A	8.26
Interest rate cap	(4,173)	(10,498)	-	2,370	4,173	8,128	-	-	-	-	-	-	2.68	2.68
Total financial liabilities	-	-	-	2,384	4,173	8,128	-	-	5,103	3,823	9,276	14,335		

N/A – not applicable for non-interest bearing financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004

33. FINANCIAL INSTRUMENTS (CONTINUED)

33(b) Terms, conditions and accounting policies

(i) The consolidated entity's policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised at balance date, are as follows:

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
(i) Financial Assets			
Receivables – trade	6	Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer possible.	Credit sales are on terms up to 30 days.
Unlisted Shares	10,11	Unlisted shares are carried at the lower of cost or recoverable amount. Dividend income is recognised when dividends are declared by the investee.	The unlisted shares held at balance date are ordinary shares.
(ii) Financial Liabilities			
Trade and other creditors	16	Liabilities are recognised for amounts to be paid in the future for goods ad services received, whether or not billed to the Company.	Trade liabilities are normally settled in 30 day terms.
Finance lease liability	17,20	The lease liability is accounted for in accordance with AASB 1008.	As at balance date, the Company had an average finance lease term of three years. The average discount rate implicit in the lease is 8%. The security over finance leases is disclosed in notes 17 and 20.
(iii) Equity			
Ordinary Shares	22	Ordinary share capital is recognised at the fair value of the consideration received by the Company.	Details of shares issued at balance date are set out in note 22.
(iv) Derivatives			
Forward Exchange Contracts	34(d)	The consolidated entity enters into forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined rate. The objective is to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are charged to the profit and loss except those relating to hedges of specific commitments which are deferred and included in the measurement of specific commitments which are deferred and included in the measurement of the sale or purchase.	

33 (c) Net fair values

All financial assets and financial liabilities have been recognised at the balance date at their net fair values. There were no unrecognised financial assets or financial liabilities at the balance date.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2004

33. FINANCIAL INSTRUMENTS (CONTINUED)

33 (d) Credit risk exposure

The consolidated entity's maximum exposures to credit risk at balance date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet. The maximum credit risk does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The consolidated entity's maximum credit risk exposure in relation to these is as follows:

Forward exchange contracts – the full amount of the currency it will be required to pay or purchase when settling the forward exchange contract, should the counterparty not pay the currency it is committed to deliver to the company. At balance date the net amount was $765,000 (2003: $2,995,000).

Concentrations of credit risk

A majority of the consolidated entity's electronic cataloguing sales are invoiced directly to vehicle manufacturers or their national distributors. Consequently, rather than the consolidated entity collecting individual sales subscriptions from individual subscribers, it receives monthly payments from a small number of credible companies.

Credit risk in trade receivables is managed in the following ways:

- credit sales are on terms up to 30 days;
- an agent acts on the company's behalf in foreign locations;
- subscribers must sign a standard user agreement, accepting terms and conditions.

34. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

Infomedia Ltd has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The company has allocated internal resources and engaged expert consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, Infomedia has graded impact areas as either high, medium or low and has established dedicated project teams to address each of the areas in order of priority as represented by the gradings. As Infomedia has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when Infomedia prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of Infomedia. At this stage the company has not been able to reliably quantify the impacts on the financial report.

Hedge Accounting

Under AASB 139 *Financial Instruments: Recognition and Measurement* in order to achieve a qualifying hedge, the entity is required to meet the following criteria:

- Identified the type of hedge - fair value or cash flow;
- Identify the hedged item or transaction;
- Identify the nature of the risk being hedged;
- Identify the hedging instrument;
- Demonstrate that the hedge has and will continue to be highly effective; and
- Document the hedging relationship, including the risk management objectives and strategy for undertaking the hedge and how effectiveness will be tested.

This will result in a change in the entity's current accounting policy which applies hedge accounting to its sales revenue under forward foreign exchange contracts. The contracts are specific hedges and will be separately identified and documented in accordance with the requirements of IAS 39. Under the new policy hedge accounting will require mark to market valuations with the movements directly recorded in an equity reserve.

NOTES TO THE FINANCIAL STATEMENTS

34. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS (CONTINUED)

Goodwill

Under the Australian equivalent to IFRS 3 *Business Combinations* goodwill will no longer be able to be amortised but instead will be subject to annual impairment testing. This will result in a change in the group's current accounting policy which amortises goodwill over its useful life but not exceeding 10 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Impairment of Assets

Under the Australian equivalent to IAS 36 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Under the new standard there are more stringent tests that increase the risk that impairment of assets may occur and potentially lead to future write-downs.

Share based payments

Under AASB 2 *Share based Payments*, the company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration such as Infomedia's Employee Share Plan. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown.

Only 450,000 options have been issued after 7 November 2002 and remain outstanding at balance date. The notional expense to 30 June 2004 pertaining to these options is $3,000 and will reduce opening retained earnings upon transition.

The value of shares issued under the employee share plan after 7 November 2002 to balance date and not recorded as an expense was $392,000 and will reduce opening retained earnings upon transition.

DIRECTORS' DECLARATION

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

(1) In the opinion of the directors:

(a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

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

On behalf of the Board

Richard David Graham
Chairman

Sydney, 25 August 2004

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Independent audit report to members of Infomedia Ltd

Matters relating to the Electronic Presentation of the Audited Financial Report
This audit report relates to the financial report of Infomedia Ltd (the company) for the year ended 30 June 2004 included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of the company's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope
The financial report and directors' responsibility
The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the company and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach
We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence
We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion
In our opinion, the financial report of Infomedia Ltd is in accordance with:

(a) the Corporations Act 2001, including:
  (i) giving a true and fair view of the financial position of Infomedia Ltd and the consolidated entity at 30 June 2004 and of their performance for the year ended on that date; and
  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Ernst + Young

Ernst & Young

JKHaydon

J K Haydon
Partner
Sydney, 25 August 2004