

emitch / Roy Morgan Research
Internet Advertising Intentions and Attitudes Survey

STRONG ONLINE AD SPEND CONTINUING IN 2006-07

Major advertisers report that they will invest over 21% of their advertising dollars online in 2006-2007, according to the latest emitch/Roy Morgan *Internet Advertising Intentions and Attitudes* survey.

This is up 11 percentage points from the 10% reported in January 2006.

Major advertisers allocated 13% of their advertising spend to online advertising in the 2005-2006 financial year, up 4 percentage points from 9% reported in January 2006.

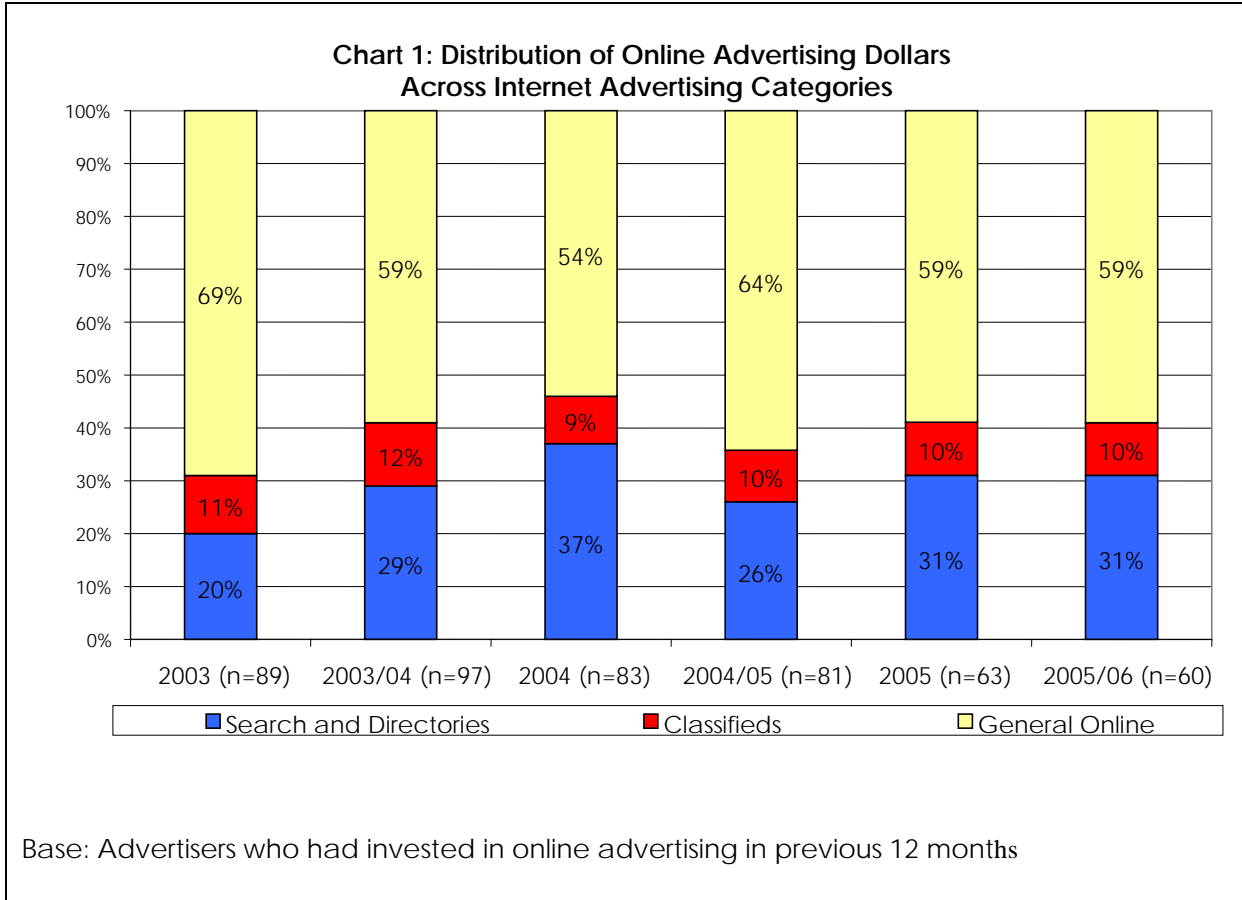
A majority of advertisers have now embraced the Internet with 71% of advertisers having invested in online advertising in the past 12 months, up 12 percentage points from the 59% reported in January 2006. The survey found that general Internet advertising continues to be the dominant online advertising form.

Ninety-four percent of advertising agencies surveyed had placed advertising online in the past 12 months, up 11 percentage points from the 83% reported in January 2006.

Advertisers, agencies and publishers are optimistic about the role of the Internet as part of the overall media mix, with the majority of advertisers (80%) agreeing that *"the Internet will be a vital component of my company's marketing strategy over the next three years"*. During 2006, advertisers will use the Internet to focus brand awareness strategies with 68% agreeing that *"Advertising on the Internet is an effective way to build brand awareness"*.

Online Advertising Behaviour

General Internet advertising, which incorporates banners, buttons and the like, continues to attract the lion's share (59%) of online advertising spend.



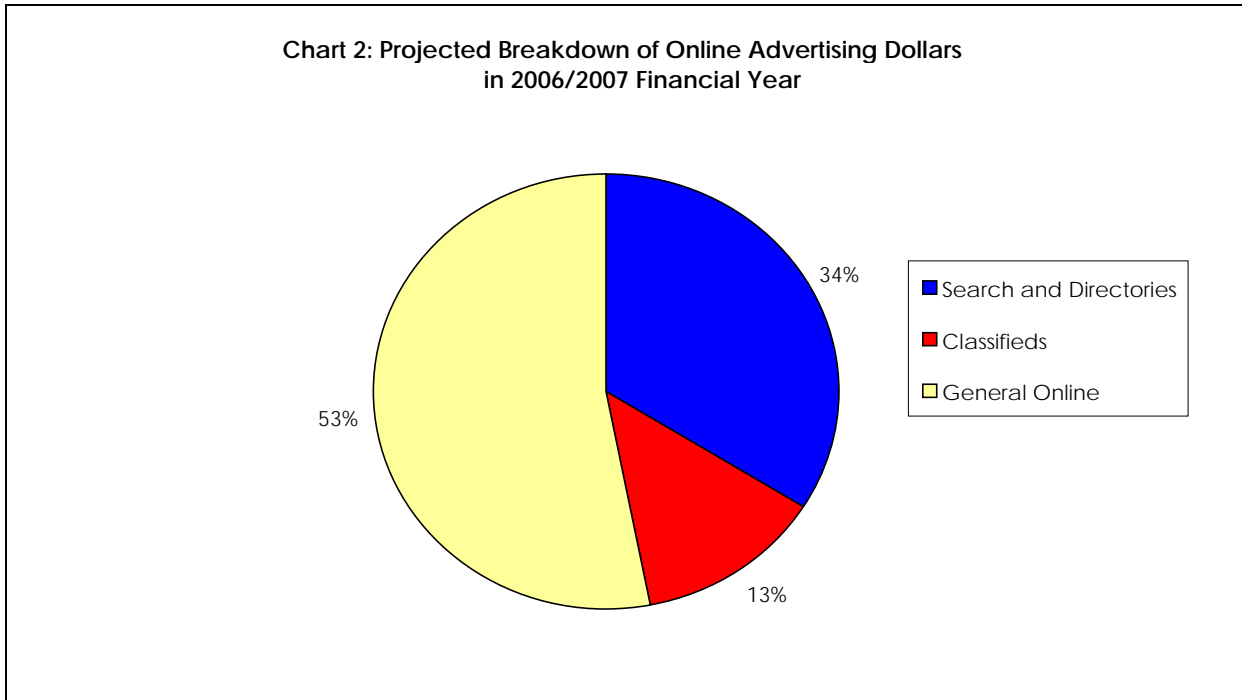
The proportion of budget spent on general Internet advertising remains in similar high levels (59%) as reported in January 2006.

The proportion of Internet advertising budget invested towards search and directories advertising as well as Internet classifieds, has remained at similar levels as reported in January 2006, attracting 31% and 10% of the advertising budget respectively in July 2006.

Forecast Internet Spending for 2006 - 2007

When asked to consider how their Internet advertising spend would be allocated in 2006-2007, advertisers indicated little change from their 2005-2006 forecasts.

It is expected 53% of online advertising dollars will be spent on general Internet advertising (down six percentage points from 59% outcome in 2005 -2006) with advertising on search engines and directories expected to attract 34% (up 3 percentage points) and spending on Internet classifieds expected to increase to 13% (up 3 percentage points).



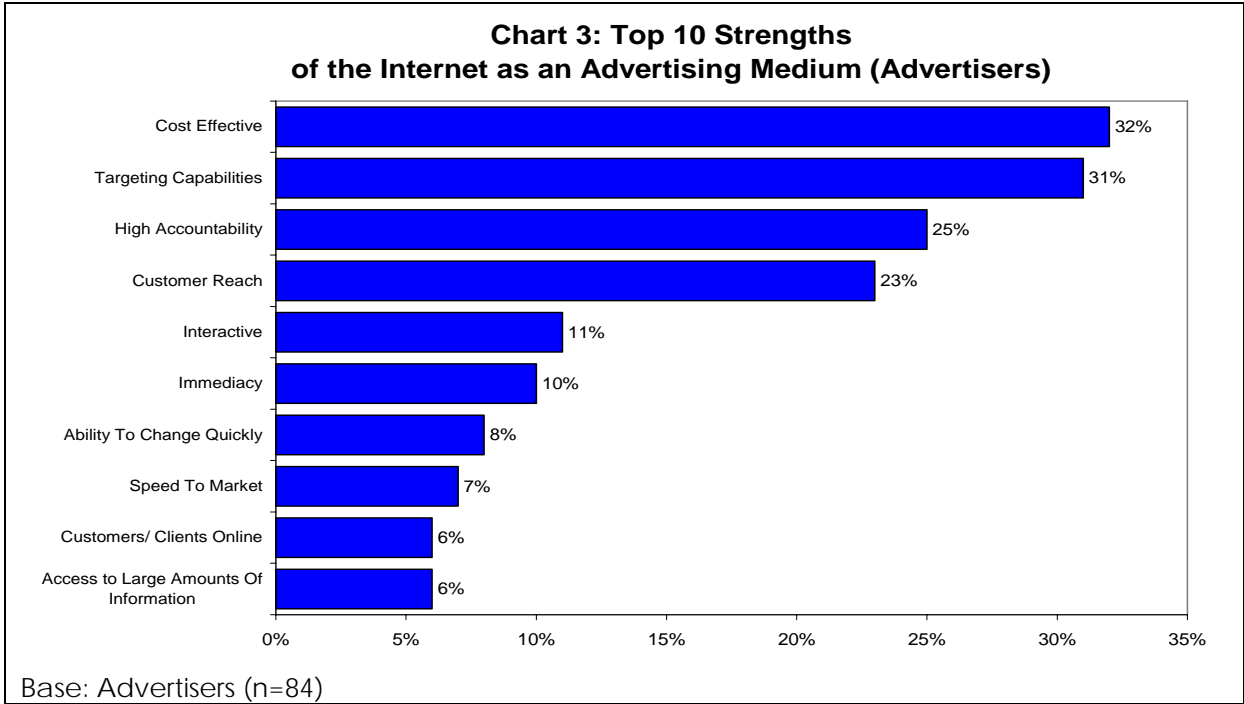
Base: Advertisers planning to invest in online advertising in 2006-2007 (n=60)

Perceived Strengths and Weaknesses of Internet Advertising

Advertisers, agencies and publishers do not always share the same views in regards to the perceived strengths and weaknesses of Internet advertising.

The Internet’s “cost effectiveness” is seen as the greatest strength for the advertising medium, mentioned by 32% of advertisers (up 15 percentage points from 17% in January 2006).

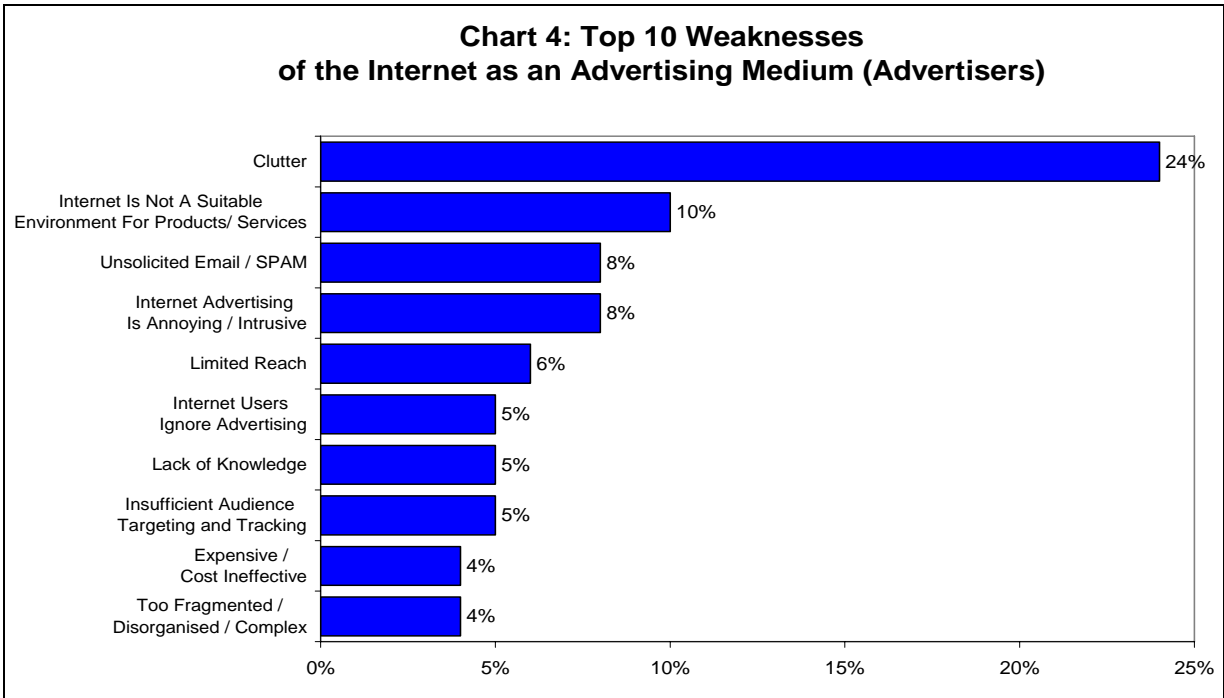
The Internet’s “targeting capabilities” are still seen as one of the greatest strengths for the advertising medium, mentioned by 31% of advertisers (up 6 percentage points from 25% in January 2006). The “high accountability” and the “customer reach” of the medium were also seen as major strengths.



Both Agencies and Publishers regard "high accountability" as the greatest strength of the Internet and mentioned "targeting capabilities" as another key strength.

Advertisers said the greatest weakness of the Internet as an advertising medium were issues of "clutter" (24%) and "an unsuitable environment for some products and services" (10%).

Both Agencies and Publishers regard "clutter" (18%) as the greatest weakness of the Internet as an advertising medium.



Evaluating the Medium

A large majority of advertisers (82% up 9 percentage points from 73% in January 2006) agreed with the statement *"The Internet allows me to efficiently reach my target audience"* and 75% (down 3 percentage points from 78% in January 2006) agreed that *"Advertising on the Internet has high accountability due to the sophisticated measurement tools available"*. The majority of advertisers (67%, down 2 percentage points from 69% in January 2006) agreed that the Internet offers advertisers *"...great value for money"* and 68% (down 3 percentage points from 71% in January 2006) agreed that *"Advertising on the Internet is an effective way to build brand awareness"*.

A majority of advertisers (63%) plan and purchase online media as part of a total media strategy, while 30% plan online media separately, with its own specific objectives.

The emitch / Roy Morgan Research *Internet Advertising Intentions and Attitudes* survey is a collaboration between Australia's largest online advertising agency emitch Limited and Roy Morgan Research.

This latest survey is the sixth wave of the series and was conducted by telephone and internet during the first few weeks of August 2006. Respondents were marketing decision makers from 84 prominent Australian advertisers, as well as 50 advertising / media agency media decision makers and senior sales executives from 17 of Australia's leading online publishers.

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