

**iiNet Limited
Euroz Securities
Mid Cap Conference
8 March 2006**

iiNet Operating Principles

	Dial Up	DSL	Phone
Sell mass market retail	✓	✓	✓
Resell wholesale product to gain scale	✓	✓	✓
Build infrastructure to replace “bottlenecks”	✓	☑	☑
Use next generation equipment	✓	✓	☑
Don’t build where there is a competitive alternative	✓	✓	✓

✓ Achieved

☑ Delivering

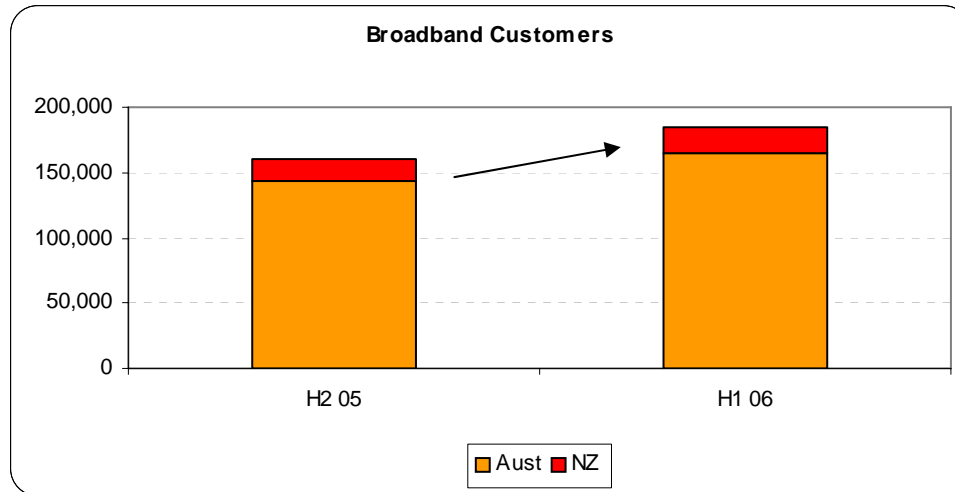
Earnings Results 1H FY06

\$000s	Guidance December Half	Actual December Half	Guidance Full Year
Revenue	118	120	247
EBITDA	16.4	16.4	40.1
NPAT before Amortisation	5.8	6.0	13.6

Operating Cash Flow Reconciliation

	\$million
EBITDA	16.4
Interest & Tax	(6.0)
Optus IRU	(2.2)
Onerous contract provision	(2.4)
Tax Receivable	(3.6)
Movement in working capital	(0.1)
Net Cash Flows From Operations	2.1

Customer Numbers



- H2 06 ADSL Sales above expectations
- ADSL services in Australia up from 165k to 174k
- Fixed line telephony up from 68k to 80k
- Dial-up churn improving, but still high, 295k down to 276k

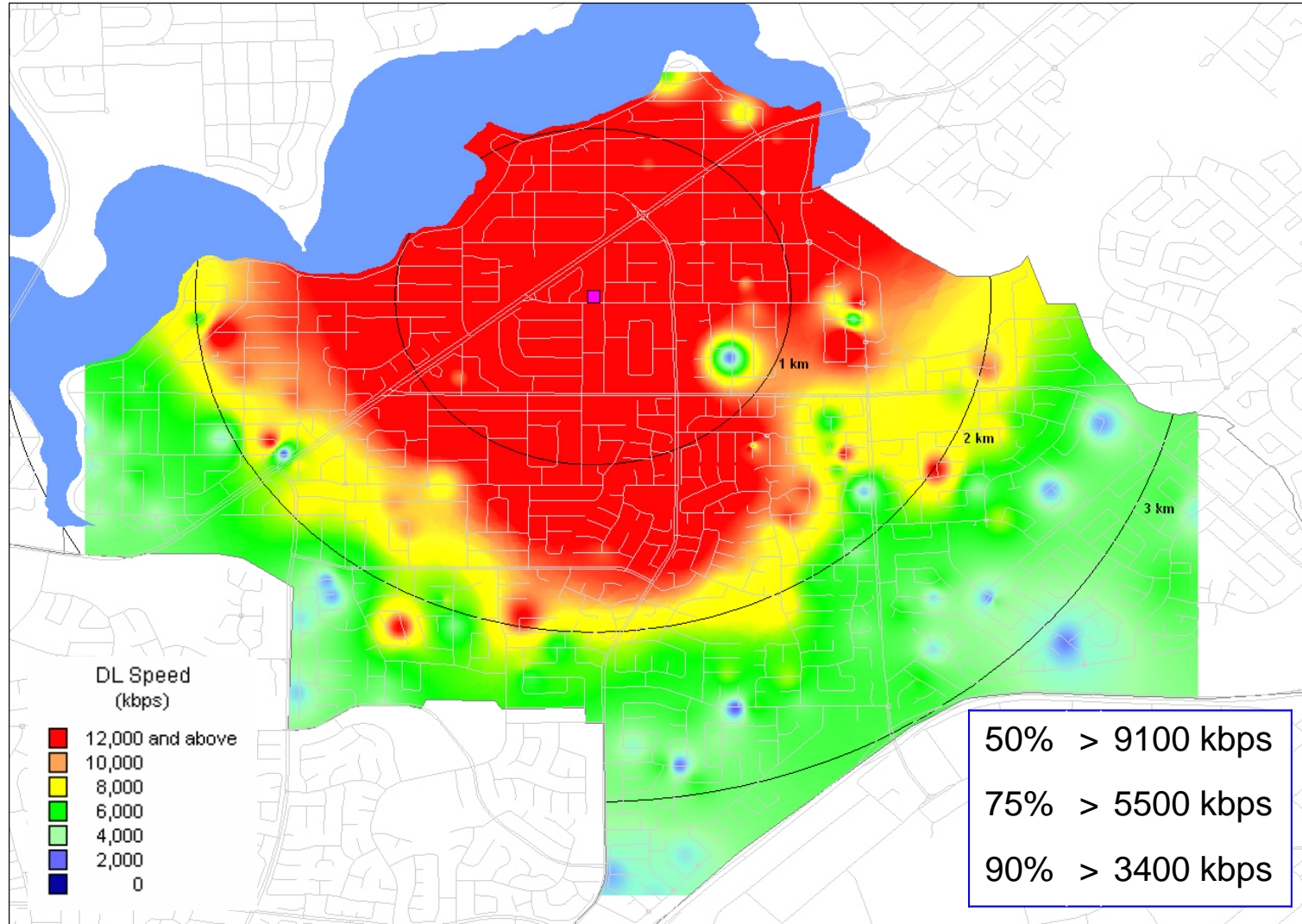
iiNet has scale to justify national ADSL network

DSLAM Network

- 210 exchanges built
- 85,000 customers now on iiNet DSLAMs
- 120,000 ports deployed so far
- National coverage, present in all capital cities
- Ericsson are our hardware partner
- 150 more exchanges planned in “phase 4”
- Phase 4 Capex \$15M, funded by debt

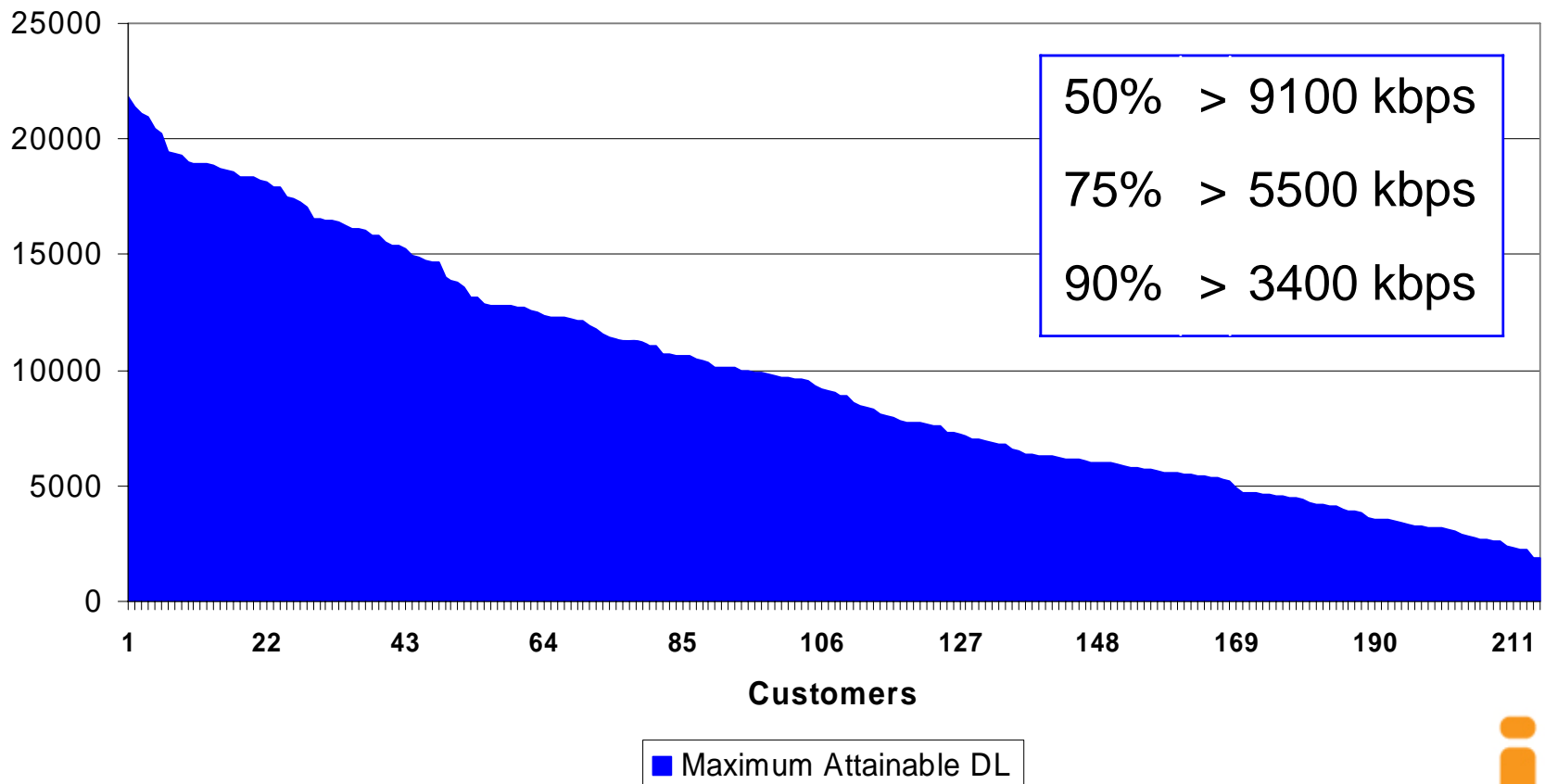


Customers Syncing at ADSL2+



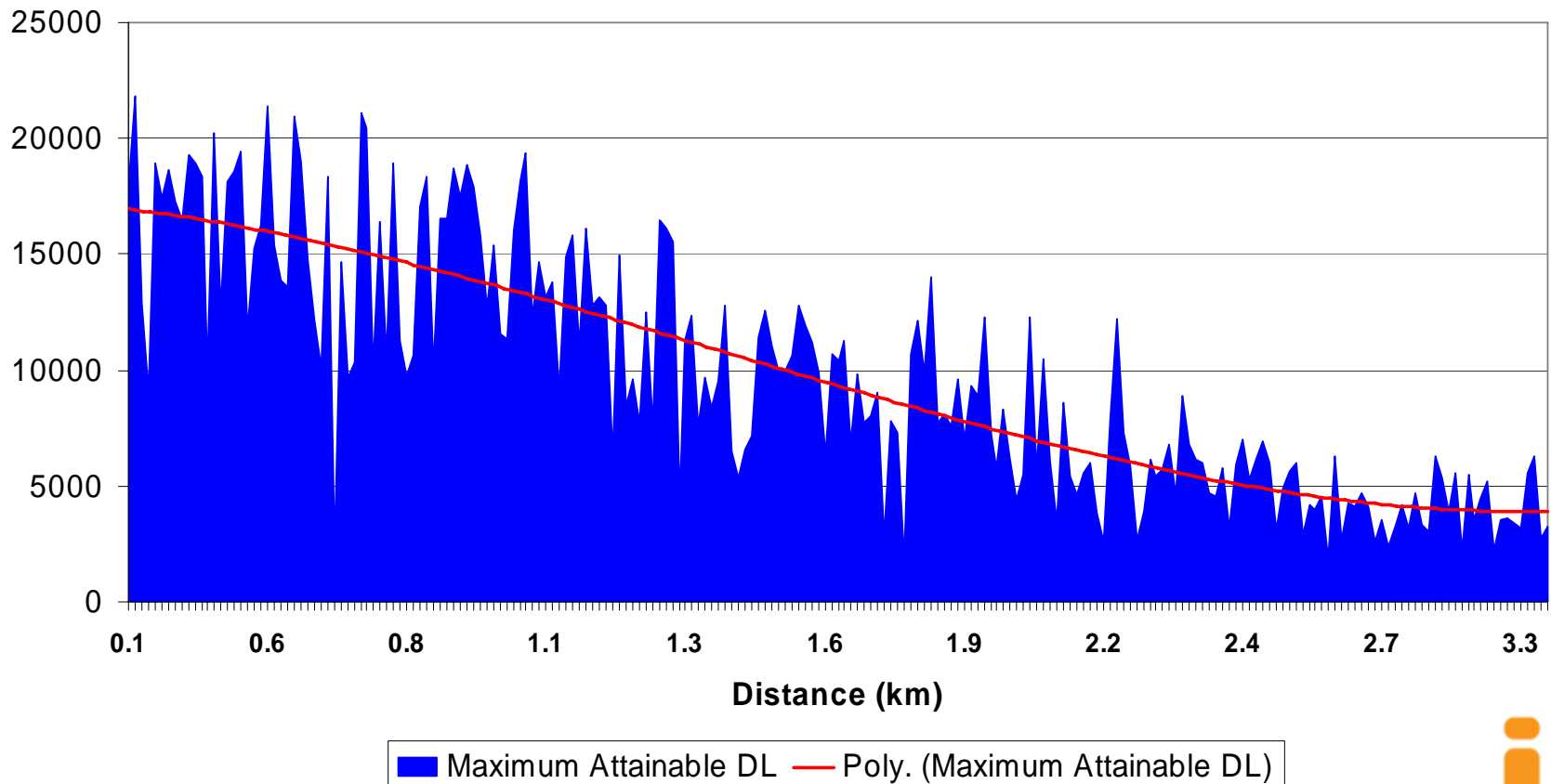
Speed Distribution

Riverton ADSL2+ Customers (215)



Speed v Distance

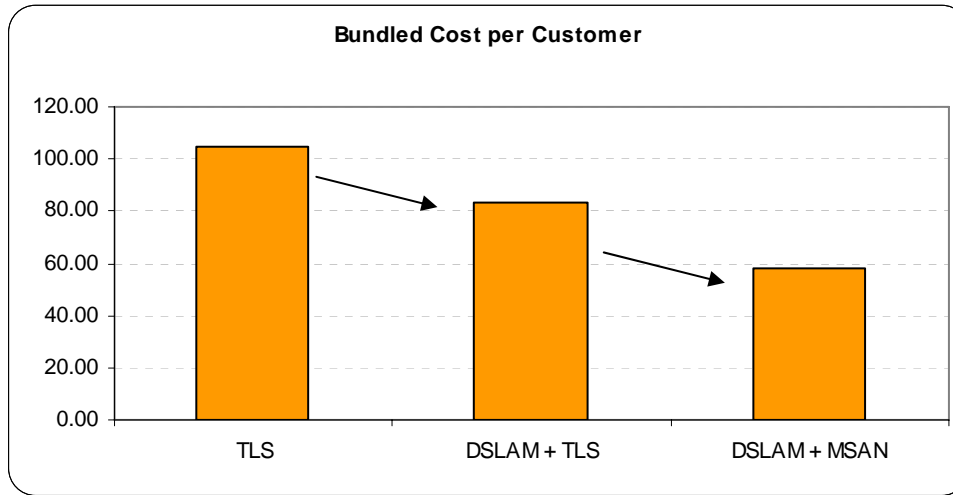
Riverton ADSL2+ Customers (215)



Backhaul Agreement

- 10 year IRU executed
- Significantly decreases backhaul expense
- No significant cash flow impact initially – no additional funding required
- Delivers dark fibre connection to 150 exchanges
- Dark fibre - unlimited bandwidth for fixed price, prepares network for future growth and content such as video
- Secures second major metropolitan backhaul provider
- Builds additional redundancy into network

Telephony



- Telephony not a contributor, until we get cost base down
- ULL cost for MSAN customers ~ \$22/month
- ULL removes line rental + LSS ~ \$37/month
- ULL reduces iiNet's fixed charges by \$14.50/month
- MSANs also reduces variable component: call transmission costs
- Bundling rates for new customers at 80%, even after price rise
- Will lead to improvement in contribution of telephony in FY07

Customer Service

- Remains management's number 1 priority
- Virtual call centre successfully deployed at the end of January
- General Manager Customer Service appointed
- Additional staff recruited and now operating
- Accelerated training programs implemented
- Still a long way to go, but significant improvement recently

Remediation of customer service progressing

Summary

- EBITDA for the half of \$16.4m in line with guidance
- Operating principles remain unchanged
- Broadband customers ahead of guidance
- 85,000 customers on our own DSLAM
- DSLAM network delivering high speeds
- Backhaul agreement struck
- Bundle rates exceeding expectations
- Remediation of customer service progressing
- ULL debate continues