

12 July 2007

## **Final Determination issued ACCC Confirms Draft Final Determination for Line Sharing Service**

iiNet Ltd, through its subsidiary Chime Communications Pty Ltd, has been advised by the Australian Competition and Consumer Commission that a Draft Final Determination issued in March this year, for Telstra's Line Sharing Service (LSS) charges, has now been issued as a Final Determination (FD).

"The ACCC has been consistent in its approach, despite an astonishing campaign by Telstra," said Managing Director Michael Malone. "The message from this decision is that carriers can invest with confidence. We all know the rules, and the independent umpire is there to ensure that all players play fair, even Telstra."

The LSS is a Declared Service and a key component of iiNet's award winning high speed broadband service. It has been the subject of an access dispute lodged with the ACCC in November, 2005. Receipt of the previous Draft was announced by the Company on 30 March 2007, with an expectation that the Draft would become Final by 30 June 2007.

The FD addresses a number of disputed issues including:

- Monthly charges;
- Once-off charges such as connection and disconnection fees;
- Non-price terms including those relating to, for example, management of mass migrations; and
- The settlement of backdated adjustments.

The FD is effective immediately, cannot be stayed and is binding and enforceable. The parties have no rights of appeal on the merit of the decision.

The new rate of \$2.50 replaces the interim rate of \$3.20 per month, and will be backdated to the 1 June 2004. At 30 June 2007 iiNet had 136,155 broadband services on LSS (see below), resulting in reduced costs going forward of approximately \$95,000 per month relative to the interim rate, or \$885,000 per month if the previous rate of \$9.00 had continued to be applied today.

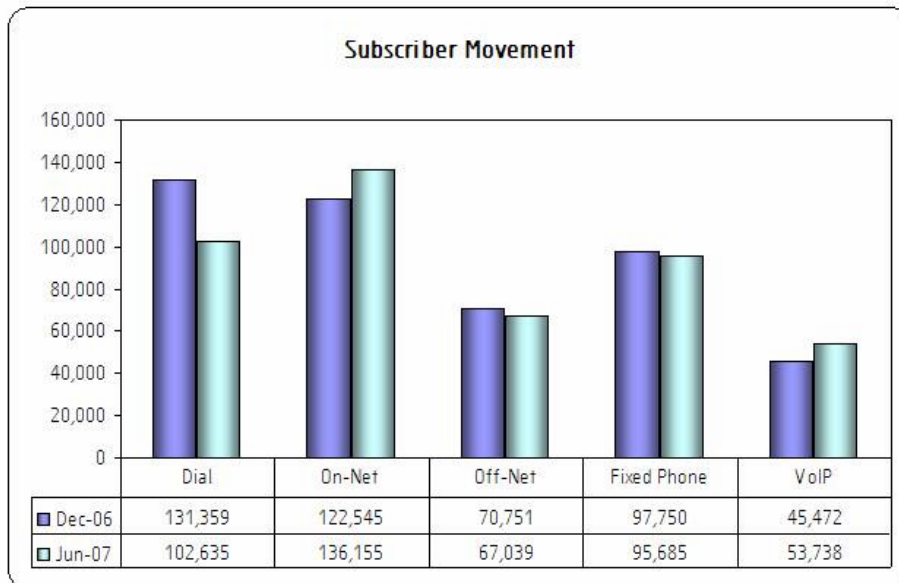
The ACCC has directed that the settlement amount is to be paid by 24 August 2007. A once-off settlement in the vicinity of \$16 million is expected.

The Final Determination is in line with expectations and was incorporated into the guidance given to the market on 3 May 2007, with the decision crystallising a \$5.1 million benefit to FY07. Based on unaudited results at hand, on a normalised basis the full year FY07 EBITDA result should be in excess of \$39 million. There will be an additional positive adjustment to FY07 of approximately \$6.9 million relating to the benefit arising from prior periods as a result of this determination.

“This conclusion to the LSS dispute is very significant for consumers,” said Mr Malone. “We are extremely satisfied with the way this has been handled by the ACCC and look forward to a period of certainty for ourselves, our shareholders and our customers.”

“The LSS decision follows the positive ULL interim determination and the Australian Competition Tribunal’s supportive judgements on both LSS and ULL. The process may not always be quick, but it is very thorough. We can be confident these determinations are delivering the right results for consumers.”

### Subscriber Numbers as at 30 June 2007



**For further information, please contact:**

Michael Malone  
Managing Director  
08 9214 2207  
[mmalone@iinet.net.au](mailto:mmalone@iinet.net.au)