



iiNet Limited
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24th February 2006

Australian Stock Exchange
Company Announcement Office
Level 4 20 Bridge Street
Sydney NSW 2000

Half year results investor briefing

In accordance with the listing rules, I attach a copy of a presentation on the half year results for iiNet Limited for release to the market.

A handwritten signature in blue ink, appearing to read "Stephen", is positioned above the name and title of the signatory.

Stephen Fewster
Company Secretary

iiNet Limited
December 2005 Earnings Release



Overview

- EBITDA for the half of \$16.4m in line with guidance
- Several strategic projects completed
- OzEmail integration complete – dial churn in line with acquisition model
- 85,000 customers on iiNet DSLAMs
- Bundle rates exceeding expectations
- Remediation of customer service progressing
- ULL debate continues

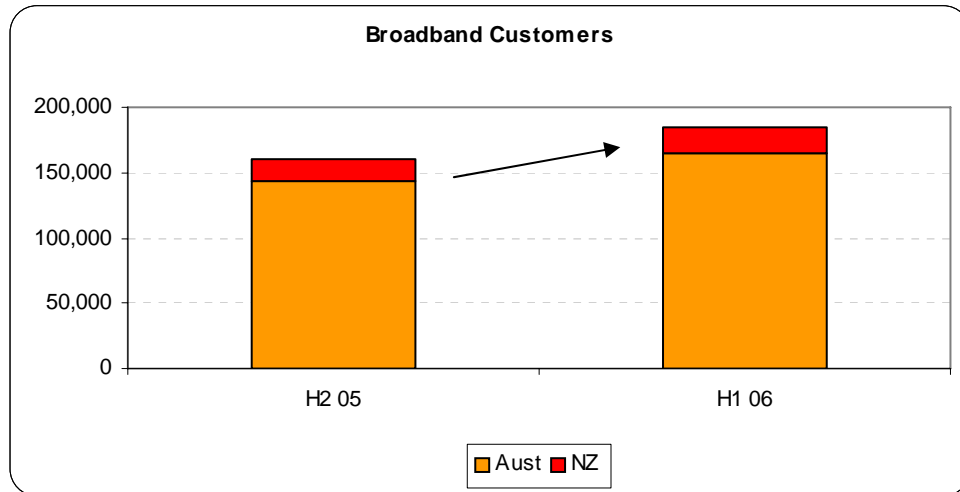
Earnings Results 1H FY06

| \$000s | Actual December Half | Guidance December Half |
|-----------------------------|----------------------------|------------------------------|
| Revenue | 120 | 118 |
| EBITDA | 16.4 | 16.4 |
| NPAT before Amortisation | 6.0 | 5.8 |

Strategic Projects

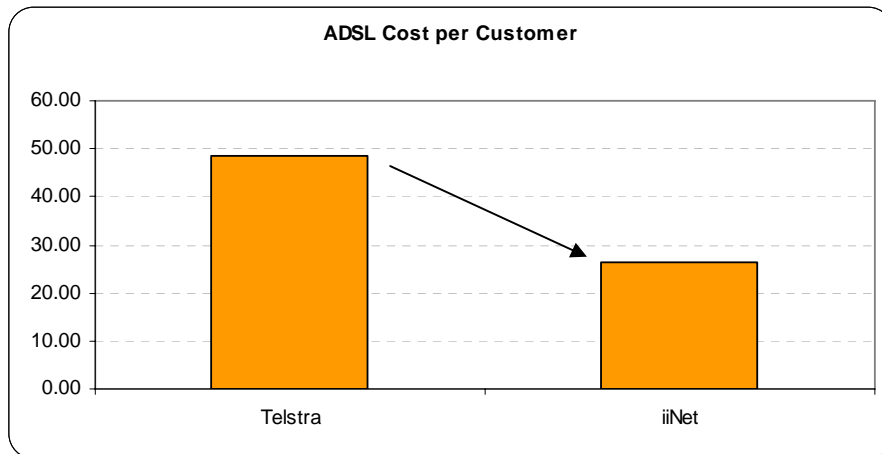
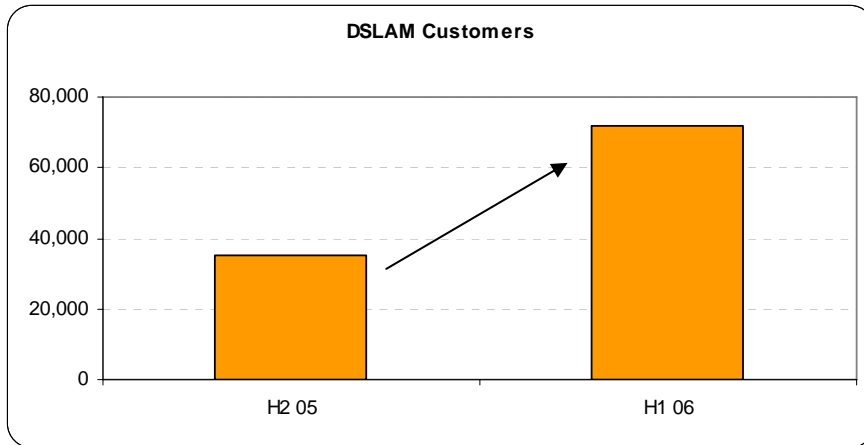
- OzEmail fully integrated onto iiNet billing system and network
- DSLAM rollout extended nationally – more than 50% of Australian broadband customers
- VoIP product developed and launched
- Virtual Call Centre commissioned (Auckland, Perth, Sydney)

Broadband Customers



- First half broadband growth affected by OzEmail integration issues
- Offering DSLAM speeds up to 24,000kbps
- Line speeds reduced for “Pay as you go” and “Starter plans” - lower than expected churn to date
- Sales in January above target

Broadband Cost Base

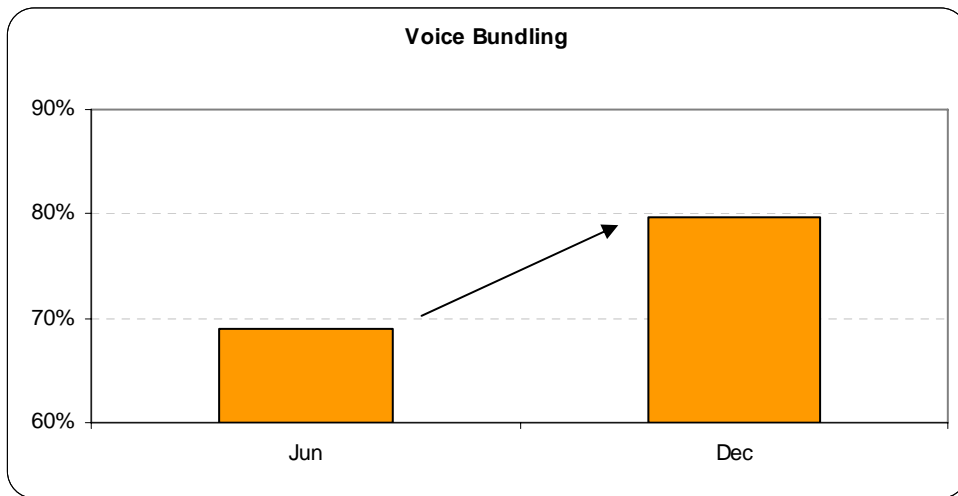
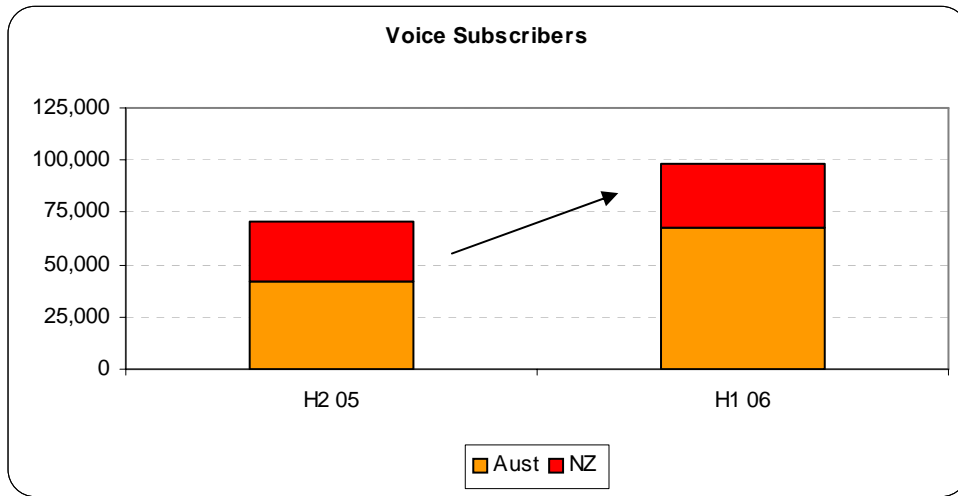


- Today - 85,000 customers on iiNet DSLAMs
- On track to reach 100,000 by July
- Key supplier agreements diversified
- National transmission deployed
- Alternative bandwidth agreements signed

iiNet is reducing its reliance on a single supplier

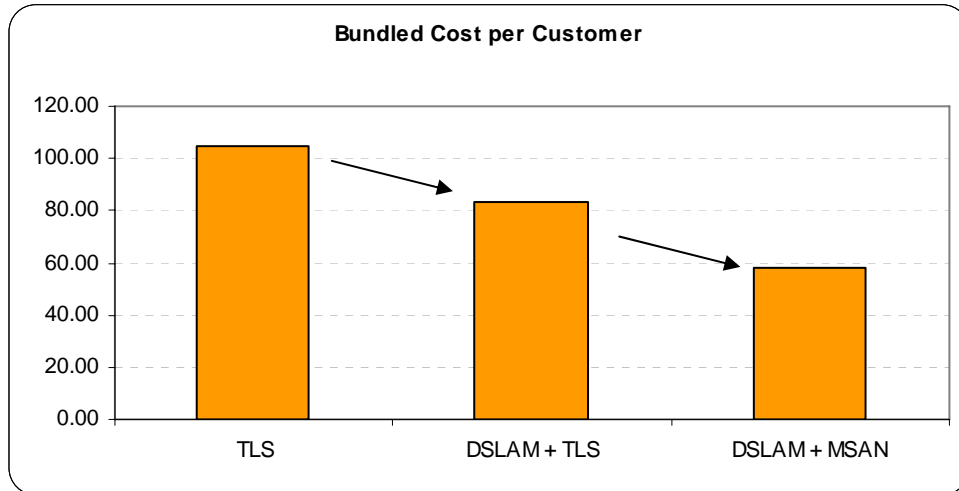


Voice – Fixed Line



- 80% new customer bundle rate exceeds 70% targets
- 80% bundle rate continued through January and February despite passing on increased line rental charge
- Scale in voice customers being achieved to support MSAN rollout

Voice Cost Base



- ULL cost for MSAN customers ~ \$22/month
- ULL removes line rental + LSS
- ULL reduces iiNet's fixed charges by \$14.50/month
- MSANs greatly reduce call transmission costs

Commence MSAN Rollout

Calls made using Ericsson and Nokia MSAN equipment



Customer trials commenced



ULL number portability



Telstra Wholesale to ULL process



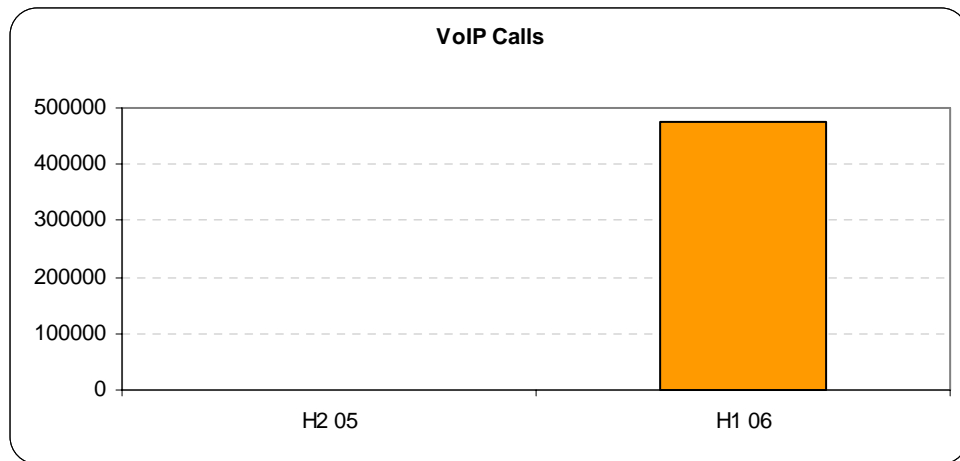
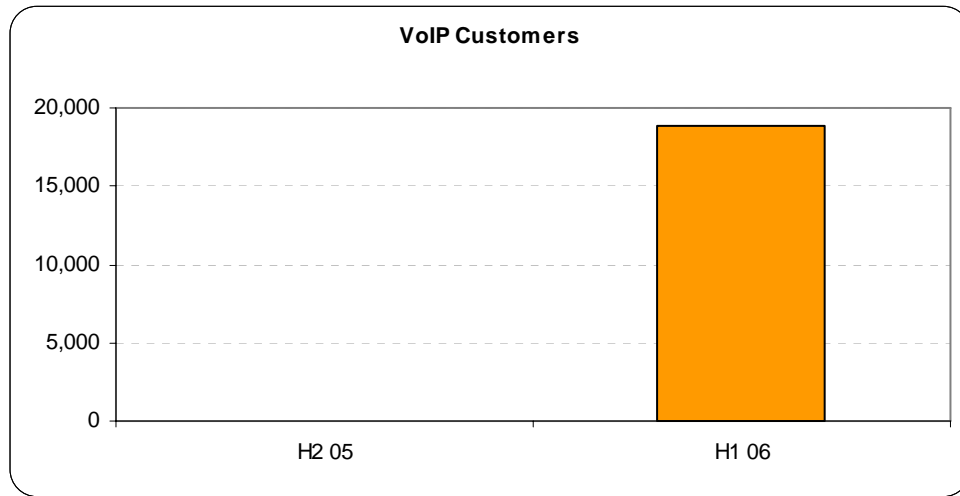
LSS to ULL provisioning process with Telstra developing



 Achieved  On Track



Voice – VoIP



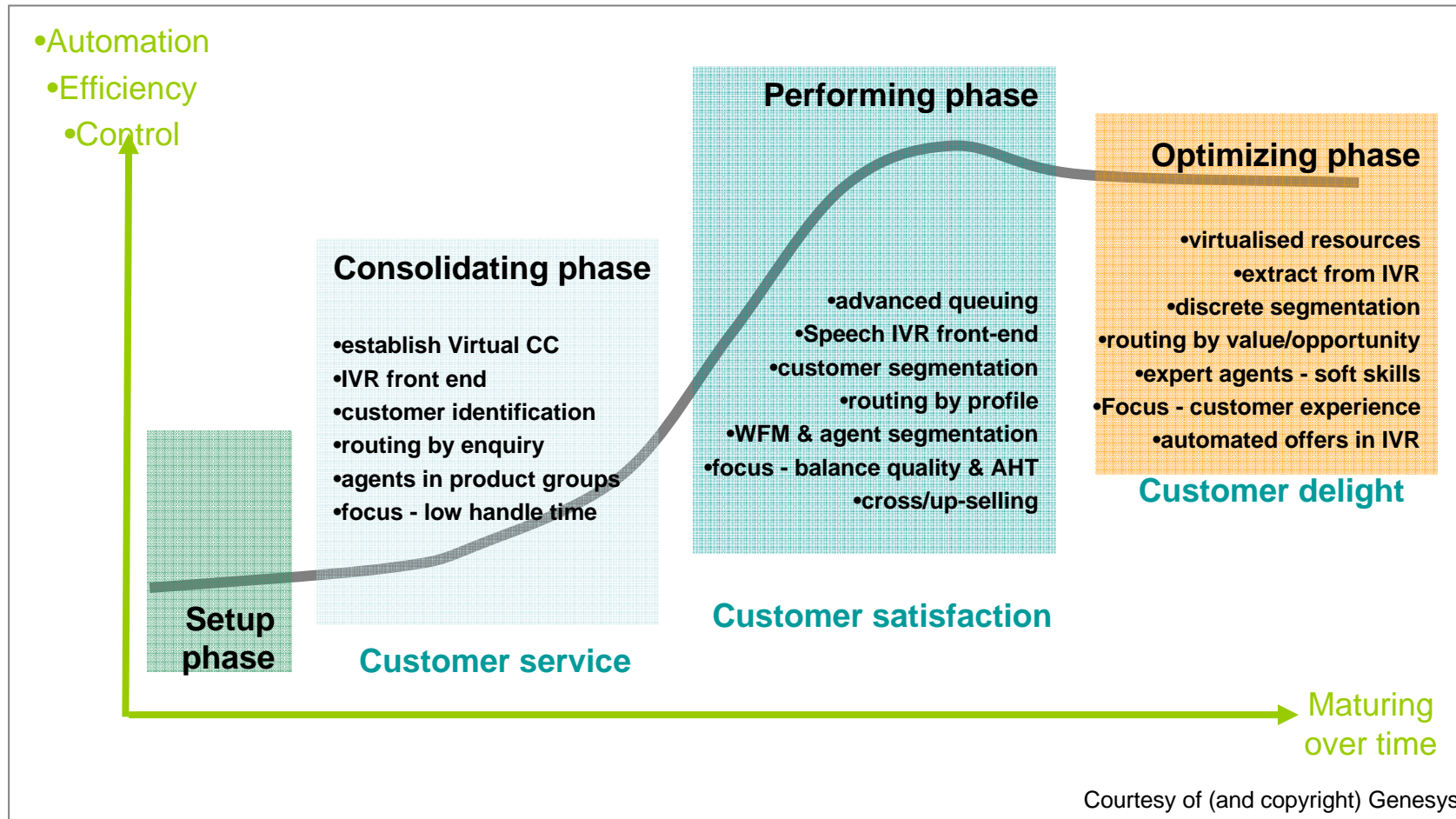
- 19,000 customers since launch at end of August
- Over 3 million minutes in January
- Test bed for MSAN

Customer Service

- Management's number 1 priority
- Customer service remediation continuing
- Virtual call centre successfully deployed during February
- General Manager Customer Service appointed
- Additional staff recruited
- Accelerated training programs implemented

Remediation of customer service progressing

Contact Centre Capability Maturity Model



Regulatory Update

ULL

- Pricing debate continues
- Ministerial intervention unlikely
- ACCC report on averaging & price parity due 31 March

iiNet disputes in progress on

- ULL
- LSS
- Regional backhaul

LLU looking increasingly likely in New Zealand

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Appendix 1 – Subscriber Numbers

| | Australia | | | | New Zealand | | Total | |
|------------------|-----------|---------|---------|---------|-------------|---------|---------|---------|
| | iiNet | | OzEmail | | Jun | Dec | Jun | Dec |
| | Jun | Dec | Jun | Dec | | | | |
| Dial - services | 145,073 | 117,623 | 223,361 | 178,316 | 56,305 | 41,135 | 424,739 | 337,104 |
| -ARPU/mth | 16.19 | 16.97 | 14.82 | 12.86 | 15.95 | 15.56 | 15.96 | 14.62 |
| DSL - services | 81,589 | 104,010 | 61,720 | 60,867 | 16,550 | 20,534 | 159,859 | 185,408 |
| -ARPU/mth | 60.60 | 58.26 | 41.26 | 42.31 | 33.42 | 40.42 | 50.32 | 51.05 |
| Phone - services | 39,801 | 60,092 | 2,585 | 8,092 | 28,607 | 30,203 | 70,993 | 98,387 |
| -ARPU/mth | 48.06 | 56.04 | 49.91 | 56.57 | 22.58 | 23.48 | 36.59 | 46.09 |
| Other - services | 13,654 | 35,134 | 11,003 | 6,254 | 10,602 | 20,473 | 35,259 | 61,861 |
| -ARPU/mth | 12.63 | 11.04 | 11.05 | 6.36 | 37.58 | 44.60 | 20.00 | 21.67 |
| TOTAL- services | 280,117 | 316,859 | 298,669 | 253,556 | 112,064 | 112,345 | 690,850 | 682,760 |
| - ARPU/mth | 32.23 | 37.03 | 20.78 | 21.18 | 21.97 | 27.18 | 25.59 | 29.52 |