

# NEWS RELEASE

## EMITCH LIMITED RESULTS FOR THE YEAR ENDED 30 JUNE 2006

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### EMITCH LIMITED ANNOUNCES 104% INCREASE IN EBIT TO \$3.18M

Australia and New Zealand's leading online media buying company emitch Limited (ASX: EMI), today announced earnings before interest and tax of \$3.18 million, an increase of 104% over the previous year.

Net profit after tax was \$2.574 million for the year ended 30 June 2006. This compares with a net profit of \$1.391 million for the same period in FY2005 (after AIFRS adjustments), an increase of 85%.

The Company also announced the payment of a 1.3 cent per share dividend, unfranked, with a record date of 9 October and payable on 23 October. The dividend is an increase of 30 per cent on last year.

### KEY FINANCIALS FOR THE YEAR

- Consolidated gross billings of \$34.186 million, an increase of 92 per cent over the same period last year;
- Revenue from ordinary activities (after agency commissions and interest) up 85 per cent to \$32.314 million;
- EBIT of \$3.177 million, an increase of 104 per cent;
- Net profit before tax of \$3.68 million, an increase of 82 per cent;
- Net profit after tax of \$2.574 million, an increase of 85 per cent;
- Net cash inflow from operations of \$3.719 million;
- Cash balance at 30 June 2006 of \$6.561 million;
- Earnings per Share of 1.4c, up 84 per cent;

- The company's recent New Zealand acquisition, The Internet Bureau, contributed \$A2.266 million in gross billings, \$0.259 million in earnings before tax and \$0.195m in earnings after tax.

CEO Lee Stephens said, "emitch continues to consolidate its position as the leading and most sophisticated online media agency in Australia and New Zealand, with gross billings growth rates well in excess of the general internet advertising market."

The general internet advertising market in Australia, as measured by the Audit Bureau of Verification Services, grew 61 per cent in the 2006 financial year compared with the same period last year. The Company's growth in Australia over the same period was 79 per cent.

The Company's growth rate in the June half over the same period last year was 100 per cent, against market growth of 67 per cent. In the June quarter the Company's growth was 76 per cent, compared with market growth of 65 per cent.

"Our commitment to be the best in assisting our clients locate, attract, and retain customers using digital media has seen the Company substantially increase market share during the year" Mr. Stephens said. "Our full suite of digital marketing services across media, search, creative services, and email marketing (following our recent purchase of the Onemail™ email software), has resulted in our clients obtaining industry-leading returns on their marketing investments. We see increasing returns for clients and emitch from our recent acquisitions in the year ahead."

"Our 43 staff across Australia and New Zealand are the best in the industry and their continued focus on growing the business from existing clients and aggressively pursuing new business should see our market share continue to rise.

Mr. Stephens said the new financial year had begun strongly for the Company and there are no signs of the market growth rates in Australia easing. Billings have continued to grow in line with the previous six months performance and are accelerating once the recent acquisitions of The Internet Bureau (N.Z.) and OneMail are taken into account. The continued penetration of broadband internet is resulting in a growing allocation of marketing dollars for "brand" advertising and also growing use of the internet by mainstream advertisers.

The New Zealand business, The Internet Bureau, contributed two months of earnings to the results. Gross billings were AUD2.266 million, contributing AUD0.195 million to the net profit after tax. The Internet Bureau is the market leader in the New Zealand market with more than a 40% market share.

Mr. Stephens said The Internet Bureau acquisition was proceeding to plan and, notwithstanding the softer New Zealand economy, is on-track to meet its FY2007 earnings forecast.

"The Internet Bureau has the most experienced personnel in New Zealand on-line media and we believe that market growth rates are set to rapidly expand, with regulatory pressure on the incumbent telco to roll-out entry level broadband plans to consumers, as was the catalyst for strong growth in Australia some 2 ½ years ago," Mr. Stephens said.

Gross billings in the search market are up 97% on the same period last year. "The search business will continue to be an important focus in the new financial year with an experienced team hired to aggressively roll out our search strategy, under the new trading name Columbus," said Mr. Stephens. "We anticipate continued rapid growth in search billings."

emitch continues to closely monitor costs, with non-media delivery costs increasing at a significantly slower rate than billings growth, further highlighting the scalability of the business. Operating costs, excluding media delivery and headcount costs, increased by 33%. Gross margins decreased slightly from the above-average margins of FY2005.

Australian headcount increased from 19 at June 2005 to 31 at 30 June 2006 while gross billings per FTE employee increased by almost 30 per cent.

emitch Chairman Stuart Simson said the Company had the foundations in place to continue to strongly maximise profitability and build shareholder value. "The Company will in FY2007 and beyond, reap the benefits of the major initiatives taken in the past 12 months in the Internet Bureau and Onemail acquisitions, and the organic development of capabilities in search advertising and creative services. It is a credit to the management and staff of the Company that these developments have occurred while at the same substantially increasing market share."

Mr. Simson said the Company was well-placed to consider further expansion opportunities, remaining debt-free and with a healthy cash balance.

The recruitment shortlisting joint venture FINAL5 ([www.final5.com.au](http://www.final5.com.au)) contributed \$75,000 to the after-tax result. Mr. Stephens said Final5 has gained excellent traction in the competitive recruitment market and the venture's performance is expected to continue to improve in the new financial year.

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