

1. Company details

Name of entity:	Infomedia Ltd
ABN:	63 003 326 243
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	14.3% to	40,389
Earnings before interest, tax, depreciation and amortisation expenses ('EBITDA') (Note 1)	up	36.5% to	16,980
Cash EBITDA (Note 1)	up	114.3% to	7,889
Profit from ordinary activities after tax attributable to the owners of Infomedia Ltd	up	28.2% to	7,315
Profit for the half-year attributable to the owners of Infomedia Ltd	up	28.2% to	7,315

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
EBITDA*	16,980	12,441
Development expenses capitalised	(8,691)	(9,120)
Unrealised foreign currency translation (gains)/losses	(400)	360
Cash EBITDA	<u>7,889</u>	<u>3,681</u>

*Refer to page 3 of the half-year financial report for the reconciliation between EBITDA and Net profit after tax ('NPAT').

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>2.60</u>	<u>2.30</u>

4. Control gained over entities

During the reporting period, Infomedia Ltd:

- has acquired 100% of ordinary shares of Nidasu Pty Limited. Refer to note 8 'Business Combinations' in the Half-Year Financial Report for further details;
- had no other changes in investments in subsidiaries; and
- held no interest in associates or joint ventures.

5. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Dividends paid during the financial half-year ended 31 December 2018. Final dividend for the year ended 30 June 2018.	1.70	1.70

Previous period

Dividends paid during the financial half-year ended 31 December 2017. Final dividend for the year ended 30 June 2017.	1.20	1.20
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Dividends declared

	Amount per share cents	Franked amount per share cents	Franking credit %
2019 Interim dividend per share	1.75	Nil	n/a

Interim dividend dates

Ex-dividend date	1 March 2019
Record date	4 March 2019
Payment date	3 April 2019

6. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The Company's Dividend Reinvestment Plan (DRP) will operate with no discount. Shares will be acquired on market and transferred to participants in accordance with the DRP Rules. The last time for the receipt of an election notice to participate in the DRP is 5:00pm on 5 March 2019.

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

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

8. Attachments

Details of attachments (if any):

The Interim Report of Infomedia Ltd for the half-year ended 31 December 2018 is attached.

Infomedia Ltd

ABN 63 003 326 243

Interim Report - 31 December 2018

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The directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group' or 'Infomedia') consisting of Infomedia Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

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

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

Principal activities

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

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

- development and supply of Software as a Service ('SaaS') offerings, including electronic parts catalogues and service quoting software systems, for the parts and service sectors of the global automotive industry; and
- information management, analysis and data creation for the domestic automotive and oil industries.

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

Dividends

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

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Final dividend for the year ended 30 June 2018 (2017: 30 June 2017)	<u>5,284</u>	<u>3,720</u>

On 25 February 2018, the directors declared an interim dividend of 1.75 cents per share to be paid on 3 April 2019. As this occurred after the reporting date, the dividends declared have not been recognised in this financial report.

Operating and financial review

A. Financial Information

Infomedia recorded revenue growth of 14.3% to \$40.389 million for the half-year ended 31 December 2018 ('1H19') compared to \$35.345 million in the previous corresponding period. All regions reported strong growth.

Operating costs were kept to inflationary increases allowing EBITDA to grow 36.5% to \$16.980 million when compared to previous corresponding period. Further, Cash EBITDA, a key measure that negates the impact of capitalised development costs, more than doubled to \$7.889 million when compared to the previous corresponding period.

The Group's net profit after tax ('NPAT') was \$7.315 million, an increase of 28.2% from \$5.708 million when compared to the previous corresponding period.

The cash generative nature of the business delivered a 17.7% increase in operating cash flow (before interest and tax). In December 2018, \$5.6 million was paid in part consideration for the Nidasu acquisition resulting in closing cash and cash equivalents reducing to \$7.549 million from \$13.282 million as at 30 June 2018.

Operating and financial review (continued)

A summary of the results is shown below:

	31 Dec 2018 \$'000	31 Dec 2017 \$'000	Movement %
Revenue	40,389	35,345	14.3%
EBITDA	16,980	12,441	36.5%
Development costs capitalised	(8,691)	(9,120)	(4.7%)
Unrealised foreign currency (gains)/losses	(400)	360	(211.1%)
Cash EBIDTA	<u>7,889</u>	<u>3,681</u>	<u>114.3%</u>
NPAT	7,315	5,708	28.2%
EPS	2.36	1.84	28.3%
Interim dividend	1.75	1.40	25.0%

By geographical location (local currency)	31 Dec 2018 \$'000	31 Dec 2017 \$'000	Movement %
Worldwide revenue (AUD)	40,389	35,345	14.3%
Asia Pacific (AUD)	9,695	8,509	13.9%
EMEA (EUR)	10,601	8,991	17.9%
Americas (USD)	10,173	9,311	9.3%

Reconciliation of EBITDA to NPAT	31 Dec 2018 \$'000	31 Dec 2017 \$'000	Movement %
EBITDA	16,980	12,441	36.5%
Net finance (costs)/income	18	37	(51.4%)
Depreciation and amortisation	(7,493)	(5,978)	25.3%
Income tax expense*	(2,190)	(792)	176.5%
NPAT	<u>7,315</u>	<u>5,708</u>	<u>28.2%</u>

* Income tax expense in the prior corresponding period included one-off tax adjustments.

B. Review of Operations

The 1H19 results demonstrate the previously flagged reinvigorated momentum of the business with solid revenue growth in all regions. Sustained cost discipline together with the revenue growth delivered strong expanding margins.

At a product level, Infomedia continues to deliver strong double-digit revenue growth in its Superservice product when compared to the previous corresponding period. Parts achieved a growth of 7.1% when compared to the previous corresponding period driven by the rollout of the global Nissan contract during the first half.

Several new contracts were delivered during the half and product delivery continues on time and on budget. Investment in product development remains at the same level of intensity of past periods as the business pursues a path of innovation to address its customers' business challenges. Having delivered several commercial outcomes during the first half, product innovation shows positive momentum.

In late December 2018, the acquisition of Nidasu was completed and integration has commenced. Early engagement with both Nidasu's and Infomedia's customer base has been encouraging with interest shown in the collective solution offerings.

Operating and financial review (continued)

C. Outlook

Infomedia expects to maintain revenue and profit growth momentum into the second half to 30 June 2019. Coupled with managing operating expenses, the Company anticipates year on year growth in reported Revenue, EBITDA and NPAT for FY19.

Significant changes in the state of affairs

On 13 December 2018, the Group acquired 100% of the ordinary shares in Nidasu Pty Ltd. Nidasu is the leading provider of data analytics to automotive and dealerships throughout Australia.

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

Matters subsequent to the end of the financial half-year

On 25 February 2018, the Board declared an interim dividend of 1.75 cents per share.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

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

Auditor's independence declaration

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

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

On behalf of the directors



Bart Vogel
Chairman

25 February 2019

The Board of Directors
Infomedia Limited
3 Minna Close,
Belrose
SYDNEY NSW 2085

25 February 2019

Dear Board Members

Infomedia Limited

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

As lead audit partner for the review of the half-year financial report of Infomedia Limited for the period ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Pooja Patel

Pooja Patel
Partner
Chartered Accountants

Infomedia Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018



	Note	Consolidated 31 Dec 2018 \$'000	31 Dec 2017 \$'000
Revenue	4	40,389	35,345
Expenses			
Research and development expenses		(8,596)	(7,610)
Sales and marketing expenses		(12,786)	(11,655)
General and administration expenses		(9,938)	(9,165)
Operating profit		9,069	6,915
Interest revenue calculated using the effective interest method		18	37
Net foreign currency translation gains/(losses)		418	(452)
Profit before income tax expense		9,505	6,500
Income tax expense		(2,190)	(792)
Profit after income tax expense for the half-year attributable to the owners of Infomedia Ltd		7,315	5,708
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax		-	10
Foreign currency translation		(52)	251
Other comprehensive income/(loss) for the half-year, net of tax		(52)	261
Total comprehensive income for the half-year attributable to the owners of Infomedia Ltd		7,263	5,969
		Cents	Cents
Basic earnings per share		2.36	1.84
Diluted earnings per share		2.34	1.83

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

	Note	Consolidated 31 Dec 2018 \$'000	30 Jun 2018 \$'000
Assets			
Current assets			
Cash and cash equivalents		7,549	13,282
Trade and other receivables		8,129	7,603
Income tax refund due		1,643	1,733
Prepayments		2,712	1,583
Total current assets		<u>20,033</u>	<u>24,201</u>
Non-current assets			
Property, plant and equipment		1,603	1,717
Intangibles	5	<u>65,658</u>	<u>53,693</u>
Total non-current assets		<u>67,261</u>	<u>55,410</u>
Total assets		<u>87,294</u>	<u>79,611</u>
Liabilities			
Current liabilities			
Trade payables		2,651	1,942
Other payables		5,472	5,534
Provisions		216	216
Employee benefits		3,015	3,013
Contingent consideration	7	1,290	870
Contract liabilities		894	1,131
Total current liabilities		<u>13,538</u>	<u>12,706</u>
Non-current liabilities			
Deferred tax		7,004	7,088
Provisions		1,123	1,073
Employee benefits		383	445
Contingent consideration	7	<u>6,678</u>	<u>4,071</u>
Total non-current liabilities		<u>15,188</u>	<u>12,677</u>
Total liabilities		<u>28,726</u>	<u>25,383</u>
Net assets		<u>58,568</u>	<u>54,228</u>
Equity			
Issued capital		14,789	12,923
Treasury shares held in trust		(1,231)	(978)
Foreign currency reserve		1,613	1,665
Share-based payments reserve		4,200	3,328
Retained profits		<u>39,197</u>	<u>37,290</u>
Total equity		<u>58,568</u>	<u>54,228</u>

Infomedia Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2018



Consolidated	Share capital \$'000	Treasury shares held in trust \$'000	Foreign currency reserve \$'000	Share-based payments reserve \$'000	Cash flow hedge reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2017	12,923	(602)	905	3,499	(10)	33,141	49,856
Profit after income tax expense for the half-year	-	-	-	-	-	5,708	5,708
Other comprehensive income for the half-year, net of tax	-	-	251	-	10	-	261
Total comprehensive income for the half-year	-	-	251	-	10	5,708	5,969
<i>Transactions with owners in their capacity as owners:</i>							
Share-based payments	-	-	-	233	-	(111)	122
Tax effect related to share-based payments	-	-	-	257	-	-	257
Shares allocated to employees on vesting of performance rights	-	517	-	(517)	-	-	-
Purchase of treasury shares	-	(566)	-	-	-	-	(566)
Dividends paid (note 6)	-	-	-	-	-	(3,720)	(3,720)
Balance at 31 December 2017	<u>12,923</u>	<u>(651)</u>	<u>1,156</u>	<u>3,472</u>	<u>-</u>	<u>35,018</u>	<u>51,918</u>
Consolidated	Share capital \$'000	Treasury shares held in trust \$'000	Foreign currency reserve \$'000	Share-based payments reserve \$'000	Cash flow hedge reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2018	12,923	(978)	1,665	3,328	-	37,290	54,228
Profit after income tax expense for the half-year	-	-	-	-	-	7,315	7,315
Other comprehensive loss for the half-year, net of tax	-	-	(52)	-	-	-	(52)
Total comprehensive income/(loss) for the half-year	-	-	(52)	-	-	7,315	7,263
<i>Transactions with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs	1,866	-	-	-	-	-	1,866
Share-based payments	-	-	-	872	-	-	872
Purchase of treasury shares	-	(253)	-	-	-	-	(253)
Prior year adjustment for make good expenses	-	-	-	-	-	(124)	(124)
Dividends paid (note 6)	-	-	-	-	-	(5,284)	(5,284)
Balance at 31 December 2018	<u>14,789</u>	<u>(1,231)</u>	<u>1,613</u>	<u>4,200</u>	<u>-</u>	<u>39,197</u>	<u>58,568</u>

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

	Note	Consolidated 31 Dec 2018 \$'000	31 Dec 2017 \$'000
Cash flows from operating activities			
Receipts from customers		40,684	36,337
Payments to suppliers and employees		(24,740)	(22,793)
		15,944	13,544
Interest received		18	37
Income taxes (paid)/refunded		(1,337)	1,116
Net cash from operating activities		14,625	14,697
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	8	(5,500)	(1,200)
Payment of contingent consideration		(467)	-
Payments for property, plant and equipment		(148)	(76)
Payments for development costs capitalised		(8,691)	(9,311)
Payments of other intangibles		(15)	-
Net cash used in investing activities		(14,821)	(10,587)
Cash flows from financing activities			
Payments for purchase of treasury shares		(253)	(566)
Dividends paid	6	(5,284)	(3,720)
Net cash used in financing activities		(5,537)	(4,286)
Net decrease in cash and cash equivalents		(5,733)	(176)
Cash and cash equivalents at the beginning of the financial half-year		13,282	13,313
Cash and cash equivalents at the end of the financial half-year		<u>7,549</u>	<u>13,137</u>

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

Note 1. General information

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

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

3 Minna Close
Belrose, Sydney NSW 2085

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated

New or amended Accounting Standards and Interpretations adopted

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

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

AASB 9 Financial Instruments

AASB 9 Financial Instruments is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and introduces new classification and measurement models for financial assets.

The Group adopted AASB 9 from 1 July 2018, (with the exemption of hedge accounting) and categorised its financial instruments as follows:

- the financial assets only consist of cash and cash equivalents and trade and other receivables;
- the financial liabilities only consist of trade and other payables (the contingent consideration liability arising from the business combination which occurred in 2018, is not included in the definition of trade and other payables for the purposes of AASB 9); and
- financial assets and liabilities do not carry any financing component as at 30 June 2018.

Management assessed and believes that all the financial assets and liabilities carrying values are close to fair value for the half year ended 31 December 2018, 30 June 2018 and 31 December 2017 hence no restatement has been made. There are no other financial instruments at the end of the reporting period.

The Group has applied the simplified approach to measuring expected credit losses, resulting in a total provision of \$345,000 for the half-year ended 31 December 2018.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers

The Group adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018. The core principal of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group generates revenues through the following categories:

- recurring subscriptions to the Group's software products, comprising approximately 95% of total revenue;
- software development services to tailor off-the-shelf software solutions for specific use or functionality requirements; and
- ancillary services in the form of software installation and training.

Each of the above services delivered to customers are considered separate performance obligations.

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

- The recurring subscriptions are recognised, once access to the software and/or database is provided, over a period of time as the customer simultaneously receives and consumes the benefit of accessing the software. Revenue is calculated based on the licences used.
- The software development services are recognised over the service delivery period. Revenue is calculated based on time and materials.
- The ancillary services, being revenue for software installation and training, are recognised over time depending on the terms of the arrangement.

Management has completed its detailed assessment of AASB 15, and notes that, other than additional disclosures, the standard does not have a material financial impact on revenue recognition.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the half-year reporting period ended 31 December 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, is set out below.

AASB 16 Leases

AASB 16 Leases is applicable to annual reporting periods beginning on or after 1 January 2019. Under the new standard, a lessee is in essence required to: (a) recognise all right of use assets and lease liabilities, with the exception of short term (under 12 months) and low value leases, on the statement of financial position. The liability is initially measured at the present value of future lease payments for the lease term. This includes variable lease payments that depend on an index or rate but excludes other variable lease payments. The right of use asset reflects the lease liability, initial direct costs, any lease payments made before the commencement date of the lease, less any lease incentives and, where applicable, provision for dismantling and restoration; (b) recognise depreciation of right of use assets and interest on lease liabilities in profit or loss over the lease term; and (c) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest portion (which the Group presents in operating activities) in the statement of cash flows.

This standard must be implemented retrospectively, either with the restatement of comparatives or with the cumulative impact of application recognised on the date of adoption (which for the Group is 1 July 2019) under the modified retrospective approach.

AASB 16 contains a number of practical expedients, one of which permits the classification of existing contracts as leases under current accounting standards to be carried over to AASB 16. Under the modified retrospective approach, on a lease-by-lease basis, the right of use asset may be deemed to be equivalent to the liability at transition or calculated retrospectively as at inception of the lease. The present value of the Group's operating lease commitments excluding low value leases and short term leases, will be shown as right of use assets and as lease liabilities on the statement of financial position.

Note 3. Operating segments

Identification of reportable segments

The Group is organised into three reportable segments:

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

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

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

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

Major customers

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

Reportable segment information

Consolidated - 31 Dec 2018	Asia Pacific \$'000	EMEA \$'000	Americas \$'000	Unallocated \$'000	Total \$'000
Revenue					
Revenue from external customers	9,695	16,799	13,895	-	40,389
Total revenue	<u>9,695</u>	<u>16,799</u>	<u>13,895</u>	<u>-</u>	<u>40,389</u>
EBIT	7,671	13,492	6,258	(17,934)	9,487
Finance income	16	-	-	2	18
Profit/(loss) before income tax expense	<u>7,687</u>	<u>13,492</u>	<u>6,258</u>	<u>(17,932)</u>	<u>9,505</u>
Income tax expense					(2,190)
Profit after income tax expense					<u>7,315</u>
Consolidated - 31 Dec 2017	Asia Pacific \$'000	EMEA \$'000	Americas \$'000	Unallocated \$'000	Total \$'000
Revenue					
Revenue from external customers	8,509	13,580	11,978	1,278	35,345
Total revenue	<u>8,509</u>	<u>13,580</u>	<u>11,978</u>	<u>1,278</u>	<u>35,345</u>
EBIT	7,015	10,574	4,639	(15,765)	6,463
Finance income	-	-	-	37	37
Profit/(loss) before income tax expense	<u>7,015</u>	<u>10,574</u>	<u>4,639</u>	<u>(15,728)</u>	<u>6,500</u>
Income tax expense					(792)
Profit after income tax expense					<u>5,708</u>

Note 3. Operating segments (continued)

Unallocated EBIT

Unallocated EBIT is represented by the following costs:

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Total research and development costs incurred during the half-year	10,589	11,494
Amortisation of deferred development costs	6,696	5,236
Less: Development costs capitalised	(8,691)	(9,120)
General and administrative expenses	9,340	8,155
	<u>17,934</u>	<u>15,765</u>

Note 4. Revenue

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Subscription revenue	<u>40,389</u>	<u>35,345</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
<i>Geographical regions</i>		
Asia Pacific	9,695	9,787
Europe, the Middle East and Africa ('EMEA')	16,799	13,580
Americas	<u>13,895</u>	<u>11,978</u>
	<u>40,389</u>	<u>35,345</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>40,389</u>	<u>35,345</u>

Note 5. Non-current assets - intangibles

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Goodwill	26,094	15,604
Capitalised development costs	70,894	62,203
Less: Accumulated amortisation	<u>(34,475)</u>	<u>(27,779)</u>
	36,419	34,424
Software systems - at valuation	4,347	4,332
Less: Accumulated amortisation	<u>(1,475)</u>	<u>(1,022)</u>
	2,872	3,310
Customer relationships - at valuation	492	492
Less: Accumulated amortisation	<u>(219)</u>	<u>(137)</u>
	273	355
	<u>65,658</u>	<u>53,693</u>

Reconciliations

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

Consolidated	Goodwill	Capitalised	Software	Customer	Total
	\$'000	development	systems	relationships	\$'000
	\$'000	costs	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	15,604	34,424	3,310	355	53,693
Additions	-	8,691	15	-	8,706
Additions through business combinations (note 8)	10,490	-	-	-	10,490
Amortisation expense	<u>-</u>	<u>(6,696)</u>	<u>(453)</u>	<u>(82)</u>	<u>(7,231)</u>
Balance at 31 December 2018	<u>26,094</u>	<u>36,419</u>	<u>2,872</u>	<u>273</u>	<u>65,658</u>

Note 6. Equity - dividends

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

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Final dividend for the year ended 30 June 2018 (2017: 30 June 2017)	<u>5,284</u>	<u>3,720</u>

On 25 February 2018, the directors declared an interim dividend of 1.75 cents per share to be paid on 3 April 2019. As this occurred after the reporting date, the dividends declared have not been recognised in this financial report.

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

The Company's DRP will operate by purchasing shares on market. No discount will be applied. Election notices for participation in the DRP in relation to this interim dividend must be received by 5 March 2019.

Note 7. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<i>Liabilities</i>			
Contingent consideration - current	-	-	1,290
Contingent consideration - non-current	-	-	6,678
Total liabilities	-	-	<u>7,968</u>

Consolidated - 30 Jun 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<i>Liabilities</i>			
Contingent consideration - current	-	-	870
Contingent consideration - non-current	-	-	4,071
Total liabilities	-	-	<u>4,941</u>

There were no transfers between levels during the financial half-year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The contingent consideration arose on the acquisitions of Randem and Nidasu (Refer to note 8).

For the Randem contingent consideration, the fair value was determined using an independent expert and is estimated based on a multiple of forecast net profit after tax and revenue of the acquired business over a three year period, subject to clawback. Any settlement of contingent consideration will be in the form of cash and Infomedia Ltd's ordinary shares split 50:50.

For the Nidasu contingent consideration, the fair value was estimated based on a multiple of forecast net profit before tax and revenue of the acquired business over a three year period, subject to clawback. Any settlement of contingent consideration will be in the form of cash and Infomedia Ltd's ordinary shares split 70:30.

Any variation at the time of settlement will be recognised as income or expense in profit or loss.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Contingent consideration \$'000
Balance at 1 July 2018	4,941
Contingent consideration acquired in business combination	3,951
Settlements during the financial half-year*	<u>(924)</u>
Balance at 31 December 2018	<u><u>7,968</u></u>

* Represents settlement of \$467,000 in cash and \$466,000 in shares and an adjustment of \$9,000.

Note 8. Business combinations

On 13 December 2018, the Group acquired 100% of the ordinary shares of Nidasu Pty Limited. Nidasu is the leading provider of data analytics to automakers and dealerships throughout Australia. The monthly subscription business model is highly complementary to Infomedia's software as a service ('SaaS') recurring revenue business. It represents a key step in building Infomedia's data strategy and presents a significant opportunity to access new customers and leverage Infomedia's data business globally. Given the timing of the acquisition of Nidasu, the value of the goodwill identified below is based on provisional purchase price accounting. If new information is obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date which results in adjustments to the below amounts, then the acquisition accounting will be revised accordingly. None of the goodwill is expected to be deductible for tax purposes.

The contributed revenues and profit after tax to Group were immaterial for the period from 13 December 2018 and 31 December 2018. If the acquisition occurred on 1 July 2018, the estimated contribution to the half-year results to 31 December 2018 would have been revenue of approximately \$1.500 million and net profit after tax of approximately \$0.066 million.

The provisional purchase price accounting is as follows:

	Fair value \$'000
Net working capital acquired	461
Goodwill	<u>10,490</u>
Acquisition-date fair value of the total consideration transferred	<u><u>10,951</u></u>
Representing:	
Cash paid or payable to vendor	5,600
Infomedia Ltd shares issued to vendor	1,400
Contingent consideration	<u>3,951</u>
	<u><u>10,951</u></u>
Acquisition costs expensed to profit or loss	<u><u>84</u></u>

Note 9. Events after the reporting period

Apart from the dividend declared as disclosed in note 6, no other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors



Bart Vogel
Chairman

25 February 2019

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

We have reviewed the accompanying half-year financial report of Infomedia Ltd, which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 17.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Infomedia Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Pooja Patel

Pooja Patel
Partner
Chartered Accountants
Sydney, 25 February 2019