

10th May 2006

ASX Announcement

Earnings Guidance update FY2006 and FY2007

PIPE Networks Limited (ASX:PWK), a leading network infrastructure provider has today released upgraded earnings guidance for the Financial years ending June 2006 and June 2007.

After reviewing management reports and taking into consideration the deployment of new services to customers proceeding ahead of expectations, the Board of Directors has issued a forecast of Net Profit After Tax (NPAT) for the Financial Year ended June 2006 of between \$2.0 - \$2.2 Million. This represents a 136%-160% improvement on the previous financial year and is an increase on the Company's previous forecast.

Managing Director, Mr Bevan Slattery noted that a smoother than expected rollout of infrastructure had led to the Company being positioned to meet customer requirements ahead of expectations, resulting in revenues being recognised faster than previously expected.

"PIPE Networks is involved in one of the largest rollouts of new Fibre infrastructure in many years, and it is a testament to our team and our relationship with suppliers that the process is running so smoothly that we can have our customers up and running on their Dark Fibre services in record time" said Mr Slattery.

At the same time, the Company has announced expected earnings for the 2007 Financial Year. Taking into account the accelerated expansion of the Fibre Optic Network previously mentioned, the impact of existing contract timing and the expansion of the sales teams in Sydney and Melbourne, the Company currently expects NPAT for 2006/7 to be in the range of \$3.7-\$4.0 Million.

Additionally, the Company plans to further leverage its unutilized fibre optic infrastructure and release a new suite of products and services later this year. Depending on market acceptance and timing, this may lead to additional revenues from these operations. However, at this stage it is difficult to accurately forecast the financial impact of these new products and services as they are innovative and pioneering in their application.

As background to these forecasts, the Company is experiencing rapid growth in our award winning Dark Fibre service, driven by the up-take of next generation services in line with recent research from Market Clarity as reported in leading industry publication Communications Day. This research points to growth in Dark Fibre service revenues of 165% over the next few years, with Ethernet and IP revenues also growing strongly. PIPE Networks is well positioned to capitalise on this expected growth.



PIPE Networks will continue to review a number of compelling opportunities that are available, or which may emerge in the medium-term, potentially leading to further product and service offerings or acceleration of revenue growth from its existing and expanding infrastructure.

About PIPE Networks

PIPE Networks is a public listed company (ASX: PWK), headquartered in Brisbane, with branch offices in Sydney, Melbourne, Adelaide and Hobart.

PIPE Networks provides network infrastructure services for Australian clients, and has three lines of business: The Company operates the nation's largest Internet Exchange, with a network across six capital cities serving some of Australia's largest content and internet service providers. PIPE Networks also builds and operates one of Australia's largest metropolitan fibre optic networks, offering clients in Sydney, Brisbane, Melbourne, Adelaide and Perth access to the company's "Dark Fibre" service.

In addition, PIPE Network clients trust in the company's ability to provide secure sites for their IT equipment, giving them more options for primary, backup or disaster recovery sites. As a young, agile company, PIPE Networks is able to foresee and quickly respond to client needs.

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