

ASX Release

30 July 2010

iiNet Announces Record FY10 Earnings

30 July 2010 – iiNet Limited (ASX: IIN) is pleased to announce that, subject to final review by the company and its auditors, unaudited reported earnings before interest, tax, depreciation and amortisation (EBITDA) is expected to be \$76.9 million for FY10. Underlying EBITDA, excluding net legal costs of the copyright case, is expected to be \$80.7 million. This compares with the previous guidance for underlying EBITDA of \$75 million to \$80 million, and represents a 20% increase on the underlying 2009 full-year EBITDA.

Reported FY10 net profit after tax (NPAT) is expected to be \$34.6 million. Due to recent changes to the tax consolidation regime, iiNet is entitled to claim a \$5.2 million deduction for the tax cost base allocated to subscriber bases acquired in prior years, which were previously treated as non-deductible for tax purposes. Underlying FY10 NPAT, excluding net legal costs of the copyright case, the tax deduction and other one-off charges, is expected to be \$34.8 million, a 36% increase on the underlying 2009 full-year NPAT.

iiNet Chief Executive Officer Michael Malone said that iiNet's preliminary 2010 full-year earnings reflected the continued strong performance of iiNet's business, in particular:

- strong sustained growth in iiNet's products and services, with the total number of customer services of 962,000 and DSL broadband subscribers of 539,000 as at 30 June 2010;
- continued focus on cost management and the efficiency of core activities, including the delivery of full synergies following the acquisition of Westnet; and
- the acquisition of Netspace on 30 April 2010, with iiNet ranked the number 3 in Australia in terms of residential DSL internet service providers.

"Our focused strategy continues to deliver strong results. We have continued doing what we do best in terms of service, brand, content, and consolidation.

"iiNet's customer service levels have remained above our global best practice benchmark. Our unique brand campaigns continued to increase brand awareness in key markets. We released lots of cool new products, delivered our synergy target for Westnet and also acquired Netspace."



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WINNER
Commitment to Customer
Service – Consumer
ACOMMS Communications
Alliance & CommsDay
Awards 2009



WINNER
Australian Service
Excellence Award,
WA Call Centre Manager
of the Year,
National Customer Service
CEO of the Year
Customer Service Institute
of Australia (CSIA)



WINNER
Carrier of the Year 2010
Best Broadband Service
(Fixed or Wireless),
Chief Executive of the Year
Australian Telecom
Awards 2009



“This strategy provides us with an attractive platform to drive further growth in the business, and we are not slowing down.” said Michael Malone.

iiNet will announce its comprehensive 2010 full-year results on 16 August 2010.

About iiNet

iiNet was established in 1993 and listed on the ASX in 1999, growing from a small Perth business into the third largest Internet Service Provider in Australia. The company now supports around 900,000 broadband, telephony and dialup services nationwide, with revenues of over \$500m, and proudly employs over 1700 people in Perth, Sydney, Melbourne, Auckland and Cape Town.

iiNet’s goal is to lead the market with the best internet access products and then differentiate with genuine, plain speaking customer service. The company has its own high speed ADSL2+ network reaching around 4million households across Australia; the largest Voice over IP network in the country; and is delighted to have led yet again with BoB™, winning 2009’s *Product* category at the Western Australian Technology and Telecommunications Awards.

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