

ASX Release

10 January 2008

Favourable Stamp Duty Decision, and ISP Acquisition

At its Annual General Meeting on 25 November 2007, iiNet gave guidance of \$22.4 million for Earnings Before Income, Tax, Depreciation and Amortisation ("EBITDA") for the six months to 31 December 2007.

iiNet has received notification from a number of state revenue departments that its submissions on the stamp duty relating to the acquisitions of OzEmail, Virtual Communities, Froggy and ihug have been accepted. As part of the acquisition accounting for these transactions a provision for stamp duty had been raised.

As a result of these decisions iiNet has released balance sheet provisions no longer required of \$1.7 million and has recognised a cash receivable \$0.3 million being stamp duty refundable. These items (totalling \$2.0 million) will be booked as Other Income in the Profit and Loss Statement for the six months to 31 December 2007.

These decisions will result in a once off addition of \$2.0 million to the half year guidance and will also have a once off \$2.0 million positive benefit to the Company's reported Net Profit After Tax.

Additionally, iiNet has entered into an agreement to acquire Perth ISP Up N Away which has approximately 1,800 broadband customers and 900 dial customers. This transaction will be completed during January 2008.

Yours sincerely,



Stephen Fewster
Company Secretary