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FACSIMILE TRANSMISSION

Attention: Company Announcements	From: Clayton Hollingsworth
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Please advise immediately if transmission is incomplete or poorly received

Re: Annual General Meeting – Chairman’s Address

Yours faithfully,

Clayton Hollingsworth
Company Secretary



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CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING, FRIDAY 15 NOVEMBER 2002

IT IS PLEASING FOR ME TO REPORT ON A YEAR THAT HAS SEEN IINET CEMENT ITS POSITION BOTH FINANCIALLY AND OPERATIONALLY. IINET HAS ACHIEVED RECORD LEVELS OF REVENUE AND PROFITS AND HAS COMBINED THIS WITH THE PAYMENT OF A FULL-YEAR FULLY FRANKED DIVIDEND OF 3 CENTS PER SHARE WITH AN ADDITIONAL 2 CENTS PER SHARE SPECIAL DIVIDEND. WITH A STRONG DIAL UP BUSINESS RAPIDLY EXPANDING BROADBAND BASE AND EFFICIENT COST INFRASTRUCTURE, THE COMPANY HAS A SUSTAINABLE LONG TERM OPERATION WITH THE FINANCIAL RESOURCES TO EXPLOIT ACQUISITION OPPORTUNITIES.

IINET REPORTED A RECORD NET PROFIT AFTER TAX FOR THE 2002 FINANCIAL YEAR OF \$4.3 MILLION. THE UNDERLYING STRENGTH OF THE COMPANY'S BUSINESS WAS EVIDENCED BY A PROFIT BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION OF \$9.7 MILLION COMPARED TO \$1.9 MILLION BEFORE ABNORMAL ITEMS IN 2001. OPERATING REVENUES OF \$26.5 MILLION INCREASED 33%, WHILE IINET FINISHED THE YEAR WITH CASH HOLDINGS OF \$8.5 MILLION, UP FROM 3.1 MILLION AS AT 30 JUNE 2001. IMPORTANTLY, EARNINGS PER SHARE BEFORE AMORTISATION OF GOODWILL OF 11.9 CENTS WAS UP FROM 0.7 CENTS, WHILE NET OPERATING CASHFLOW PER SHARE INCREASED 320% TO 25.2 CENTS. HIGHLIGHTING THE STRONG RESULT WAS THE RETURN TO SHAREHOLDERS OF FULLY FRANKED DIVIDENDS. STRUCTURAL COST REDUCTIONS PLAYED AN IMPORTANT ROLE IN IINET'S FINANCIAL TURNAROUND

AS THE FULL BENEFITS FROM OUR INVESTMENT IN CARRIER INFRASTRUCTURE AND RELATIONSHIPS ESTABLISHED IN 2001 WERE REALISED. iiNET NOW HAS ONE OF THE LOWEST COST BASES FOR DIAL-UP INTERNET ACCESS IN THE INDUSTRY. FURTHERMORE, THIS COST BASE IS SUSTAINABLE AND REPLICABLE ON A NATIONAL BASIS FOR ACQUIRED SERVICE PROVIDERS. PERFORMANCE, BASED ON THE FOUR MONTHS TO DATE, INDICATES THAT THE FULL YEAR RESULT FOR 2003 IS EXPECTED TO BE IN THE ORDER OF 15-20% HIGHER THAN LAST YEAR. THIS IS BEFORE THE CONTRIBUTION FROM RECENT ACQUISITIONS, WHICH ARE EXPECTED TO BE FULLY INTEGRATED AND DELIVER RESULTS IN THE LAST QUARTER OF THE 2003 FINANCIAL YEAR AND ARE EXPECTED TO PROVIDE ADDITIONAL BOTTOM LINE EARNINGS. PROFITABILITY HAS CONTRIBUTED TO CASH HOLDINGS WHICH ARE CURRENTLY IN THE ORDER OF \$10.0 MILLION.

iiNET ENJOYED STRONG ORGANIC GROWTH IN EVERY PART OF ITS BUSINESS IN 2002. ANNUALISED GROWTH RATES OF AROUND 17% WERE MAINTAINED FOR THE YEAR, TO BRING TOTAL ACTIVE ACCOUNTS TO IN EXCESS OF 70,000. PLEASINGLY, A LARGER PROPORTION OF THIS GROWTH IS NOW FROM NON-DIAL UP REVENUE - PRINCIPALLY BROADBAND, THROUGH ADSL ACCESS - AND REPRESENTS SOME 23% OF MONTHLY REVENUES. REVENUES FROM BROADBAND WILL CONTINUE TO GROW OVER THE NEXT THREE TO FIVE YEARS AS ADSL INTERNET ACCESS RAPIDLY GROWS FROM ITS RELATIVELY SMALL BASE TODAY.

IN LATE 2000 iiNET BECAME ONE OF AUSTRALIA'S FIRST PROVIDERS OF ADSL. TODAY WE ARE ONE OF THE LARGEST PROVIDERS NATIONALLY. WHEREAS PREVIOUSLY ADSL WAS PRIMARILY LIMITED TO BUSINESS APPLICATIONS, THE LAUNCH OF OUR POPULAR AND COMPETITIVE BLINK PRODUCT RANGE HAS MEANT THAT IT HAS ALSO STARTED TO TAKE OFF IN THE RETAIL MARKET. AT THE TIME OF LAUNCHING BLINK IN JUNE OF THIS YEAR, iiNET HAD 2,500 ADSL CUSTOMERS - THIS NUMBER HAS SINCE GROWN TO APPROXIMATELY 9,000 TODAY, WITH THE MAJORITY OF THESE BEING RESIDENTIAL CUSTOMERS. TRADITIONALLY iiNET

CUSTOMERS HAVE PREDOMINANTLY COME FROM WESTERN AUSTRALIA, HOWEVER, WITH THE ROLL OUT OF BROADBAND INFRASTRUCTURE IN SYDNEY, MELBOURNE AND QUEENSLAND DURING THE PAST THREE MONTHS, IT IS EXPECTED THAT THE STRENGTH AND COMPETITIVENESS OF THE BLINK RANGE WILL PRESENT AN OPPORTUNITY FOR iiNET TO ALSO GAIN MARKET SHARE ON THE EAST COAST. AS AT TODAY, 24% OF iiNET'S DSL BUSINESS IS OUTSIDE OF WESTERN AUSTRALIA.

IN AN INDUSTRY THAT CONTINUES TO CONSOLIDATE WE ARE ACTIVELY PARTICIPATING IN ACQUISITIONS THAT, WHERE FINANCIALLY PRUDENT, WILL ENABLE iiNET TO BUILD AND SUPPLEMENT THIS NATIONAL PRESENCE, PARTICULARLY IN VICTORIA AND NEW SOUTH WALES. ACQUISITIONS OF CLIENT BASES WILL PROVIDE iiNET WITH THE REQUIRED ECONOMIES OF SCALE TO ENABLE A NATIONAL ROLLOUT OF INTERCONNECT INFRASTRUCTURE AND THE OPPORTUNITY TO REPLICATE AND EXPLOIT THIS LOW COST PLATFORM OF DELIVERING DIAL-UP INTERNET ACCESS. THIS WILL FURTHER PROVIDE AN EXISTING CUSTOMER BASE, WHICH WILL IN TIME MIGRATE TO DSL.

iiNET IS PLEASED TO ANNOUNCE TODAY THAT IT HAS ENTERED INTO A CONTRACT TO ACQUIRE A 6,500 CUSTOMER BASE IN VICTORIA. THIS NOW BRINGS THE NUMBER OF CLIENTS ACQUIRED SINCE MAY TO 15,500, GENERATING COMBINED ANNUAL REVENUES OF \$3.5 MILLION. iiNET IS CURRENTLY UNDERTAKING FINAL DUE DILIGENCE ON THREE OF THESE BUSINESSES PRIOR TO COMPLETION. IN ADDITION TO THIS, iiNET HAS A LETTER OF INTENT TO EXCLUSIVELY NEGOTIATE THE PURCHASE OF A FURTHER ISP WITH A SUBSCRIBER BASE OF 11,000 CLIENTS, GENERATING REVENUES OF \$3.5 MILLION PER ANNUM. ALL OF THESE BUSINESSES OPERATE OUTSIDE OF WESTERN AUSTRALIA. iiNET EXPECTS THE PACE OF CONSOLIDATION OF THE ISP INDUSTRY TO ACCELERATE IN THE NEXT SIX TO TWELVE MONTHS AND WE ARE WELL PLACED TO PARTICIPATE IN THIS PROCESS. HOWEVER, WITH THIS IN MIND, iiNET REMAINS FOCUSED ON SUSTAINABLE GROWTH AND WILL ONLY PURSUE THOSE OPPORTUNITIES THAT IMPROVE SHAREHOLDER RETURNS.

FINALLY, LET ME TURN TO THE MATTER OF BOARD MEMBERSHIP.

AS SOME OF YOU MAY BE AWARE, I AM CHAIRMAN ELECT OF HBF, WESTERN AUSTRALIA'S LARGEST HEALTH INSURER, AND I AM SCHEDULED TO TAKE UP THAT ROLE AT THE END OF THIS MONTH. IN THE CONTEXT OF THIS APPOINTMENT IN A VERY CHALLENGING INDUSTRY AND OTHER EMERGING BUSINESS DEMANDS I HAVE HAD TO REVIEW MY PORTFOLIO OF COMMITMENTS. AS A RESULT, I HAVE DECIDED TO STAND DOWN AS CHAIRMAN AND DIRECTOR OF iiNET AT THE END OF THIS MEETING AND WILL THEREFORE NOT SEEK RE-ELECTION.

THIS IS NOT AN EASY MOVE TO MAKE. IT HAS BEEN A PRIVILEGE TO SERVE AS CHAIRMAN OF iiNET AND TO BE PART OF A TEAM WHICH HAS STEERED THE COMPANY THROUGH DIFFICULT TIMES AND BROUGHT IT TO THE POSITION OF PROFITABILITY AND STRENGTH WHICH IT ENJOYS TODAY. HOWEVER, NON-EXECUTIVE DIRECTOR ROLES ARE BECOMING INCREASINGLY DEMANDING AND THESE DEMANDS ARE MAGNIFIED FOR CHAIRMEN. TO TAKE ON THE HBF CHAIR WITHOUT OTHER CHANGES WOULD LEAVE ME CHAIRMANSHIPS IN THREE LARGE OR DEVELOPING ORGANISATIONS AND, FOR ME AT LEAST, THAT WOULD BE TOO MUCH. THE BOARD HAS DECIDED, SUBJECT TO THE OUTCOME OF THE RESOLUTIONS AT THIS MEETING, TO APPOINT PETER HARLEY AS CHAIRMAN. PETER HAS CONSIDERABLE EXPERIENCE AS A DIRECTOR AND HE HAS BEEN A MEMBER OF THE iiNET BOARD SINCE THE COMPANY FLOATED SOME THREE YEARS AGO. HE BRINGS THE SKILLS, EXPERIENCE AND CONTINUITY NECESSARY TO LEAD THE iiNET BOARD INTO THE FUTURE.

I THANK MY FELLOW DIRECTORS, THE MANAGEMENT AND STAFF OF II^NET FOR THEIR HARD WORK AND VALUABLE CONTRIBUTIONS IN SUCCESSFULLY TAKING UP THE CHALLENGES PRESENTED BY THE RAPIDLY CHANGING AND COMPETITIVE TELECOMMUNICATIONS MARKET AND VOLATILE SHARE MARKETS. I LEAVE THE BOARD WITH THE SATISFACTION OF SEEING THE SHARE PRICE RETURNED TO AROUND THE FLOAT LEVEL, SIGNIFICANT SHARE PRICE OUT-PERFORMANCE RELATIVE TO INLET'S MARKET SECTOR, AND THE COMMENCEMENT OF DIVIDEND PAYMENTS TO SHAREHOLDERS DURING 2002.