

18th August 2008

The Manager
Company Announcements Office
Australian Stock Exchange
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Perth WA 6000

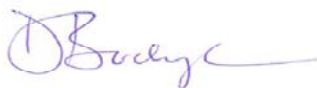
ELECTRONIC LODGEMENT

Dear Sir or Madam

iiNet Limited announces financial results for the full year ended 30 June 2008

In accordance with the listing rules, I attach a copy of media announcement for release to the market.

Regards



David Buckingham
Company Secretary

Media Release

iiNet Underlying Profit Increases 50% Innovation, Service and Brand Driving Strong Growth

18 August 2008 - iiNet (ASX: IIN), Australia's third largest Internet Service Provider (ISP), today announced an underlying profit after tax of \$17.8 million for the year ended 30 June 2008, an increase of 50% and exceeding earlier market guidance.

Other financial highlights include:

- Underlying earnings before interest, tax, depreciation and amortization (EBITDA) of \$47.4 million, an increase of 21%
- Total revenue growth of 9% to \$251.2 million
- Strong growth in Naked DSL with more than 30,000 subscribers
- Successful acquisition of Westnet delivering growth and network synergies
- On-net growth in excess of 27%, coupled with cost base improvements lifting margin from 41% to 46%
- \$24.7 million free cash flow available to invest in future growth opportunities
- A fourfold increase in Queensland weekly sales since a Brand campaign launch in Brisbane
- Increased customer loyalty and higher customer retention
- Fully franked final dividend of 7.0 cents per share, up 1.0 cent on FY07
- Net debt of \$24.0 million with a net debt to equity of 13%.

iiNet Managing Director Michael Malone said the strong result was built on the company's product innovation, collaborative content offerings, outstanding customer service, brand value and strong balance sheet.

"We are delivering on our commitment to be the leading innovator and challenger in the Australian telecommunications market," Mr Malone said.

"The strong growth in Naked DSL, providing customers with broadband speeds of up to 24Mbps without the added costs of a fixed phone line, is a clear demonstration of our innovation attracting new customers.

"The award-winning Naked service is also maximizing our 'on-net' advantage by increasing the number of customers using our own network and attacking the telephony revenues of the traditional carriers.

"Our 'on-net' growth was in excess of 27% with Average Monthly Revenue Per User (ARPU) for these customers being \$50.40 and delivering the highest margin.

"Coupled with our attractive new unmetered download content offerings, including the ABC's iView, Barclay's Premier League, golf Majors highlights, iTunes, NASA TV and more than 60 radio stations, we are bringing tangible benefits to our customers which is in turn, delivering the strong financial results."

Mr Malone said the successful acquisition of Westnet in May 2008 also contributed to the positive financial results for FY2008 and the outlook for 2009.

“We are continuing to lead industry consolidation having acquired more than 30 ISPs, but more importantly, by using those acquisitions to deliver strong growth.”

He said Westnet would continue to run independently, growing its brand and customers with iiNet and Westnet targeting different segments and geographies, while developing opportunities to do better business together.

He said the group was on track to achieve \$2.5 million Westnet synergies in FY2009 as well as sharing best practice in sales and service, leveraging iiNet infrastructure by offering ADSL2+ and cross-selling Westnet satellite to iiNet dial customers who are unable to get ADSL.

The strong balance sheet with more than \$24 million free cash available would enable the company to explore further opportunities for acquisitions and growth.

“We see the Government’s open-access National Broadband Network as a fantastic new opportunity for iiNet if the pre-election commitments are fulfilled.

“Our strength has been the ability to adapt quickly and capitalise on opportunities.

“The open-access National Broadband Network will open up market opportunities dramatically, increase customer choice, enable iiNet to access 100% of the market and deliver our innovative products and services to customers.

“Our success to date has come from the quality of our products, service, brand and value. The open-access National Broadband Network will enable us to continue to do that to all Australians.

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 over half a million dial up, broadband and telephony services nationwide, with revenues of over \$375m, and proudly employs more than 1400 people in Perth, Sydney, 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 4 million households across Australia, the largest Voice over IP network in the country, and is delighted to have led yet again with Naked DSL, recognized by PC User Magazine as the 2007 Product of the Year.

For further information or interviews, please contact:

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