

CHIEF EXECUTIVE OFFICERS REPORT

AIMIA Annual General Meeting FY09

5 March 2010

Prepared by John Butterworth, CEO

Overview of AIMIA

Founded in 1992, AIMIA is the peak industry body for interactive content and digital media in Australia.

AIMIA exists to:

- Deliver services and initiatives that help AIMIA members grow their businesses in the Digital Media industry
- Develop and grow the markets for AIMIA member's services and products
- Identify and develop export opportunities in Digital Media for AIMIA members
- Represent AIMIA members and the Digital Media industry nationally and internationally with government, education, media and the broader business community

AIMIA Member Services include:

- Digital Industry development initiatives and activities
- Business and consumer market development
- Education and training
- Industry standards, guidelines and codes of practice
- Consumer education
- Industry and consumer research
- Export assistance (TradeStart)
- International trade missions
- Forums, seminars, and conferences
- Networking events
- Annual AIMIA Awards program
- Government lobbying and policy development
- Insurance and legal services

AIMIA Members

At June 30 2009, AIMIA had a membership base of 645, compared to 648 at June 30 2008, At June 30 2007 membership was at 600. Overall, membership has more than doubled since June 2004 when it stood at 304.

While overall membership was slightly down on the previous period this is primarily as a result of monthly fluctuations in the student and individual membership categories.

Despite the economic and market uncertainty throughout much of the financial period, the core membership categories showed some growth. Business membership was up (from 334 to 344), corporate, associate membership was slightly up (from 16 to 17), and Patron members were up (from 9 to 16). Only corporate membership showed a slight dip from 27 to 26.

Membership growth clearly stalled in November 2008 and remained static for much of the reporting period, recovering to allow us to meet our annual membership budget only in the last weeks of the financial year.

AIMIA's membership is drawn from the full spectrum of the digital media industry in Australia. Our members range from Australia's top Digital Content powerhouses, including the ABC, Google, Sensis, Yahoo7, BigPond, Foxtel, Disney, ninemsn and Fairfax Digital, to the country's best known interactive advertising, mobile content, web development, games design, and special effects companies. Members include developers, creators, producers, investors, owners,

service providers, educational institutions and students.

AIMIA – FY09 Fact Sheet

While FY08 was the year where the AIMIA office consolidated and focussed on resources and processes to support the growth in activities experienced in the previous three years, FY09 saw a return to expansion of AIMIA's activities.

New Activities in FY09 included:

- A massive increase in activities with the (then) relatively new Federal Government including:
- A direct meeting with Stephen Conroy, Minister for Broadband, Communications and the Digital Economy;
- Subsequent meetings with his various advisers;
- AIMIA CEO and various AIMIA Directors presenting at the various DBCDE workshops and conference on the future of digital;
- AIMIA CEO presenting the keynote address at the DBCDE conference on digital content;
- AIMIA CEO presentation to 90-odd DBCDE staff at the invitation of the Department Secretary;
- AIMIA CEO private briefing with the Departmental Secretary;
- Numerous submissions to government on the framework for the digital economy;
- AIMIA hosting a Digital Government Summit in Canberra;
- By way of contrast, AIMIA had one meeting with the minister and one meeting with ministerial advisers in the previous four years.
- Launched the Digital Services Index (DSI) with Hyro and IBM and conducted a second DSI research project in the same period.
- Obtained significant funding from the NSW State Government for the Mobile industry internship scheme, the first major funding obtained from this government in a number of years.
- Appointment of a full-time CEO for the Interactive Advertising Bureau (based out of the AIMIA office and a corresponding increase in funding from the major online publishers and in the level of activity by the IAB, supported by AIMIA.
- Significant increase in the number of events conducted by the AIMIA office, AIMIA industry groups, and the various AIMIA state chapters, from just over 30 events in FY08 to 67 events in FY09.
- Entered into a joint venture with VentureOne for the staging of full-day seminars and training programs.
- Launched AIMIA Speaker's Bureau
- Joined and supported the "Safe Online, Safe Offline Campaign".
- Moved to larger offices.
- Hired a Commercial Manager to grow patrons and sponsors.
- Further increased the number of patron supporters.
- Complete restructure of the AIMIA email marketing strategy to reduce the perception of spam and better manage the increase in communications to members due to expanded activities.
- Continued to grow the AIMIA Mobile Industry Group as Australia's pre-eminent advocate for the mobile content industry.
- Conducted the 4th "Australian Mobile Phone Lifestyle Index", Australia's first ongoing mobile content research survey providing insight into the profile, behaviour and preferences of the Australian mobile phone user.
- Launched the AIMIA Mobile Traffic Trend Report.
- Completed the "Export Navigator Project", a research initiative established in partnerships with Seven Network, mNET and Kukan Studio to assist Australian companies developing portable content for distribution to mobile phones and other handheld media devices internationally.
- Expanded the AIMIA digital media internship programme in partnership with industry and the education sector and with the support of the NSW State Government.

- Expanded the Digital Content Industry Professional Indemnity insurance scheme to include Travel Insurance for members.
- Conducted a new Digital Media Trade Mission to New York as well as continuing to lead trade missions and market visits to Hong Kong and Singapore.
- Exceeded Austrade TradeStart targets by 65%.
- Successfully staged the 15th Annual AIMIA Awards in Sydney with a 16% rise in entries.

AIMIA Operations

Excluding our TradeStart staff member who is funded by the Federal Government through Austrade, AIMIA's ended the financial year with seven full time staff.

AIMIA Financial Results

AIMIA's finances are reported in two ways.

Firstly, AIMIA's annual financial performance is described in terms of AIMIA National Office Financial Year Accounts. These report on the performance of the AIMIA office and revenues and expenses associated with the activities of the paid AIMIA staff and include office and salary expenses, membership and sponsorship revenue, the AIMIA Awards, AIMIA events etc. They exclude revenues and expenses associated with the IAB, AIMIA State chapters and AIMIA industry groups. These groups have other sources of revenue, often state government grants for specific projects that are invoiced in one financial year but spent in another and can create significant distortions in the AIMIA national office financial reporting.

Secondly, we report AIMIA Group Financial Year Accounts. These are the official audited accounts and cover all AIMIA revenues and expenses including all entities relating to AIMIA including the IAB, State Chapters, industry groups and also includes grants paid to AIMIA.

AIMIA National Office Financial Year Accounts

FY09 was a mixed year with Patron and Sponsorship revenue significantly affected by industry concerns about the economy. However the downturn in patron and sponsor revenue was largely offset by extra income from TradeStart, membership and "other activities" including 3rd party events. As a result we recorded a net profit of \$33,646 vs a budgeted net profit of \$49,624.

AIMIA Group Financial Year Accounts

The FY09 financial year accounts have been audited by Ross Ellice-Flint of Ellice-Flint and Co, in accordance with Australian Auditing Standards. There has been further reclassification of revenue and expenses by the auditors between the 08 and 09 results as a result of the expansion of AIMIA activities. This has resulted from a combination of the increasing complexity of our finances (e.g. where to put new revenue and expense items), the explosion of "grants" income and expenses (IAB, various MIG projects, State Govt sponsorships etc).

No anomalies were discovered and Ellice-Flint and Co has made no recommendations for improvements to our accounting and finance reporting. Please see the attached Auditors Financial Report for details.

Prepared by:

John Butterworth
Chief Executive Officer

AIMIA

March 2010