

Infomedia Ltd

ABN 63 003 326 243

Appendix 4E

Year Ended 30 June 2010

CONTENTS

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

Appendix 4E

Preliminary final report

Name of entity

Infomedia Ltd

ABN or equivalent company reference

A.B.N 63 003 326 243

Half yearly
(tick)

Preliminary
final (tick)

Financial year ended ('current period')

12 months ended 30 June 2010

Results for announcement to the market

		\$A'000
Sales revenue	Down	17% to 45,339
Profit after income tax attributable to members	Up	8% to 11,336
Profit (loss) from extraordinary items after tax attributable to members		Nil
Net profit for the period attributable to members	Up	8% to 11,336
Dividends (distributions)		
	Amount per security	Franked amount per security
Current Year:		
Final dividend – declared and not paid	1.2¢	0¢
Special dividend – paid	-	-
Interim dividend – paid	1.2¢	0¢
Previous Corresponding Period:		
Final dividend	2.1¢	0.7¢
Special dividend	-	-
Interim dividend	0.7¢	0.7¢
Record date for determining entitlements to the dividend	7 September 2010	
Date the dividends are payable	21 September 2010	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		

Infomedia Ltd

Year Ended 30 June 2010

The report is based on accounts that have been audited.

Commentary on the results for the period:

The earnings per security and nature of any dilution aspects:

Earnings per share were 3.66 cents (2009: 3.32 cents). Refer to income statement and note 5 to the accounts for more information.

Net Tangible Assets per security

The Company's net tangible assets per security are as follows:

	Cents
• Net tangible assets per share at 30 June 2010	1.7
• Net tangible assets per share at 30 June 2009	3.4

Return to shareholders including distributions and buy backs:

Final dividend distributions:

The Company is pleased to advise a final dividend payment of 1.2 cents unfranked which together with the interim dividend of 1.2 cents and share buy back reflects a payout ratio of 80% of net profit after tax reported for the full year. The record date to determine entitlements to the dividend distribution is 7 September 2010 and the date on which the dividend is payable is 21 September 2010.

Significant features of operating performance:

The Company reports net profit after tax of \$11,336,000 for the 2010 financial year which is within the range previously advised in its guidance, released to the market on 11 December 2009.

The Company's reported sales revenue for the year was \$45,339,000 which represents a 16.6% reduction over the previous corresponding period. The major cause of the reduction in sales revenue was due to the strengthening of the Australian dollar over the 2010 financial year. As part of the Company's foreign currency hedging program, favourable hedge translation rates were achieved. The effect of these, whilst not included in the sales revenue number, had a significant positive impact on the net profit and is shown separately within the statutory accounts.

In constant currency terms, revenue decreased by \$2.9 million. The impact of a \$3.9 million revenue reduction from the conclusion of a previously disclosed data licence was offset by organic growth from Electronic Parts Catalogues, Superservice Menus™ and the Company's newest parts solution for the collision industry, Auto PartsBridge™.

During the year the Company signed a new extended lease on its headquarters in Sydney. The new lease led to provisions of approximately \$900,000 pre tax to be credited to the profit and loss account during the year. The Company also saw an improvement in its debtor position and consequently reduced its provision for doubtful debts by \$283,000, which had the impact of increasing its pre tax profit by the same amount. The net profit result included a tax adjustment of \$488,000 down from the previous corresponding period of \$1,067,000. This had the effect of increasing the Company's effective tax rate from 17.5% in 2009 to 21.8% in 2010. The Company anticipates its 2011 effective tax rate to return closer to historical averages.

Cash flows from operations increased to \$10,174,000 primarily due to the absence of an advanced royalty paid in 2009.

During the year the Company repurchased 6,694,918 shares for \$1,732,000 under its buy back program.

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

Details of segmental results are located in the Financial Report (Note 24).

A discussion of trends in performance:

In the year ahead the Company expects to continue to release its internet-based products. The company expects to continue increasing Superservice Menu™ revenue.

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

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

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

Infomedia Ltd

ABN 63 003 326 243

Annual Financial Report
for the year ended 30 June 2010



ABN 63 003 326 243

Directors

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

Company Secretary

Nick Georges

Chief Financial Officer

Jonathan Pollard

Registered Office

357 Warringah Road
Frenchs Forest NSW Australia 2086

Auditors

Ernst & Young

Share Register

Registries Ltd

Solicitors

Thomson Playford Lawyers

Internet Address

www.infomedia.com.au

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DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2010.

DIRECTORS

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

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
Non-executive Chairman

Mr Richard Graham has held senior management positions in the American and Australian computer industry since 1977. Mr Graham co-founded the Company in 1988 and was its Chairman and Managing Director/CEO from its establishment until he retired as CEO in December 2004. Since then Mr Graham has continued as Chairman.

Mr Graham was last re-elected to the Board in October 2008

Gary Martin
Chief Executive Officer

Gary Martin was promoted to the position of Chief Executive Officer on 1 January 2005. Mr Martin has extensive experience in the automotive industry. He has been with Infomedia since 1998, when he joined the Company as International Sales Manager. Mr Martin was appointed as General Manager, Electronic Catalogues Division in August 2001. Prior to joining Infomedia, he had 12 years of experience at automotive dealerships, including as General Manager, Parts & Accessories of a large multi-franchised dealership group. In his time with Ford dealers, Mr Martin was awarded the Ford Management Excellence Award in four consecutive years and participated on various Automaker committees.

Mr Martin was elected to the Board in October 2004.

Frances Heron
Non-executive Director

Frances Heron was appointed to the Infomedia Board of Directors on 19 June 2000. Ms Heron 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 Heron is currently Corporate Affairs Manager for Nestlé Australia Ltd.

Ms Heron currently serves on the Audit, Risk & Governance Committee and also serves the Board as Lead Non-executive Director for all matters that formerly fell within the ambit of the Remuneration & Nomination Committee.

Ms Heron was last re-elected to the Board in October 2009.

Myer Herszberg
Non-executive Director

Myer Herszberg has been a Director of Infomedia since 1992. Mr Herszberg has extensive consumer electronics experience and was active in bringing home computers to Australia in the early 1980s as well as many other leading edge electronic products. He also has extensive experience in the commercial property market, and is active in a number of community service organisations. Mr Herszberg currently serves on the Company's Audit, Risk & Governance Committee.

Mr Herszberg was last re-elected to the Board in October 2008.

DIRECTORS' REPORT

Directors (Continued)

Andrew Moffat
Non-executive Director
(Chairman of Audit, Risk &
Corporate Governance
Committee)

Andrew Moffat was appointed to the Infomedia Board of Directors on 31 March 2005. Mr Moffat has more than 20 years of corporate and investment banking experience and is the sole principal of Cowoso Capital Pty Ltd, a company providing strategic corporate advisory services. Andrew was a Director of Equity Capital Markets & Advisory for BNP Paribas Equities (Australia) Limited with principal responsibility for mergers and acquisition advisory services and a range of equity capital raising mandates including placements, initial public offerings, rights issues and dividend reinvestment plan underwritings. His corporate banking experience was gained whilst working in the United Kingdom and Australia with Standard Chartered Bank Group, National Westminster Banking Group and BNP Paribas.

Mr Moffat was last re-elected to the Board in October 2007.

COMPANY SECRETARY

Nick Georges
General Counsel &
Company Secretary

Nick Georges is a qualified lawyer, admitted to the Supreme Courts of Victoria in 1991 and New South Wales in 1999. Prior to joining Infomedia and becoming its General Counsel & Company Secretary in 1999, Mr Georges worked in general practice as a solicitor in Victoria before moving to Sydney to take up an executive role with Altium Limited where he obtained extensive experience in the information technology industry.

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

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

	Infomedia Ltd	
	Ordinary Shares fully paid	Options over Ordinary Shares
Wiser Equity Pty Limited	101,076,028	-
Yarragene Pty Limited	23,421,589	-
Wiser Centre Pty Limited	1,000,000	-
Richard Graham	926,559	-
Gary Martin	655,590	1,000,000
Andrew Moffat	300,000	-
Frances Hernon	5,000	-

Richard Graham is the sole Director and beneficial shareholder of Wiser Equity Pty Limited. Richard Graham is a Director of Wiser Centre Pty Limited, trustee for the Wiser Centre Pty Ltd Superannuation Fund. Myer Herszberg is a Director and major shareholder of Yarragene Pty Limited.

Directorships of other publicly listed entities

During the past five years, Andrew Moffat has been the non-executive director of Cash Converters Ltd. He is chairman of Pacific Star Network Limited and also a non-executive Director of Rubik Financial Limited and itX Group Limited.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

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

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

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

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

EMPLOYEES

The company employed 225 (2009: 240) full time employees as at 30 June 2010.

DIVIDENDS

	Cents	\$'000
Final dividends recommended:		
On ordinary shares – final – unfranked	1.2	3,644
Dividends paid in the year:		
On ordinary shares – 2010 interim – unfranked	1.2	3,729
Final for the 2009 year:		
On ordinary shares – as recommended in the 2009 report, franked at 0.7c	2.1	6,534

NET TANGIBLE ASSETS PER SECURITY

	Cents
The Company's net tangible assets per security are as follows:	
• Net tangible assets per share at 30 June 2010	1.7
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REVIEW AND RESULTS OF OPERATIONS

The following table presents sales revenue and profit after tax. There were no non-recurring significant items during the 2009 or 2010 financial years:

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
Sales revenue	45,339	54,342
Foreign exchange movement on hedges closed out during the period	5,181	(3,024)
	50,520	51,317
Profit after tax	11,336	10,536

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

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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

The Chief Executive Officer notified the Board that he will not be seeking to renew his service agreement when it expires on 31 December 2010. Other than this, 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

In the year ahead the Company expects to continue to release its internet-based products. The company expects to continue increasing Superservice Menu™ revenue.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

SHARE OPTIONS

Unissued shares

At the date of this report, there were 2,150,000 unissued ordinary shares under options. Refer to Note 19 of the financial statements for further details of the options outstanding.

Shares issued as a result of the exercise of options

There were no shares issued as a result of the exercise of options during the year. Since the end of the financial year there have been no options 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.

REMUNERATION REPORT – AUDITED

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Details of Key Management Personnel

(i) Directors

Richard Graham	Non-executive Chairman
Gary Martin	Chief Executive Officer
Myer Herszberg	Non-executive Director
Frances Hernon	Non-executive Director
Andrew Moffat	Non-executive Director

(ii) Executives

Jonathan Pollard	Chief Financial Officer
Michael Bodner*	Chief Information Officer
Nick Georges	Company Secretary and Legal Counsel
Andrew Pattinson	Director of Operations and Global Solutions
Michael Roach	Director of Sales & General Manager Asia Pacific

*resigned 31 May 2010

Compensation Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives. To this end, the Company embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Establish appropriate performance hurdles in relation to variable executive compensation.

Remuneration Decisions

Ms. Hernon, in her capacity as lead director for all matters that formally fell within the former Remuneration & Nomination Committee of the Board of Directors is responsible for recommending to the Board the Company's remuneration and compensation policy arrangements for all Key Management Personnel. Ms. Hernon, together with the non-executive members of the Board assess the appropriateness of the nature and amount of these emoluments on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Compensation Structure

In accordance with best practice corporate governance recommendations, the structure of non-executive Director and senior executive compensation is separate and distinct.

Non-executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level which provides the Company with the ability to attract and retain Directors of appropriate calibre, whilst incurring a cost which is acceptable to shareholders.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED) – AUDITED

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then available between the Directors as appropriate (for the year ending 30 June 2010 non-executive Directors' compensation totalled \$309,341 (2009: \$309,341). The latest determination was at the Annual General Meeting held on 30 October 2002 when shareholders approved a maximum aggregate compensation of \$450,000 per year.

The Board has historically considered the advice from external consultants as well as the fees paid to non-executive Directors of comparable companies when undertaking a review process.

Senior Executive and Executive Director Compensation

Objective

The Company aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of executive compensation, the Remuneration Committee engages an external consultant from time to time to provide independent advice in the form of a written report detailing market levels of compensation for comparable executive roles.

Compensation consists of the following key elements:

- Fixed Compensation;
- Variable Compensation - Short Term Incentive ('STI'); and
- Variable Compensation - Long Term Incentive ('LTI').

The actual proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for Key Management Personnel (excluding the CEO and non-executive Directors) by the CEO in conjunction with the lead director (Ms. Hernon) for all remuneration matters, and in the case of the CEO, by the Chairman of the Board in conjunction with Ms. Hernon. Other executive salaries are determined by the CEO with reference to market conditions.

Fixed Compensation

Objective

The level of fixed compensation is set so as to provide a base level of compensation which is both appropriate to the position and is competitive in the market. Fixed compensation is reviewed periodically by the CEO in conjunction with Ms. Hernon for the Key Management Personnel (excluding the CEO and non-executive Directors), and in the case of the CEO, by the Chairman of the Board in conjunction with Ms. Hernon. All other executive positions are reviewed periodically by the CEO. As noted above, Ms. Hernon has access to external advice independent of management.

Structure

Executives are given the opportunity to receive their fixed (primary) compensation in a variety of forms including cash or other designated employee expenditure such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED) - AUDITED

Variable Compensation – Short Term Incentive (STI)

Objective

The objective of short term compensation is to link the achievement of both individual performance and Company performance with the compensation received by the executive.

Structure

The structure of short term compensation is a cash bonus dependent upon a combination of individual performance objectives and Company objectives being met. This reflects the Company wide practice of 'Performance Planning & Review' (PPR) procedures. Individual performance objectives centre on key focus areas. Company objectives include achieving budgetary targets that are set at the commencement of the financial year (adjusted where necessary for currency fluctuations).

These performance conditions were chosen, in the case of individual performance objectives, to promote and maintain the individual's focus on their own contribution to the Company's strategic objectives through individual achievement in key result areas (KRAs) which include, for example, 'leadership', 'decision making', 'results' and 'risk management'. In the case of Company objectives, budgetary performance conditions were chosen to promote and maintain a collaborative, Company wide focus on the achievement of those targets.

In assessing whether an individual performance condition has been satisfied, pre-agreed key performance indicators (KPIs) are used. In assessing whether Company objectives have been satisfied, Board level pre-determined budgetary targets are used. These methods have been chosen to create clear and measurable performance targets.

Variable Compensation – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner which aligns this element of compensation with the creation of shareholder wealth. As such LTI grants are made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long term performance hurdle.

Structure

The structure of long term compensation is in the form of share options pursuant to the employee option and employee share plans. Performance hurdles have been introduced for all share options issued after 31 December 2004 and are determined upon grant of those share options. These hurdles typically relate to the Company's share price reaching or exceeding a particular level. These methods were chosen to create clear and measurable performance expectations.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED) - AUDITED

Key Management Personnel and the five highest remunerated specified executives for the year ended 30 June 2010 and 30 June 2009.

	Short-Term			Post Employment	Share Based Payments	Long Service leave	Termination payments	Total	Percentage Performance Related
	Salary & Fees	Bonus	Non Monetary Benefits	Superannuation	Options				
	\$	\$	\$	\$	\$	\$	\$	\$	%
2010 Financial Year:									
<u>Directors:</u>									
Richard Graham	115,000	-	-	10,350	-	-	-	125,350	-
Gary Martin	300,000	60,000	-	27,000	14,976	5,000	-	406,976	15%
Myer Herszberg	56,300	-	-	5,067	-	-	-	61,367	-
Frances Hernon	56,250	-	-	5,062	-	-	-	61,312	-
Andrew Moffat	56,250	-	-	5,062	-	-	-	61,312	-
<u>Executives:</u>									
Andrew Pattinson	280,000	36,800	-	25,200	3,629	4,667	-	350,296	10%
Michael Bodner*	240,038	-	13,840	-	8,770	-	130,930	393,578	-
Michael Roach	200,000	32,000	-	18,000	3,486	3,333	-	256,819	12%
Nick Georges	190,000	29,975	-	17,100	3,744	3,167	-	243,986	12%
Jonathan Pollard	180,000	21,600	-	16,200	5,442	1,800	-	225,042	10%
	1,673,838	180,375	13,840	129,041	40,047	17,967	130,930	2,186,038	
2009 Financial Year:									
<u>Directors:</u>									
Richard Graham	115,000	-	-	10,350	-	-	-	125,350	-
Gary Martin	300,000	105,000	-	27,000	34,524	5,000	-	471,524	22%
Myer Herszberg	56,300	-	-	5,067	-	-	-	61,367	-
Frances Hernon	56,250	-	-	5,062	-	-	-	61,312	-
Andrew Moffat	56,250	-	-	5,062	-	-	-	61,312	-
<u>Executives:</u>									
Andrew Pattinson	288,952	49,377	65,578	26,006	1,960	4,667	-	436,540	11%
Michael Bodner	304,169	66,928	16,031	-	19,616	-	-	406,744	16%
Michael Roach	190,000	36,000	-	17,100	3,360	3,333	-	249,793	14%
Nick Georges	190,000	29,125	-	17,100	8,634	3,167	-	248,026	12%
Jonathan Pollard	172,784	43,512	-	15,504	6,930	1,500	-	240,230	18%
	1,729,705	329,942	81,609	128,251	75,024	17,667		2,362,198	

*Resigned 31 May 2010

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED) - AUDITED

Contract for Services

The table and notes below summarise current executive employment contracts with the Company as at the date of this report:

	Commencement date per latest contract	Duration	Notice Period - Company	Notice Period - Executive
Gary Martin**	1 January 2008	3 years	6 months*	6 months
Nick Georges	1 January 2008	3 years	6 months*	6 months
Jonathan Pollard	1 October 2008	3 years	3 months	3 months
Michael Roach	1 January 2009	3 years	3 months	3 months
Andrew Pattinson	1 February 2009	3 years	3 months	3 months

The Company may terminate each of the contracts at any time without notice if serious misconduct has occurred. Options that have not yet vested upon termination will be forfeited.

* In the event of redundancy, in addition to six months notice, the Company will provide the individual with a severance payment equivalent to three weeks' base salary for each completed year of continuous service with the Company provided however, that the minimum severance payment will be 26 weeks' base salary and the maximum severance payment will not exceed 52 weeks' base salary.

** As per the ASX announcement on 5 July 2010, Gary Martin notified the Board that he will not be seeking to renew his service agreement when it expires on 31 December 2010.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED) - AUDITED

Shares issued on exercise of compensation options (Consolidated)

No options were exercised during the year.

Compensation options: Granted during the year 30 June 2010

No options were granted during the year.

Compensation options: Vested during the year 30 June 2010

	Options Issued No.	Terms and Conditions for each Grant				Vested	
		Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	No.	%
Directors							
Gary Martin	1,000,000	1/1/2008	0.078	0.53	5/2/2011	666,666	66.6%
Executives							
Nick Georges	250,000	1/1/2008	0.078	0.53	5/2/2011	166,666	66.6%
Jonathan Pollard	250,000	1/10/2008	0.061	0.37	31/10/2011	83,333	33.3%
Michael Roach	250,000	1/1/2009	0.032	0.29	5/1/2012	83,333	33.3%
Andrew Pattinson	250,000	1/2/2009	0.031	0.29	5/2/2012	83,333	33.3%
Total	2,000,000					1,083,331	54.2%

Compensation options: Granted and vested during the year 30 June 2009

	Options Issued No.	Terms and Conditions for each Grant				Vested	
		Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	No.	%
Directors							
Gary Martin	1,000,000	1/1/2008	0.078	0.53	5/2/2011	333,333	33.3%
Executives							
Michael Bodner*	500,000	1/5/2008	0.071	0.42	13/4/2011	166,666	33.3%
Nick Georges	250,000	1/1/2008	0.078	0.53	5/2/2011	83,333	33.3%
Jonathan Pollard	250,000	1/10/2008	0.061	0.37	31/10/2011	-	-
Michael Roach	250,000	1/01/2009	0.032	0.29	5/01/2012	-	-
Andrew Pattinson	250,000	1/02/2009	0.031	0.29	5/02/2012	-	-
Total	2,500,000					583,332	23.3%

*Options expired on resignation 31 May 2010

DIRECTORS' REPORT

DIRECTORS' MEETINGS

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

	Directors' Meetings	Committee Meetings
		Audit, Risk & Governance
Number of meetings held:	8	3
Number of meetings attended:		
Richard Graham	8	-
Gary Martin	8	-
Myer Herszberg	6	3
Frances Hernon	7	3
Andrew Moffat	8	3

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.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received an auditor's independence declaration from the auditor of the Company (refer page 14).

NON-AUDIT SERVICES

Ernst & Young provided corporate advisory consulting services totaling \$47,825 during the financial year ended 30 June 2010. The directors are satisfied that the provision of non-audit services is compatible with the general standard of Independence for auditors imposed by the Corporations Act 2001. The nature and scope of the non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the Directors.



Richard David Graham

Chairman

Sydney, 24 August 2010

DIRECTORS' REPORT

REPLACE THIS PAGE WITH INDEPENDENCE CERTIFICATE

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 June 2010	Notes	CONSOLIDATED	
		2010	2009
		\$'000	\$'000
Sales revenue		45,339	54,341
Foreign exchange movement on hedges closed out during the period		5,181	(3,024)
		50,520	51,317
Cost of sales	3(i)	(21,904)	(22,107)
Gross Profit		28,616	29,210
Finance revenue		103	419
Employee benefits expense	3(ii)	(10,705)	(9,306)
Depreciation and amortisation	3(iii)	(3,745)	(3,442)
Finance costs		(36)	(61)
Operating lease rental		(1,167)	(1,373)
Other income/(expenses)		1,431	(2,674)
Profit before income tax		14,497	12,773
Income tax expense	4	(3,161)	(2,237)
Profit after income tax		11,336	10,536
Other comprehensive income			
Foreign currency translation differences for foreign operations		(290)	192
Effective cashflow hedges movement recognised in equity		(857)	2,351
Ineffective cashflow hedges gain/(loss) recognised in the profit and loss		-	-
Other comprehensive income/(expense) for the period, net of tax		(1,147)	2,543
Total comprehensive income for the period		10,189	13,079
Basic earnings per share (cents per share)	5	3.66	3.32
Diluted earnings per share (cents per share)	5	3.66	3.32
Dividends per share - ordinary (cents per share)	6	2.40	2.80

BALANCE SHEET

AT 30 June 2010	Notes	CONSOLIDATED	
		2010	2009
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents	17(b)	5,789	8,005
Trade and other receivables	7	4,160	4,396
Inventories	8	56	54
Prepayments		2,507	1,983
Derivatives	26	3,028	4,252
Income tax receivable		-	386
TOTAL CURRENT ASSETS		15,540	19,076
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,305	1,837
Prepayments		751	1,720
Intangible assets and goodwill	10	28,696	24,976
TOTAL NON-CURRENT ASSETS		30,752	28,533
TOTAL ASSETS		46,292	47,609
CURRENT LIABILITIES			
Trade and other payables	12	3,738	3,605
Provisions	13	2,000	2,400
Income tax payable		626	-
Deferred revenue	14	481	458
TOTAL CURRENT LIABILITIES		6,845	6,463
NON-CURRENT LIABILITIES			
Provisions	15	306	1,108
Deferred tax liabilities	4	5,400	4,534
TOTAL NON-CURRENT LIABILITIES		5,706	5,642
TOTAL LIABILITIES		12,551	12,105
NET ASSETS		33,741	35,504
EQUITY			
Contributed equity	16	11,131	12,863
Reserves	16	3,161	4,265
Retained profits		19,449	18,376
TOTAL EQUITY		33,741	35,504

CASH FLOW STATEMENT

YEAR ENDED 30 June 2010	Notes	CONSOLIDATED	
		2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		51,294	52,073
Payments to suppliers and employees		(40,348)	(45,016)
Interest received		103	419
Income tax paid		(875)	(2,272)
NET CASH FLOWS FROM OPERATING ACTIVITIES	17 (a)	10,174	5,204
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(395)	(801)
Purchase of intellectual property	10	-	(441)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(395)	(1,242)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buy back payment	16	(1,732)	(3,505)
Dividends paid on ordinary shares	6	(10,263)	(6,699)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(11,995)	(10,204)
NET (DECREASE) IN CASH HELD		(2,216)	(6,242)
Add opening cash brought forward		8,005	14,247
CLOSING CASH CARRIED FORWARD	17 (b)	5,789	8,005

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 June 2010

	CONSOLIDATED					Total \$'000
	Contributed equity	Retained earnings	Employee equity benefits reserve	Cashflow hedge reserve	Foreign currency translation reserve	
	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 July 2009	12,863	18,376	1,152	2,976	137	35,504
Profit for the period	-	11,336	-	-	-	11,336
Other comprehensive income	-	-	-	(857)	(290)	(1,147)
Total comprehensive income for the year	-	11,336	-	(857)	(290)	10,189
Share based payments	-	-	43	-	-	43
Share buy back	(1,732)	-	-	-	-	(1,732)
Equity dividends	-	(10,263)	-	-	-	(10,263)
At 30 June 2010	11,131	19,449	1,195	2,119	(153)	33,741

YEAR ENDED 30 June 2009

	CONSOLIDATED					Total \$'000
	Contributed equity	Retained earnings	Employee equity benefits reserve	Cashflow hedge reserve	Foreign currency translation reserve	
	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 July 2008	16,368	14,539	1,058	625	(55)	32,535
Profit for the period	-	10,536	-	-	-	10,536
Other comprehensive income	-	-	-	2,351	192	2,543
Total comprehensive income for the year	16,368	10,536	-	2,351	192	13,079
Share based payments	-	-	94	-	-	94
Share buy back	(3,505)	-	-	-	-	(3,505)
Equity dividends	-	(6,699)	-	-	-	(6,699)
At 30 June 2009	12,863	18,376	1,152	2,976	137	35,504

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

1. CORPORATE INFORMATION

The financial report of Infomedia Ltd for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 24 August 2010.

Infomedia Ltd is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

(b) Statement of compliance

This financial report complied with Australian Accounting Standards as issued by the Australian Accounting Standards Board. This financial report also complied with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

As a result of Corporate Reporting Reform Act 2010, effective for 30 June 2010 year end financial reporting, the Company is relieved of the requirement to present financial statements for both the parent entity and the consolidated entity. A summary of the parent entity financial information has been disclosed in note 28 of the financial statements.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australia Accounting Standards and AASB Interpretations as of 1 January 2009.

- AASB 7 *Financial Instruments: Disclosures* effective 1 January 2009;
- AASB 8 *Operating Segments* effective 1 January 2009; and
- AASB 101 *Presentation of Financial Statements (revised 2007)* effective 1 January 2009.

Other new/revised standards and interpretations applicable for the year commencing 1 July 2009 have been reviewed and it has been determined that those new/revised standards and interpretations do not have a material effect on the measurement and recording of items in the balance sheet and statement of comprehensive income.

Certain Australian Accounting Standards and interpretations have recently been issued or amended but are not yet effective and have not been adopted by Infomedia Ltd for the current reporting period. The Directors have not yet assessed the impact of these new or amended standards (to the extent relevant to Infomedia Ltd) and interpretations.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Infomedia Ltd and its subsidiaries ('the Company'). The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Infomedia Ltd has control.

(d) Significant accounting judgments, estimates and assumptions

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

- Impairment of goodwill
The Company determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Share-based payment transactions**
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, using the assumptions detailed in Note 19.
- **Research & Development**
Development costs are only capitalised by the Group when it can be demonstrated that the technical feasibility of completing the intangible asset is valid so that the asset will be available for use or sale.

Translation of foreign currency transactions

Transactions in foreign currencies of the Company are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the Company that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the reporting period.

All currency exchange differences in the consolidated financial report are taken to the income statement.

Translation of financial reports of overseas operations

Both the functional and presentation currency of Infomedia Ltd and its Australian subsidiaries is Australian dollars (A\$).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The functional currency of the overseas subsidiaries is as follows:

IFM Europe Ltd	Euros
IFM Germany GmbH	Euros
IFM North America Inc	United States Dollars (USD)

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Infomedia Ltd at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

(f) Cash and cash equivalents

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

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks, and money market investments readily convertible to cash within three months, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(h) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. For the Company the relevant categories are listed below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Investments in Subsidiaries

Investments in subsidiaries are recorded at cost.

(i) Inventories

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

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

- Raw materials – purchase cost on a first-in-first-out basis

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Company at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Company's primary or the Company's secondary reporting format determined in accordance with AASB 114 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(k) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Research costs are expensed as incurred. Development costs are capitalised and an intangible asset for development expenditure on an internal project is recognised only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project commencing from the commercial release of the project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed (with the exception of goodwill) only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(m) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are measured at cost less accumulated depreciation on buildings and less any impairment losses recognised.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Major depreciation periods are:	2010	2009
Leasehold improvements:	5 to 20 years	5 to 20 years
Other plant and equipment:	3 to 15 years	3 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(o) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(p) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(q) Deferred revenue

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

(r) Contributed equity

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

(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 sales

Cost of sales includes the direct cost of raw materials, direct salary and wages, and agency costs associated with the manufacture and distribution of the product.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Derivative financial instruments and hedging

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

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

The fair value of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction. Infomedia Limited currently has cash flow hedges attributable to future foreign currency sales.

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with anticipated future sales that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

The Group tests each of the designated cash flow hedges for effectiveness on a monthly basis both retrospectively and prospectively using the "matched terms" principle.

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

The parent entity (Infomedia Ltd) sells software to its wholly owned subsidiaries (i.e. IFM North America Inc and IFM Europe Ltd). Sales to IFM North America Inc are denominated in USD. Sales to IFM Europe Ltd are denominated in Euros. Sales to these wholly owned subsidiaries ('distributors') are immediately on-sold to customers in the same currency. There is no inventory held by the subsidiaries with the exception of fulfilling new first time through orders. First time through orders will not be hedged. The Group hedges foreign exchange exposure on intra-group sales as this exposure affects consolidated profit when the sale is made to the external customer.

(v) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Income tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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

The tax consolidated current tax liability and other deferred tax assets are required to be allocated to the members of the tax consolidated group in accordance with UIG 1052. The group uses a group allocation method for this purpose where the allocated current tax payable, deferred tax assets and other tax credits for each member of the tax consolidated group is determined as if the company is a stand-alone taxpayer but modified as necessary to recognise membership of a tax consolidated group. Recognition of amounts allocated to members of the tax consolidated group has regard to the tax consolidated groups future tax profits.

(w) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") except:

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

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

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

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

(x) Employee leave benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cashflows.

(iii) Post employment and termination benefits

A Superannuation expense at 9% of salaries is recognised on a straight line basis. Termination benefits are recognised at the point of being incurred where relevant.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Share-based payment transactions

The Company provides benefits to employees in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ('equity-settled transactions').

There are currently two plans in place to provide these benefits:

- (i) the Employee Share Plan (ESP), and
- (ii) the Employee Option Plan (EOP).

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Infomedia Ltd ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the option ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled option are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the option is recognised immediately. However, if a new option is substituted for the cancelled option, and designated as a replacement option on the date that it is granted, the cancelled and new option are treated as if they were a modification of the original option, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(z) Earnings per share

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

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010	Notes	CONSOLIDATED	
		2010	2009
		\$'000	\$'000
3. EXPENSES			
(i) Cost of sales			
Direct wages		13,413	13,829
Other		8,491	8,278
Total cost of sales		21,904	22,107
(ii) Employee benefit expense			
Salaries and wages (including on-costs)		10,662	9,213
Share based payment expense	19	43	93
Total employee benefit expense		10,705	9,306
(iii) Depreciation and amortisation			
Depreciation of non-current assets:			
- Leasehold improvements		106	132
- Office equipment		510	624
- Furniture and fittings		30	24
- Plant and equipment		131	218
Total depreciation of non-current assets		777	998
Amortisation of non-current assets			
- Intellectual property		147	607
- Deferred development costs		2,821	1,837
Total amortisation of non-current assets		2,968	2,444
Total depreciation and amortisation		3,745	3,442
(iv) Research & development costs			
Total research & development costs incurred during the period		9,683	10,880
Less: development costs deferred	10	(6,688)	(6,526)
Net research and development costs expensed		2,995	4,354

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

Notes

CONSOLIDATED

2010 2009
\$'000 \$'000

4. INCOME TAX

The major components of income tax expense are:

Income statement

Current income tax

Current income tax charge

2,415 2,576

Adjustments in respect of current income tax of previous years.

(488) (1,067)

Deferred income tax

Relating to origination and reversal of temporary differences

1,234 728

Income tax expense reported in the income statement

3,161 2,237

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:

Accounting profit before income tax

14,497 12,773

At the Company's statutory income tax rate of 30% (2009: 30%)

4,349 3,832

Adjustments in respect of income tax of previous years

(677) (1,185)

Additional research and development deduction

(596) (592)

Expenditure not allowable for income tax purposes

85 182

Income tax expense reported in the income statement

3,161 2,237

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. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Members of the tax consolidated group have also entered into a tax funding agreement. The tax funding agreement provides for the funding of allocated tax liabilities, tax losses and foreign tax credits for the current period based on the recognition criteria set out in the accounting policy for income taxes. Allocations under the tax funding agreement are made after the finalisation of the group's income tax return. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, Infomedia Ltd.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

Notes

4. INCOME TAX (CONTINUED)

Deferred income tax

Deferred income tax at 30 June relates to the following:

CONSOLIDATED

Deferred tax liabilities

	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Derivatives	(908)	(1,276)	-	-
Property plant and equipment	-	-	-	(90)
Deferred development costs	(5,965)	(4,805)	1,160	1,406
Intellectual property	(81)	(125)	(44)	(50)
Other	(78)	-	78	(6)
	(7,032)	(6,206)		

CONSOLIDATED

Deferred tax assets

Allowance for doubtful debts	46	148	102	(100)
Other payables	145	207	62	(115)
Employee entitlement provisions	737	625	(112)	(85)
Other provisions	461	346	(115)	62
Currency exchange	243	346	103	(294)
Gross deferred income tax assets	1,632	1,672		
Deferred tax income/ (expense)			1,234	728

5. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	Notes	CONSOLIDATED	
		2010	2009
		\$'000	\$'000
Net profit attributable to equity holders from continuing operations		11,336	10,536
		Number of shares	Number of shares
Weighted average number of ordinary shares for basic earnings per share		309,754,267	317,723,325
Effect of dilution:			
Share options		24,417	57,416
Adjusted weighted average number of ordinary shares for diluted earnings per share		309,778,684	317,780,741

Since the reporting date, prior to the completion of these financial statements, the company has repurchased a further 1,117,182 shares through its buy back program at a weighted average price of 25.85 cents per share.

Total equivalent shares outstanding on out-of-the-money options that were not dilutive for the respective periods but could potentially dilute earnings per share in the future were 1,650,000 (2009: 2,150,000)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

Notes

6. DIVIDENDS PROPOSED OR PAID

(a) Dividends paid during the year:

Interim dividend – 1.2 cents unfranked (2009: 0.7 cents fully franked) per share

CONSOLIDATED	
2010	2009
\$'000	\$'000
3,729	2,215
6,534	4,485
-	(1)
10,263	6,699

Prior year final dividend – 2.1 cents, franked at 0.7c (2009: 1.4 cents fully franked) per share

Rounding

Total dividends paid during the year

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

Final dividend – 1.2 cents per share, unfranked. (2009: 2.1 cents, franked at 0.7 cents)

3,644	6,534
-------	-------

(c) Franking credit balance:

The amount of franking credits available for the subsequent financial year are:

- franking account balance as at the end of the financial year
- franking credits/(debits) that will arise from the payment/(receipt) of income tax payable/(receivable) as at the end of the financial year

92	113
864	(113)
956	-

If fully franked, the tax rate on dividends is 30% (2009: 30%).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

7. TRADE AND OTHER RECEIVABLES (CURRENT)

Trade debtors
Allowance for impairment loss (a)

Other debtors

CONSOLIDATED	
2010	2009
\$'000	\$'000
4,330	4,945
(218)	(644)
4,112	4,301
48	95
4,160	4,396

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment gain of \$283,000 (2009: \$742,000 loss) has been recognised by the group in the current year. These amounts have been included in the other expenses item. The amount of the allowance/impairment loss is recognised as the difference between the carrying amount of the debtor and the estimated future cash flows expected to be received from the relevant debtors.

Movements in the provision for impairment loss were as follows:

At 1 July	644	272
Charge/(release) for the year	(283)	742
Foreign exchange translation	(16)	(17)
Amounts written off	(127)	(353)
At 30 June	218	644

At 30 June the aging analysis of trade receivables is as follows:

	Total	0-60 days NI*	0-60 days CI*	61-120 days NI*	61-120 days CI*	121+ days NI*	121+ days CI*
2010 Consolidated	4,330	3,714	22	188	13	210	183
2009 Consolidated	4,945	3,732	270	516	137	53	237

* Not impaired (NI)
Considered impaired (CI)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

Notes

CONSOLIDATED

2010	2009
\$'000	\$'000

8. INVENTORIES

Raw materials

At cost

56	54
----	----

Total inventories at the lower of cost and net realisable value

56	54
----	----

Notes

CONSOLIDATED

2010	2009
\$'000	\$'000

9. PROPERTY, PLANT & EQUIPMENT

(a)

Leasehold improvements

At cost

428	950
-----	-----

Accumulated amortisation

(373)	(644)
-------	-------

55	306
----	-----

Office equipment

At cost

6,845	6,702
-------	-------

Accumulated depreciation

(6,003)	(5,493)
---------	---------

842	1,209
-----	-------

Furniture and fittings

At cost

403	272
-----	-----

Accumulated depreciation

(161)	(131)
-------	-------

242	141
-----	-----

Plant and equipment

At cost

3,137	3,021
-------	-------

Accumulated depreciation

(2,971)	(2,840)
---------	---------

166	181
-----	-----

Total property, plant and equipment

At cost

10,813	10,945
--------	--------

Accumulated depreciation and amortisation

(9,508)	(9,108)
---------	---------

Total written down amount

1,305	1,837
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NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

**9. PROPERTY, PLANT & EQUIPMENT
(CONTINUED)**

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
(b) Reconciliation of property, plant and equipment carrying values		
Leasehold Improvements		
Carrying amount – opening balance	306	432
Additions	-	6
Disposals	(145)	-
Depreciation	(106)	(132)
Carrying amount – closing balance	55	306
Office equipment		
Carrying amount – opening balance	1,209	1,146
Additions	148	703
Disposals	(5)	(16)
Depreciation	(510)	(624)
Carrying amount – closing balance	842	1,209
Furniture and fittings		
Carrying amount – opening balance	141	159
Additions	131	8
Disposals	-	(2)
Depreciation	(30)	(24)
Carrying amount – closing balance	242	141
Plant and equipment		
Carrying amount – opening balance	181	315
Additions	116	84
Depreciation	(131)	(218)
Carrying amount – closing balance	166	181
Total property, plant and equipment		
Carrying amount – opening balance	1,837	2,052
Additions	395	801
Disposals	(150)	(18)
Depreciation	(777)	(998)
Carrying amount – closing balance	1,305	1,837

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

10. INTANGIBLE ASSETS AND GOODWILL

	CONSOLIDATED			
	Development costs ¹	Intellectual Property ²	Goodwill ²	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2009				
Cost (gross carrying amount)	21,983	2,537	8,541	33,061
Accumulated amortisation	(5,965)	(2,120)	-	(8,085)
Net carrying amount	16,018	417	8,541	24,976
Year ended 30 June 2010				
At 1 July 2009, net of accumulated amortisation and impairment	16,018	417	8,541	24,976
Additions	6,688	-	-	6,688
Amortisation	(2,821)	(147)	-	(2,968)
At 30 June 2010, net of accumulated amortisation and impairment	19,885	270	8,541	28,696
At 30 June 2010				
Cost (gross carrying amount)	28,671	2,537	8,541	39,749
Accumulated amortisation	(8,786)	(2,267)	-	(11,053)
Net carrying amount	19,885	270	8,541	28,696

¹ Internally generated² Purchased as part of business/territory acquisition

Development costs that meet the recognition criteria as an intangible asset have been capitalised at cost. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period not exceeding four years commencing from the commercial release of the project. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Intellectual property includes intangible assets acquired through business or territory acquisition and relates primarily to copyright and software code over key products. Intellectual property is amortised over its useful life being 3 years.

NOTES TO THE FINANCIAL STATEMENTS

10. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

	CONSOLIDATED			
	Development costs	Intellectual Property	Goodwill	Total
	\$000	\$'000	\$'000	\$'000
At 1 July 2008				
Cost (gross carrying amount)	15,457	2,096	8,541	26,094
Accumulated amortisation	(4,128)	(1,513)	-	(5,641)
Net carrying amount	11,329	583	8,541	20,453
Year ended 30 June 2009				
At 1 July 2008, net of accumulated amortisation and impairment	11,329	583	8,541	20,453
Purchase from wholly owned subsidiary	-	-	-	-
Additions	6,526	441	-	6,967
Amortisation	(1,837)	(607)	-	(2,444)
At 30 June 2009, net of accumulated amortisation and impairment	16,018	417	8,541	24,976
At 30 June 2009				
Cost (gross carrying amount)	21,983	2,537	8,541	33,061
Accumulated amortisation	(5,965)	(2,120)	-	(8,085)
Net carrying amount	16,018	417	8,541	24,976

NOTES TO THE FINANCIAL STATEMENTS

11. IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations or territory acquisition have been allocated to four individual cash generating units, each of which is a reportable segment (refer note 24) for impairment testing as follows:

- Asia Pacific;
- Europe;
- North America; and
- Latin and South America

The recoverable amount of each cash generating unit has been determined based on a value in use calculation using cash flow projections as at 30 June 2010 based on financial budgets approved by The Board for the 2011 financial year extrapolated for a five year period on the basis of 5% growth together with a terminal value.

The pre-tax discount rate applied to cash flow projections is 14% (2009: 14 %). The discount rate reflects management estimate of the time value of money and the rates specific to the unit.

Carrying amount of goodwill allocated to each of the cash generating units is as follows:

	Asia Pacific	Europe	North America	Latin and South America	Total	
					2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED						
Carrying amount of goodwill	1,938	4,074	1,954	575	8,541	8,541

Key assumptions used in value in use calculations:

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

- The Company will continue to have access to the data supply from automakers over the budgeted period;
- The Company will not experience any substantial adverse movements in currency exchange rates;
- The Company's research and development program will ensure that the current suite of products remain leading edge;
- The company is able to maintain its current gross margins; and
- The discount rates estimated by management are reflective of the time value of money.
- Management has used an AUD/USD exchange rate of \$0.92 and an AUD/EUR exchange rate of \$0.67 in its cash flow projections.

Sensitivity to changes in assumptions:

Growth rate assumptions – Management notes if negative growth rates are applied to revenues, by 5% over the five year period, this still yields a recoverable amount to be above its carrying amount.

Discount rate assumptions – Management recognises that the time value of money may vary from what they have estimated. Management notes that applying a discount rate of double the current rate still yields the recoverable amount to be above its carrying amount.

Foreign exchange rate assumptions – Management notes that applying an AUD/USD exchange rate of \$1.00 and an AUD/EUR exchange rate of \$0.75 still yields the recoverable amount to be above its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010	Notes	CONSOLIDATED	
		2010	2009
		\$'000	\$'000
12. TRADE AND OTHER PAYABLES (CURRENT)			
Trade creditors	12(a)	1,027	686
Other creditors		2,711	2,919
		3,738	3,605
<p>(a) Trade creditors are non-interest bearing and are normally settled on 30 day terms.</p> <p>Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.</p>			
13. PROVISIONS (CURRENT)			
Employee benefits	15(c)	2,000	2,135
Provision for non-cancellable surplus lease space and other lease incentives	15(a)	-	265
		2,000	2,400
14. DEFERRED REVENUE (CURRENT)			
Revenue in advance		481	458
		481	458

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010	Notes	CONSOLIDATED	
		2010 \$'000	2009 \$'000
15. PROVISIONS (NON-CURRENT)			
Employee benefits		306	254
Provision for non-cancellable surplus lease space and other lease incentives	15(a)	-	354
Make good provision	15(b)	-	500
		306	1,108
(a) Movement in non-cancellable surplus lease space and other lease incentives provision:			
Carrying amount at the beginning of the year		619	858
Utilised		(226)	(300)
Reversal of provision due to new lease and revision of terms		(422)	-
Discount rate adjustment		29	61
Carrying amount at the end of the year		-	619
Current	13	-	265
Non-current		-	354
		-	619
The provision for non-cancellable lease space and other lease incentives has been made pursuant to the lease obligations under contract to the extent that no future benefits are anticipated.			
(b) Movement in make good provision:			
Carrying amount at the beginning of the year		500	500
Arising during the year		-	-
Reversal of provision due to new lease and revision of terms		(500)	-
Carrying amount at the end of the year		-	500
The provision for make good has been estimated pursuant to the Company's obligation to restore leased premises to original condition at the end of the lease term.			
(c) Movement in employee benefit provision:			
Carrying amount at the beginning of the year		2,389	2,056
Utilised		(1,798)	(1,869)
Arising during the year		1,715	2,202
Carrying amount at the end of the year		2,306	2,389
Current	13	2,000	2,135
Non-current		306	254
		2,306	2,389

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010	Notes	CONSOLIDATED	
		2010	2009
16. CONTRIBUTED EQUITY AND RESERVES		\$'000	\$'000
Ordinary shares		11,131	12,863
		11,131	12,863

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

	Notes	Number	\$'000
Movement in ordinary shares on issue:			
At 1 July 2008		322,373,606	16,368
Shares repurchased		(11,103,612)	(3,505)
At 30 June 2009		311,269,994	12,863
Shares repurchased		(6,694,918)	(1,732)
At 30 June 2010		304,575,076	11,131

On 1 April 2008 the company commenced a share buy back (on market within 10/12 limit). This was reinitiated on 1 April 2009. As at 30 June 2010 the company had repurchased 21,396,496 shares for a total consideration of \$6,607,000.

Capital management

When managing capital, the company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

Subject to the company's financial position and future financial performance, the company's current dividend policy is to distribute, in the order of 75-85% of profit after tax.

During the 2010 financial year, the company paid dividends of \$10.3 million (2009: \$6.7 million).

The company has no current plans to issue further shares on the market but intends to further reduce the capital structure through its share buy back policy.

NOTES TO THE FINANCIAL STATEMENTS

16. CONTRIBUTED EQUITY AND RESERVES (CONTINUED)

Employee Option Plan

There were nil (2009: 900,000) options issued during the current year at an average exercise price of \$nil (2009: \$0.33).

30 June 2010

	CONSOLIDATED			
	Employee equity benefits reserve	Foreign currency translation reserve	Cashflow hedge reserve	Total
	\$'000	\$'000	\$'000	\$'000
Movement in reserves:				
At 1 July 2008	1,058	(56)	625	1,627
Currency translation differences	-	193	-	193
Share based payments	94	-	-	94
Derivatives marked to market	-	-	2,351	2,351
At 30 June 2009	1,152	137	2,976	4,265
Currency translation differences	-	(290)	-	(290)
Share based payments	43	-	-	43
Derivatives marked to market	-	-	(857)	(857)
At 30 June 2010	1,195	(153)	2,119	3,161

Nature and purpose of reserves

Employee equity benefits reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their compensation. Refer to Note 19 for further details.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

Cashflow hedge reserve

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

Notes

CONSOLIDATED

2010 2009
\$'000 \$'000

17. STATEMENT OF CASH FLOWS

(a) Reconciliation of profit after tax to the net cash flows from operations

Profit from ordinary activities after income tax expense	11,336	10,536
Depreciation of non-current assets	777	998
Amortisation of non-current assets	2,968	2,444
Amortisation of employee options	43	93
Disposal of property, plant, and equipment	150	18
Other	-	(5)
Changes in assets and liabilities		
(Increase)/decrease in trade and other debtors	371	645
(Increase)/decrease in inventories	(3)	28
(Increase)/decrease in prepayments	446	(3,174)
(Increase)/decrease in deferred development costs	(6,688)	(6,526)
Increase/(decrease) in trade and other creditors	134	(221)
Increase/(decrease) in allowance for doubtful debts	(426)	371
Increase/(decrease) in provision for employee entitlements	(83)	(239)
Increase/(decrease) in other provisions	(1,121)	336
Increase/(decrease) in income tax payable	1,013	(717)
Increase/(decrease) in deferred income tax liability	1,234	728
Increase/(decrease) in revenue in advance	23	(111)
Net cash flow from operating activities	10,174	5,204

(b) Reconciliation of cash

Cash balance comprises:

- cash at bank	898	928
- cash on deposit	4,891	7,077
	5,789	8,005

NOTES TO THE FINANCIAL STATEMENTS

19. SHARE BASED PAYMENT PLANS

Employee Option Plan

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

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

	Notes	2010		2009	
		Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of year	19(a)	2,650,000	0.44	1,950,000	\$0.50
- granted	19(b)	-	-	900,000	\$0.33
- expired	19(c)	(500,000)	0.42	(200,000)	\$0.49
- exercised	19(d)	-	-	-	-
Balance at end of year	19(e)	2,150,000	0.45	2,650,000	\$0.44

(a) Options held at the beginning of the year:

The following table summarises information about options held by employees at 1 July 2009

Number of options	Grant date	Earliest vesting date	Expiry date	Weighted average exercise price
1,000,000	1/01/2008	1/01/2009	5/02/2011	0.53
250,000	1/02/2009	1/02/2010	5/02/2012	0.29
250,000	1/01/2008	1/01/2009	5/02/2011	0.53
250,000	1/01/2009	1/01/2010	5/01/2012	0.29
500,000	1/05/2008	1/05/2009	13/04/2011	0.42
250,000	1/10/2008	1/10/2009	31/10/2011	0.37
150,000	1/07/2008	1/07/2009	5/11/2011	0.38

(b) Options granted during the year:

There were no options granted during the year.

(c) Options expired during the year:

The following table summarises information about options expired during the year.

Number of options	Grant date	Earliest vesting date	Expiry date	Weighted average exercise price
500,000	1/05/2008	1/05/2009	13/04/2011	\$0.42

(d) Options exercised during the year:

There were no options exercised during the year.

NOTES TO THE FINANCIAL STATEMENTS

19. SHARE BASED PAYMENT PLANS (CONTINUED)

(e) Options held at the end of the year:

The following table summarises information about options held by employees at 30 June 2010:

Number of options	Grant date	Earliest vesting date	Expiry date	Weighted average exercise price
1,000,000	1/01/2008	1/01/2009	5/02/2011	0.53
250,000	1/02/2009	1/02/2010	5/02/2012	0.29
250,000	1/01/2008	1/01/2009	5/02/2011	0.53
250,000	1/01/2009	1/01/2010	5/01/2012	0.29
250,000	1/10/2008	1/10/2009	31/10/2011	0.37
150,000	1/07/2008	1/07/2009	5/11/2011	0.38

(e) Other details regarding options:

The weighted average fair value of options granted during the year was \$nil (2009: \$0.045).

The fair value of the equity-settled options granted under the option plan is estimated as at the grant date using a binomial model taking into account the term and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year:

	Granted 1/7/2008	Granted 1/10/2008	Granted 1/1/2009	Granted 1/2/2009
Dividend yield (%)	7.5%	7.5%	10.0%	10.0%
Expected volatility (%)	37%	35%	35%	35%
Risk free rate (%)	6.75%	5.14%	3.21%	2.84%
Option exercise price	\$0.38	\$0.37	\$0.29	\$0.29
Weighted average share price at grant date	\$0.38	\$0.38	\$0.29	\$0.29

The expense recognised for employee services received during the year is shown in the table below:

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
Expense arising from equity-settled share-based payment transactions	43	93

20. PENSIONS AND OTHER POST-EMPLOYMENT PLANS

Superannuation Commitments

Contributions are made by the Company in accordance with the relevant statutory requirements. Contributions by the Company for the year ended 30 June 2010 were 9% (2009: 9%) of employee's wages and salaries which are legally enforceable in Australia. The superannuation plans provide accumulation benefits.

NOTES TO THE FINANCIAL STATEMENTS

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Compensation of Key Management Personnel

(i) Compensation by Category: Key Management Personnel

	CONSOLIDATED	
	2010	2009
	\$	\$
Short-Term	1,868,053	2,141,256
Post Employment	129,041	128,251
Other Long-Term	17,967	17,667
Termination benefits	130,930	-
Share-based Payments	40,047	75,024
	2,186,038	2,362,198

(b) Option holdings of Key Management Personnel (Consolidated)

30 June 2010	Balance at beginning of period	Granted as compensation	Options exercised	Expired	Balance at end of period	Vested at 30 June 2010		
	1 July 2009				30 June 2010	Total	Not exercisable	Exercisable
Directors								
Gary Martin	1,000,000	-	-	-	1,000,000	1,000,000	333,334	666,666
Executives								
Michael Bodner*	500,000	-	-	(500,000)	-	-	-	-
Nick Georges	250,000	-	-	-	250,000	250,000	83,334	166,666
Michael Roach	250,000	-	-	-	250,000	250,000	166,667	83,333
Andrew Pattinson	250,000	-	-	-	250,000	250,000	166,667	83,333
Jonathan Pollard	250,000	-	-	-	250,000	250,000	166,667	83,333
	2,500,000	-	-	(500,000)	2,000,000	2,000,000	916,669	1,083,331
30 June 2009	Balance at beginning of period	Granted as compensation	Options exercised	Net change other	Balance at end of period	Vested at 30 June 2009		
	1 July 2008				30 June 2009	Total	Not exercisable	Exercisable
Directors								
Gary Martin	1,000,000	-	-	-	1,000,000	1,000,000	666,667	333,333
Executives								
Michael Bodner	500,000	-	-	-	500,000	500,000	333,333	166,667
Nick Georges	250,000	-	-	-	250,000	250,000	166,667	83,333
Michael Roach	200,000	250,000	-	(200,000)	250,000	250,000	250,000	-
Andrew Pattinson	-	250,000	-	-	250,000	250,000	250,000	-
Jonathan Pollard	-	250,000	-	-	250,000	250,000	250,000	-
	1,950,000	750,000	-	(200,000)	2,500,000	2,500,000	1,916,667	583,333

* Resigned 31 May 2010.

NOTES TO THE FINANCIAL STATEMENTS

21. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Shareholdings of Key Management Personnel

30 June 2010

Number of shares held in Infomedia Ltd	Balance 30 June 2009	Granted as compensation	On exercise of options	Net change other	Balance 30 June 2010
Directors					
Richard Graham	102,204,060	-	-	798,527	103,002,587
Myer Herszberg	23,421,589	-	-	-	23,421,589
Gary Martin	607,590	-	-	48,000	655,590
Frances Herson	5,000	-	-	-	5,000
Andrew Moffat	-	-	-	300,000	300,000
Executives					
Andrew Pattinson	2,447,567	-	-	-	2,447,567
Nick Georges	24,421	-	-	-	24,421
Michael Roach	18,721	-	-	-	18,721
Jonathan Pollard	1,996	-	-	-	1,996
Total	128,730,944	-	-	1,146,527	129,877,471

30 June 2009

Number of shares held in Infomedia Ltd	Balance 1 July 2008	Granted as compensation	On exercise of options	Net change other	Balance 30 June 2009
Directors					
Richard Graham	102,204,060	-	-	-	102,204,060
Myer Herszberg	23,421,589	-	-	-	23,421,589
Gary Martin	507,590	-	-	100,000	607,590
Frances Herson	5,000	-	-	-	5,000
Executives					
Andrew Pattinson	2,447,567	-	-	-	2,447,567
Nick Georges	24,421	-	-	-	24,421
Michael Roach	18,721	-	-	-	18,721
Jonathan Pollard	1,996	-	-	-	1,996
Total	128,630,944	-	-	100,000	128,730,944

All equity transactions with key management personnel other than those arising from the exercise of compensation options and compensation shares have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

NOTES TO THE FINANCIAL STATEMENTS

21. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Loans to Key Management Personnel

There were no loans at the beginning or the end of the reporting period to key management personnel. No loans were made available during the reporting period to key management personnel.

(e) Other transactions and balances with Key Management Personnel (including related entities)

(i) Infomedia Ltd received financial consulting services from Cowoso Capital Pty Limited in the prior year, a company in which Andrew Moffat is a Director. The total consulting services paid for the year ended 30 June 2010 of \$nil (2009: \$17,600) were on normal commercial terms.

22. 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
- corporate advisory consulting services in relation to the entity and any other entity in the consolidated entity

CONSOLIDATED	
2010	2009
\$	\$
180,250	194,428
47,825	18,540
228,075	212,968

23. RELATED PARTY DISCLOSURES

Ultimate Parent

Infomedia Ltd is the ultimate Australian parent company

Wholly-owned group transactions

- (a) An unsecured, trade receivable of \$481,545 (2009: \$620,116) remains owing to IFM Europe Ltd from Infomedia Ltd.
- (b) An unsecured, trade receivable of \$1,650,603 (2009: \$733,565) remains owing from IFM North America Inc. to Infomedia Ltd.
- (c) During the year Infomedia Ltd received \$16,817,282 (2009: \$18,562,696) from IFM Europe Ltd for intra-group sales.
- (d) During the year Infomedia Ltd received \$7,467,452 (2009: \$9,165,428) from IFM North America Inc. for intra-group sales
- (e) During the year IFM Europe paid \$547,159 (2009: \$728,553) to IFM Germany GmbH for intra-group distribution services.

Entity with deemed significant influence over the Company

Wiser Equity Pty Limited, a company in which Richard Graham is a Director, owns 33.82% of the ordinary shares in Infomedia Ltd (2009: 32.2%).

NOTES TO THE FINANCIAL STATEMENTS

24. SEGMENT INFORMATION

30 June 2010

	Asia Pacific	Europe	North America	Latin & South America	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Business Segments						
REVENUE						
Sales revenue	10,285	21,627	10,374	3,053	-	45,339
Consolidated revenue						45,339
Segment result						
Finance revenue	-	-	-	-	103	103
Finance costs	-	-	-	-	(36)	(36)
Consolidated profit before income tax	6,796	16,221	5,955	2,329	(16,804)	14,497
Income tax expense						(3,161)
Consolidated profit after income tax						11,336
Assets						
Segment assets	-	2,166	(512)	-	-	1,654
Unallocated assets						44,638
Total assets						46,292
Liabilities						
Segment liabilities	-	788	457	-	-	1,245
Unallocated liabilities						11,306
Total liabilities						12,551
Capital Expenditure						
Amortisation	-	-	-	-	2,968	2,968
Depreciation	56	10	87	-	247	400

Notes

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NOTES TO THE FINANCIAL STATEMENTS

24. SEGMENT INFORMATION (CONTINUED)

30 June 2009

		Asia Pacific	Europe	North America	Latin & South America	Corporate	Total
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Business Segments							
REVENUE							
Sales revenue		11,187	25,282	12,731	5,141	-	54,341
Consolidated revenue							54,341
Segment result							
Finance revenue		-	9	-	-	410	419
Finance costs		-	-	-	-	(61)	(61)
Consolidated profit before income tax		5,359	20,125	8,123	3,878	(24,712)	12,773
Income tax expense	4						(2,237)
Consolidated profit after income tax							10,536
Assets							
Segment assets		-	6,416	2,895	-	-	9,311
Unallocated assets							38,298
Total assets							47,609
Liabilities							
Segment liabilities		-	909	1,292	-	-	2,201
Unallocated liabilities							9,904
Total liabilities							12,105
Capital Expenditure							
Amortisation		-	-	-	-	2,444	2,444
Depreciation		92	17	58	-	831	998

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

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

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

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 to the accounts and in the prior period.

The group accounting policies for segments are applied to the respective segments up to the segment result level.

Major customers

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

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments, other than derivatives, comprise cash and short-term deposits.

The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Company also enters into derivative transactions through forward currency contracts. The purpose is to manage the currency risks arising from the Company's operations. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(a) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates solely to the Company's cash holding of \$5,789,000 (2009: \$8,005,000) with a floating interest rate.

The Company's policy is to accept the floating interest rate risk with both its cash holdings and bank loans. Cash is held primarily with leading Australian banks for periods not exceeding 30 days, as such any reasonably expected change in interest rates (+/- 1%) would not have a significant impact on post tax profit or other comprehensive income.

(b) Foreign currency risk

The Company has transactional currency exposures. These exposures mainly arise from the transactional sale of products and to a lesser extent the associated cost of sales component relating to these products. As the Company's product offerings are typically made on a recurring monthly subscription basis, there is a relatively high degree of reliability in estimating a proportion of future cashflow exposures. Approximately half of the Company's sales are denominated in United States Dollars and around one-third of the Company's sales are denominated in Euro. The Company seeks to mitigate exposure to movements in these currencies by entering into forward exchange derivative contracts under an approved hedging policy.

As a result of the Company's recent investment in both its European and United States subsidiaries, the Company's balance sheet can be affected by movements in both the Euro and United States dollar against the Australian dollar.

At 30 June 2010, the Group had the following exposure to US\$ foreign currency that is not designated in cash flow hedges:

	Consolidated 2010	2009
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	11	116
Derivatives	1,585	(2,860)
	1,596	2,744

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

At 30 June 2010, the Group had the following exposure to EUR foreign currency that is not designated in cash flow hedges:

	Consolidated 2010	2009
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	3	47
Derivatives	1,284	(1,323)
	1,287	(1,276)

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

At 30 June 2010, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and total equity would have been affected as follows:

Judgments of reasonably possible movements:

	Post tax profit Higher/(Lower)		Total equity Higher/(Lower)	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Consolidated				
AUD/USD +10%	(1)	(10)	979	1,408
AUD/USD – 15%	2	20	(1,486)	(2,437)
AUD/EUR +10%	-	(4)	651	1,011
AUD/EUR – 15%	-	8	(1,286)	(2,035)

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

(c) Credit risk

The Company's credit risk with regard to accounts receivables is spread broadly across three automotive groups - manufacturers, distributors and dealerships. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. As the products typically have a monthly life cycle and are priced on a relatively low subscription price, the concentration of credit risk is typically low with automotive manufacturers being the exception.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, and certain derivative instruments, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Since the Company trades only with recognised third parties, collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

(d) Price risk

There are no items on the balance sheet as at 30 June 2010 that are subject price risk.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Liquidity risk

The Company's exposure to liquidity risk is minimal given the relative strength of the balance sheet and cash flows from operations.

Given the nature of the Company's operations and no borrowings, the Company does not have fixed or contracted payments at balance sheet date other than with respect of its cash flow hedges which are disclosed below. Consequently the remaining contractual maturity of the group entity's financial liabilities is as stated in the balance sheet and is less than 60 days. Deferred revenue requires no cash outflow.

Liquidity and Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate or liquidity risk:

	CONSOLIDATED			
	Less than one year	Two to five years	Greater than five years	Weighted average effective interest rate
YEAR ENDED 30 JUNE 2010	\$'000	\$'000	\$'000	%
Floating rate				
Cash and cash equivalents	5,789	-	-	3.7
Trade and other receivables	4,160	-	-	-
Trade and other payables	(3,738)	-	-	-
	CONSOLIDATED			
	Less than one year	Two to five years	Greater than five years	Weighted average effective interest rate
YEAR ENDED 30 JUNE 2009	\$'000	\$'000	\$'000	%
Floating rate				
Cash and cash equivalents	8,005	-	-	2.7
Trade and other receivables	4,396	-	-	-
Trade and other payables	(3,605)	-	-	-

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Fair value

Derivative instruments use valuation techniques other than quoted prices in active markets with only observable market inputs for the asset or liability, either directly (as prices) or indirectly (derived from prices) to determine the fair value of foreign exchange contracts

Derivative contracts

The following table summarises the forward exchange contracts on hand at 30 June 2010.

Maturity	CONSOLIDATED		
	Company buys	Company sells	Exchange rate
Company sells United States Dollars (USD)	\$A'000	USD'000	
Less than one year	10,700	7,443	0.696
Company sells Euros (E)	\$A'000	E'000	
Less than one year	8,909	5,280	0.593
Company sells United States Dollars (USD)	\$A'000	USD'000	
Greater than one year and not greater than two years	4,258	3,401	0.799
Company sells Euros (E)	\$A'000	E'000	
Greater than one year and not greater than two years	2,714	1,700	0.626

The mark to market valuation of these contracts at 30 June 2010 was \$3,028,000 which is booked directly in equity.

Derivative contracts

The following table summarises the forward exchange contracts on hand at 30 June 2009.

Maturity	CONSOLIDATED		
	Company buys	Company sells	Exchange rate
Company sells United States Dollars (USD)	\$A'000	USD'000	
Less than one year	13,481	9,306	0.690
Company sells Euros (E)	\$A'000	E'000	
Less than one year	13,080	6,760	0.517
Company sells United States Dollars (USD)	\$A'000	USD'000	
Greater than one year and not greater than two years	10,067	6,943	0.690
Company sells Euros (E)	\$A'000	E'000	
Greater than one year and not greater than two years	4,486	2,400	0.535

The mark to market valuation of these contracts at 30 June 2009 was \$4,252,000, which is booked directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments recognised in the financial statements. The fair values of derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates.

	Carrying Amount		Fair Value	
	2010	2009	2010	2009
CONSOLIDATED				
Financial assets	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	5,789	8,005	5,789	8,005
Trade and other debtors	7,418	8,100	7,418	8,100
Derivatives	3,028	4,252	3,028	4,252
Financial liabilities				
Trade and other creditors	3,738	3,605	3,738	3,605

27. SUBSEQUENT EVENTS

Gary Martin notified the Board that he will not be seeking to renew his service agreement when it expires on 31 December 2010. Other than this, 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.

28. PARENT ENTITY INFORMATION

	Parent Entity	
	2010	2009
	\$'000	\$'000
Current assets	13,154	16,871
Total assets	44,923	45,363
Current liabilities	5,674	5,119
Total liabilities	11,307	10,703
Contributed equity	11,131	12,863
Retained earnings	19,171	17,669
Employee equity benefit reserve	1,195	1,151
Cashflow hedge reserve	2,119	2,977
Total shareholders' equity	33,616	34,660
Profit or loss of the parent entity	11,765	16,641
Total comprehensive income of the parent entity	10,908	18,992

Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2b
- (c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2010.

On behalf of the Board



Richard David Graham
Chairman
Sydney
24 August 2010

Independent auditor's report to the members of Infomedia Ltd
wording to be provided

Ernst & Young

John Hayden
Partner
Sydney, 24 August 2010