

iiNet Limited A.C.N. 068 628 937
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ASX Announcement

29 November 2005

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S ADDRESS TO AGM

iiNet Limited is please to enclose herewith a copy of the abovementioned addresses to be presented at the 2005 iiNet Limited Annual General Meeting to be held at 12.00 noon today.

Yours faithfully

A handwritten signature in black ink, appearing to read "S. Fewster", written in a cursive style.

STEPHEN FEWSTER
Company Secretary



**iiNET LIMITED
ANNUAL GENERAL MEETING OF SHAREHOLDERS
12.00 NOON WESTERN AUSTRALIA, TUESDAY 29 NOVEMBER 2005**

CHAIRMAN'S ADDRESS

2005 has seen continued significant growth and positive change for iiNet. While we remain proud of our WA heritage and leading position in this State, iiNet furthered its national reach with the acquisition of OzEmail earlier this year. We are now the third largest Internet Service Provider in Australia and New Zealand.

We have completed the integration of all previously acquired brands. Over the past several weeks, we have integrated the OzEmail customer base into the iiNet network and billing systems. This mammoth task involved a dedicated, cross departmental team in Perth and Sydney, and several months of carefully planned and communicated activities in a phased approach. The integration was completed on schedule and is a credit to all involved in the project. Due to the magnitude of the project and the changes involved for many customers, our support centres in Sydney and Perth have experienced unusually high call volumes and our call centre performance has been negatively impacted. However, as the integration is now complete, call volumes should return to normal levels from December onwards. With increased staffing across all support centres, and upgraded infrastructure due to be installed in January, we expect to steadily re-establish our award winning service levels.

The strategic acquisition of OzEmail and that of other smaller ISPs over the past two years has created the critical mass in the eastern region of Australia to justify the expansion of iiNet's own DSL infrastructure in those areas. With Telstra adopting a more aggressive stance towards its competitors, the move to our own infrastructure has proved timely. There is a clear need for the ACCC's continued active involvement to maintain a competitive telecommunications environment.

iiNet reported strong financial results for the fiscal year ended June 30, 2005 with a record net profit, before goodwill amortisation, of \$16.9 million – an increase of 55 percent over the previous year. The Board declared a fully-franked final dividend of 4 cents per share giving a full year dividend of 6.5 cents per share.

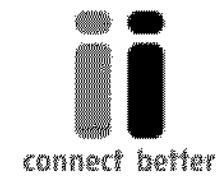
iiNet launched its full phone service earlier this year and about 74 percent of new customers currently take the phone and Internet bundle, proving that many customers prefer good value, innovative communications services

from one provider. We now have over 71,000 phone services, some 12,000 of which utilize our newly launched Internet telephony service (often called VoIP). Along with encouraging continued broadband adoption, iiNet sees further bundling of phone and Internet services as one of the key strategies to remain competitive in the coming years. The move into the home phone service market will be further enhanced when the company deploys its own voice equipment (termed MSANs) into exchanges by the first quarter of 2006. MSANs will revolutionize telephony, like DSLAMs have done for broadband, and Michael will elaborate on this and other future product developments shortly.

I would like to take this opportunity to thank our Managing Director, Michael Malone and his entire iiNet team for their dedication, loyalty and support in achieving another successful year.

The Board and management is already working hard to ensure that iiNet uses last year's solid foundation to further develop its products, people and customers' Internet and telephony experience.

● **iiNet 2005 Annual General Meeting**
● 29 November 2005



● ● OzEmail Integration

OZEMAIL

- Six months to build parallel network – completed on schedule
- Customer migration commenced in September
- Migration to our network complete on target
 - All OzEmail customers billed from iiNet billing system
 - All customer email and web pages operating on iiNet servers
 - Apart from a small number of customers, all dial up customers now on iiNet network
 - All ADSL customers off MCI network – 12,000 on iiNet DSLAMs
- Small Integrations Team will continue in December for any clean up

● ● Customer Service

- More calls than expected during OzEmail migration
- Perth and Sydney Call Centres experiencing low service levels
- Additional staff in training and calls expected to settle in December
- Genesys has been selected to upgrade infrastructure
 - \$2M being invested in state of the art equipment
 - “Follow the sun” across Perth, Sydney, Auckland
 - Due for implementation in first quarter 2006
- Service Levels will improve from December onwards



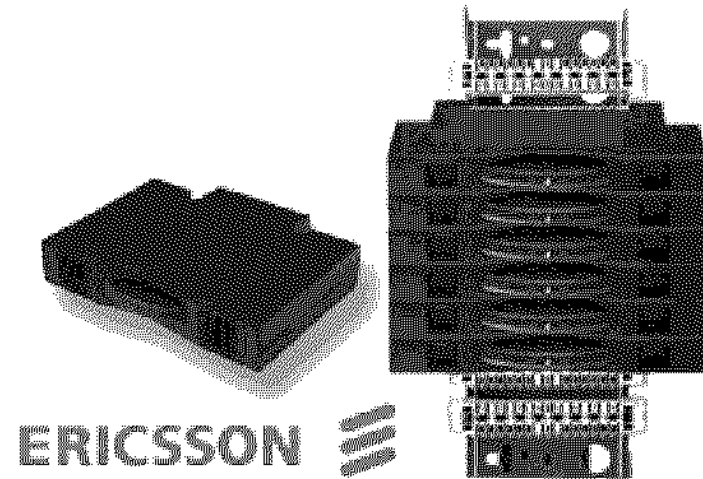
● ● Business Simplification

- Focus is on dial up, ADSL and telephony
- Exited “non core” areas
 - OzEmail Wireless (reseller of iBurst) sold to Veritel in October
 - Satellite moved to BorderNet in June
- Offices centralised to Perth, Sydney, Auckland
 - Presence in Adelaide closed in July
 - Melbourne closing in January



● ● DSLAM Rollout

- DSLAM is iiNet's own infrastructure for ADSL
- 154 exchanges now active, 185 constructed
- 55,000 customers now on our own infrastructure

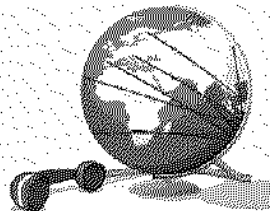


- On target for over 70,000 active customers by January

Other Business Activity in 2005

- Free world-class anti-spam/anti-virus for customers
- Industry leading high speed broadband2 products launched in March in AU, September in NZ
- Integration of Virtual Communities eight brands completed in June
- Launch of VoIP in August
 - 12,000 customers
 - One million minutes a month

VoIP has arrived
inetphone



● ● MSAN Update

- iiNet presently resells Telstra telephony, no margin after the bundle discount
- 38% of all ADSL customers on telephony bundle
- 74% of new customers now bundling
- MSAN infrastructure will reduce costs and improve margins
 - stop being a reseller
- Successfully switched MSAN calls in the lab
- Friendly User Trial expected by Christmas
- First customers on our own equipment by March



● ● Telstra: Wholesale Pricing Changes

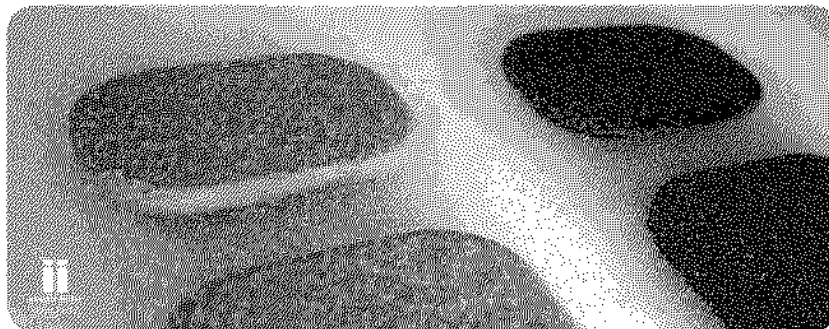
- Relationship with Telstra is rapidly moving from commercial to regulated
- Increased wholesale line rentals from December
- Lack of certainty on wholesale ADSL pricing from January – expected to increase significantly
- ACCC involvement is critical to maintain competitive environment
- Presently no major issues with exchange access – this is tightly defined and regulated

● ● Fibre to the Node (FTTN)

- Telstra has foreshadowed a FTTN build over the next three to five years
- Telstra asserts they will not invest if they are required to give access to this network to competitors
 - This “regulatory holiday” is considered highly unlikely
- It is also highly unlikely that Telstra would be permitted to cut the copper servicing competitors’ customer
- Telstra may proceed anyway, giving access to competitors, including iiNet
- Reaffirms our strategy to get customers onto iiNet ULL

● ● Telstra: Market Impact

- Our Response:
 - Continue our strategy of building DSLAMs
 - Move away from being a reseller
 - Working with industry and regulator to maintain competitive environment
 - ACCC Access Disputes
 - Line Sharing (LSS)
 - Unconditioned Local Loop (ULL)
 - Regional Backhaul pricing
 - Taking applications again for regional ADSL at lower speeds (512k)
- Likely to accelerate consolidation of tier 3 ISPs and Telcos
 - Difficult environment for competitors without their own infrastructure



● ● Outlook: FY2006

- Significant short term impact from Telstra pricing changes
- Market update on 20th December following:
 - Integration of OzEmail
 - Telstra Wholesale pricing update
- Virtual Contact Centre to see improving servicing levels from December
- Bundling rates over 70% justifies MSAN deployment
- 100,000 customers on our own DSLAMs by July 2006



● ● Outlook: FY2007

- Realise benefit from MSAN + DSLAM
- Continue to roll out DSLAMs into other cities
 - Targeting coverage of 90% of metropolitan customers
- Migrate dial customers to ADSL plus telephony
- Trialling Content - IPTV and Video on Demand

