

30<sup>th</sup> June 2006

**ASX Announcement**

### ***Earnings Guidance update FY2006***

**PIPE Networks Limited (ASX:PWK)**, a leading network infrastructure provider has today issued a further upgrade to its earnings guidance for the Financial year ending June 2006.

After reviewing management reports and taking into consideration the deployment of new services to customers and the impact of better than expected operating efficiencies, the Board of Directors has issued a forecast of Net Profit After Tax (NPAT) for the Financial Year ended June 2006 of between \$2.7 Million and \$2.8 Million.

Managing Director, Mr Bevan Slattery said that the new guidance range represented a 220% to 230% improvement on the previous financial year which was higher than the previous NPAT forecast.

“This upgrade represents approximately a 30% increase over the previous forecast NPAT. The increase was achieved through a combination of increased revenue arising from faster than anticipated delivery of services, and through cost savings on new Fibre installation and staffing.”

Mr Slattery said that savings arising from operational efficiencies and far fewer disruptions than expected during the expansion of the Company’s fibre optic network had led to cost savings and a faster rate of new customer connections. This improved rate of new connections had accelerated a number of once-off revenue items and resulted in the earlier commencement of recurring revenues.

Key major projects completed ahead of schedule and budget include:

- Queensland Department of Premier and Cabinet CBD and metropolitan dark fibre network
- Queensland Department of Transport CBD and metropolitan dark fibre network
- Project ‘Redeye’, involving over 350km of fibre, which is now 2 months ahead of schedule and tracking to be approximately \$700,000 under budget

In addition to accelerating certain new revenue streams, PIPE Networks has also seen a reduction in budgeted expenditure during recent months. These savings have arisen primarily from containment of staffing costs and the company’s re-alignment of supplier service agreements in response to greater certainty and control over projects, thus reducing the time between incurring expenditure and generating revenue.

As further background to the recent earnings upgrades, the Company is experiencing rapid growth in our award winning Dark Fibre service, driven by the up-take of 'next generation' services.

PIPE Networks has won over \$50 million in contracts during the current financial year with most contracts being signed on a 3 to 5 year basis.

The increased demand for the Company's Dark Fibre is 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 may become available, potentially leading to further expansion of product offerings or acceleration of revenue growth from its existing 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.

#### **ENDS**

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