ASX/MEDIA RELEASE

13 February 2008

Half Year Financial Results

PIPE Networks Limited (ASX:PWK) today announced a profit after tax of $3.28 million for the half year to 31 December 2007. This represents a 40% increase over the previous half year result of $2.35 million.

Strong growth in revenues exceeded expectations over the half year to December 2007. Increased demand for the Company's entire suite of products was translated to strong growth in new contracted recurring revenue. Sales growth was achieved through improved utilisation of increased fibre assets of 22.2% up from 16.68% last year resulting in a 47% increase in dark fibre revenues. Additional telehousing capacity of "DC3" resulted in a 60% revenue increase and there was solid growth in peering and IP services.

Investment in new revenue generating assets resulted in the growth in Property, plant and equipment to $42.5 million as at December 2007, up from $28.3 million as at December 2006. Fixed asset growth was driven by further expansion of the Company's fibre network reach in Brisbane, Sydney and Melbourne. As at December 2007, the fibre network was 1002 cable kilometres up from 724 cable kilometres at December 2006. Further expansion of telehousing facilities in Brisbane and Sydney also contributed to fixed asset growth.

Increased activity relating to new datacentre and dark fibre capacity, new personnel and sales commissions contributed to an increase in costs, temporarily offsetting profit margin improvements from improved utilisation of existing assets. Increased costs were directly attributable to the improved utilisation of capacity in all products with new, long term contracts enhancing the recurring revenue stream and improving future profit margins. The Board and management remain focussed on cost control.

Internal cash generation remains strong with Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the half year to December 2007 being $5.9 million up from $4.1 million at December 2006. Cash flows from operating activities were particularly strong at $7.5 million for the period.

The continued strong performance of the Company remains in line with our estimates.

Yours faithfully

Bevan Slattery
Managing Director

ENDS

For more information: Bevan Slattery
Managing Director

T: 07 3233 9800
media@pipenetworks.com

BRISBANE
Level 17
127 Creek Street
Brisbane QLD 4000

SYDNEY
Level 9
135 King Street
Sydney NSW 2000

MELBOURNE
Level 8
499 St Kilda Road
Melbourne VIC 3004

ADELAIDE
Level 2
132 Franklin Street
Adelaide SA 5000

HOBART
Level 2
29 Elizabeth Street
Hobart TAS 7000

PIPE NETWORKS LTD
ACN 21 099 104 122
Phone: +61 **7 3233 9800**
Web: www.pipenetworks.com

PIPE Networks Limited

ABN 21 099 104 122

Appendix 4D

ASX Half Yearly Report

31 December 2007

Lodged with the ASX under Listing Rule 4.2A

Contents

Directors' Report

Your directors' present their report on the consolidated entity comprising PIPE Networks Limited (the Company) and the entities it controlled at the end of and during the half-year ended 31 December 2007.

Directors
The following persons were Directors of the Company during the whole of the financial period and up to the date of this report, unless stated otherwise:

Roger Clarke	Chairman - Non-executive
Bevan Slattery	CEO/Managing Director - Executive
Stephen Baxter	Director - Executive
Greg Baynton	Director - Non-executive
Lloyd Ernst	Director - Executive

Review and results of operations
A consolidated profit after tax of $3.28 million was recorded for the period. This represented a 40% increase over the previous half year result of $2.35 million.

Total revenue from operating activities for the half year to December 2007 grew 46% to $16.26 million, up from $11.16 million for the same period in 2006. This growth in revenues exceeded expectations over the half year to December 2007. Increased demand for the Company's entire suite of products was translated to strong growth in new contracted recurring revenue. Sales growth was achieved through improved utilisation of increased fibre assets of 22.2% up from 16.68% last year resulting in a 47% increase in dark fibre revenues. Additional telehousing capacity of "DC3" resulted in a 60% revenue increase and there was solid growth in peering and IP services.

Investment in new revenue generating assets resulted in the growth in Property, plant and equipment to $42.5 million as at December 2007, up from $28.3 million as at December 2006. Fixed asset growth was driven by further expansion of the Company's fibre network reach in Brisbane, Sydney and Melbourne. As at December 2007, the fibre network was 1002 cable kilometres up from 724 cable kilometres at December 2006. Further expansion of telehousing facilities in Brisbane and Sydney also contributed to fixed asset growth.

The continued investment in infrastructure caused expenses relating to new datacentre capacity and personnel to temporarily offset profit margin improvements from improved utilisation of existing assets. Most increase in personnel expenses is attributed to higher than normal commission payments due to large increase in new sales contracts during the half year. These commission costs are once off, despite the revenue earned from the contracts varying from between 2 and 5 years.

Increases in the number of sales, provisioning and support staff, combined with accrued commissions relating to higher sales, resulted in an increase in employee related expenses to $3.50 million at December 2007, up from $1.90 million at December 2006. The addition of "DC3" telehousing capacity, the development and implementation of new products as well as increased fibre network reach has resulted in increased costs associated with provision of services. For the half year to December 2007, direct costs have risen to $4.6 million up from $3.5 million for the previous period, while network operating costs have risen to $0.6 million from $0.4 million in the previous period. A combination of the full impact of prior year fibre network builds has now flowed through to depreciation. Higher depreciation rates associated with new data centre capacity and products resulted in an increase in depreciation for the period to $1.3 million up from $0.7 million.

Internal cash generation remains strong with Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the half year to December 2007 being $5.9 million up from $4.1 million at December 2006. Cash flows from operating activities were particularly strong at $7.5 million for the period.

The continued strong performance of the Company remains in line with our forecasts.

Directors' Report *(continued)*

Auditor's Independence declaration
The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is attached to this Directors' Report for the half year ended 31 December 2007.

Rounding of amounts
The Company is a company to which ASIC Class Order 98/100 applies, and accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

Significant changes in the state of affairs
Significant changes in the state of affairs of the consolidated entity during the period were as follows:

The incorporation of PPC 1 Limited in Bermuda in December 2007, a wholly-owned susidiary of PIPE International (Australia) Pty Ltd, the vehicle for the Company's Sydney to Guam submarine cable project. Further details can be found in the "Events subsequent to reporting date" section below.

Events subsequent to reporting date
Announcement of PPC-1 Submarine cable system
On 14 January 2008, the Board of Directors approved the construction of a 6,900km, $A200m submarine cable system linking Sydney, Australia to Guam.

The main trunk of the PPC-1 cable system will be a 2-pair fibre cable capable of delivering 1.92 Terabits of data per second between Australia and Guam.

Funding
As at reporting date, the Company had a net cash position of $3.0 million, with a debt facility of more than $20 million. The Company has negotiated an extension of existing facilities in light of strong growth during the preceding 12 months. Using a combination of existing internal funding capabilities as well as expected up-front deposits from customers, the Board and Management believe that the Company has sufficient funding available to meet its obligations.

The Board expects to select an optimal funding mechanism for PPC-1 from various alternatives under consideration, and does not rule out any options with respect to future debt or equity levels. Project finance raised for the construction of PPC-1 will be 100% backed by Indefeasible Right to Use contracts from quality customers and as a result the Company expects the cable ownership vehicle to be debt free within 6 months following commissioning of PPC-1. In accordance with ASX Listing Rule 3.1 requirements, the Company will keep the market informed with respect to these matters.

Structure
The project structuring has been resolved and will included two new wholly-owned subsidiaries. These are as follows:

- PPC 1 (US) Incorporated, a Delaware, USA corporation incorporated in January 2008 to hold Guam landing station assets.

- PPC 1 Limited, a Bermuda corporation incorporated in December 2007 to hold international assets.

Further details on the project can be found in the Company's annoucements to the ASX.

This report is made in accordance with a resolution of the directors.

Bevan Slattery
CEO/Managing Director
13 February 2008

13 February 2008

The Chairman
The Board of Directors
PIPE Networks Limited
Level 9, 127 Creek Street
Brisbane QLD 4001

Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of PIPE Networks Limited.

As lead audit partner for the review of the financial report of PIPE Networks Limited and Controlled Entities for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
b) No contraventions of any applicable code of professional conduct in relation to the review.

Yours faithfully

Hacketts DFK

Liam Murphy
Partner

Results for Announcement to the Market

Summary of Consolidated Financial Information

Extracts from this report for announcement to the market:

	6 months ended 31-Dec-07 $ (,000)	6 months ended 31-Dec-06 $ (,000)	Movement $ (,000)	Movement %
Revenue from continuing operations	16,263	11,162	5,101	46%
Profit (loss) after income tax for the half year attributable to members	3,279	2,349	930	40%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,909	4,101	1,808	44%

	6 months ended 31-Dec-07 Cents	6 months ended 31-Dec-06 Cents
Basic earnings per security	7.39	5.99
Diluted earnings per security	7.38	5.98
Net tangible assets per security	94.91	58.57

Interim Dividend Distribution

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Current period		
Interim dividend **	0 cents	NA
Previous period		
Final dividend (paid on 12 October 2007)	5 cents	100%
Interim dividend	0 cents	NA

** No interim dividend has been proposed or declared in respect of the 6 months ended 31 December 2007.

Highlights of Results

A consolidated profit after tax of $3.28 million was recorded for the period representing a 40% increase over the previous half year result of $2.35 million. This is on revenue growth of 46% from operating activities for the half year being $16.26 million in 2007, up from $11.16 million in 2006. Revenue growth is primarily due to the completion of key customer Dark Fibre contracts, sale of capacity in new facilities and billing of related installation and service provisioning charges.

Further revenue growth is forecast in the 2008 calendar year, with key customer contracts coming online and meeting revenue recognition criteria. Additional sales personnel have been employed in key markets to continue focusing on improved utilisation of our core fibre optic network assets.

The fibre optic network has considerable capacity available to meet future revenue growth in Dark Fibre services. Co-location facilities had increased capacity from investment in a state-of-the-art Data Centre ("DC3") in Brisbane but has rapidly approached full utilisation. The full impact of "DC3" sales will flow through in the second half of this financial year as recurring revenue lags the deployment of customer equipment within the facility.

Capital investment continued during the period with investment in property, plant and equipment of $9.16 million as per the Statement of cashflows. This represents the extension of the Dark Fibre network in all States and in particular diverse dark fibre links in the outer Sydney region and between Brisbane and Springfield. Contributing to the investment in assets is the deployment of new product offerings in managed services and network monitoring systems.

An increase in network footprint compared to the previous corresponding period, being 1002km at December 2007 compared to 724km December 2006 in conjunction with the managed network investments, has led to an increase in direct costs, network costs and depreciation. Growth in employee numbers to increase market awareness in Sydney and Melbourne markets, as well as accrued commissions relating to significant sales success has led to an increase in employment related expenses over the previous half year period to $3.49 million, up from $1.90 million.

Increased expenses relating to new asset capacity and personnel has temporarily offset profit margin improvements from improved utilisation of existing assets. Profit margin improvements are expected when the full impact of new contracts for recurring revenue flows to the accounts over the second half of the financial year.

Half Yearly Consolidated Financial Statements

Consolidated Income Statement for the half year ended 31 December 2007

	Note	6 months ended 31 December 2007 $ (,000)	6 months ended 31 December 2006 $ (,000)
Revenue	2	**16,137**	10,987
Other income	2	**126**	175
		16,263	11,162
Direct costs of providing services	2	**(4,619)**	(3,472)
Network operating and maintenance costs		**(620)**	(391)
Marketing and advertising costs		**(191)**	(178)
Employee benefits expense		**(3,492)**	(1,897)
Depreciation and amortisation expense		**(1,303)**	(749)
Finance costs		**(55)**	(181)
Building and equipment rental costs		**(254)**	(267)
Corporate and administrative costs		**(476)**	(410)
Other expenses		**(590)**	(289)
Profit before income tax		**4,663**	3,328
Income tax expense		**(1,384)**	(979)
Profit for the half year		**3,279**	2,349
Profit attributable to members of PIPE Networks Limited		**3,279**	2,349
Earnings per security		**Cents**	**Cents**
- Basic earnings per security	8	7.39	5.99
- Diluted earnings per security	8	7.38	5.98

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet as at 31 December 2007

	Note	31 December 2007 $ (,000)	30 June 2007 $ (,000)
Current assets			
Cash and cash equivalents	6	**7,556**	14,930
Trade and other receivables		**6,550**	6,153
Prepayments		**804**	555
Other current assets		**1,035**	567
Total current assets		**15,945**	22,205
Non-current assets			
Property, plant and equipment		**42,504**	34,661
Deferred tax assets		**528**	471
Other non-current assets		**794**	231
Total non-current assets		**43,826**	35,363
Total assets		**59,771**	57,568
Current liabilities			
Trade and other payables		**5,920**	4,113
Accrued expenses		**1,416**	1,526
Borrowings		**16**	14
Prepaid revenue		**1,863**	751
Current tax liabilities		**864**	384
Provisions		**203**	201
Total current liabilities		**10,282**	6,989
Non-current liabilities			
Borrowings		**4,038**	7,047
Prepaid revenue		**2,758**	1,974
Deferred tax liabilities		**135**	170
Provisions		**33**	32
Total non-current liabilities		**6,964**	9,223
Total liabilities		**17,246**	16,212
Net assets		**42,525**	41,356
Equity			
Issued capital	5	**32,916**	32,917
Reserves		**182**	71
Retained earnings		**9,427**	8,368
Total equity		**42,525**	41,356

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the half year ended 31 December 2007

	Note	31 December 2007 $ (,000)	31 December 2006 $ (,000)
Issued capital			
Ordinary share capital at beginning of the period		**32,917**	17,311
Share capital issued during the period		**54**	89
Cost of share options exercised transferred from options reserve		**-**	43
Transaction costs		**(55)**	(36)
Balance of share capital at end of the period		**32,916**	17,407
Options reserve			
Options reserve at beginning of the period		**71**	132
Share options issued during the period		**111**	-
Share options exercised during the period		**-**	(43)
Share options forfeited during the period		**-**	(9)
Balance of options reserve at end of period		**182**	80
Retained earnings			
Retained earnings at beginning of the period		**8,368**	4,324
Profit attributable to members of the entity		**3,278**	2,349
Dividends paid during the period		**(2,219)**	(787)
Retained earnings at end of the period		**9,427**	5,886
Total equity at the end of the period		**42,525**	23,373

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for the half year ended 31 December 2007

	Note	6 months ended 31 December 2007 $ (,000)	6 months ended 31 December 2006 $ (,000)
Cash flows related to operating activities			
Receipts from customers (inclusive of GST)		**19,187**	10,150
Payments to suppliers and employees (inclusive of GST)		**(10,634)**	(9,877)
Cash generated from operations		**8,553**	273
Income tax paid		**(1,050)**	(979)
Finance costs		**(69)**	(181)
Interest received		**105**	158
Net operating cash flows		**7,539**	(729)
Cash flows related to investing activities			
Loan to other entity		**(450)**	-
Payment for property, plant and equipment		**(9,159)**	(8,511)
Security and other deposits		**(131)**	-
Net investing cash flows		**(9,740)**	(8,511)
Cash flows related to financing activities			
Proceeds from issues of shares and other equity securities		**54**	89
Repayments of borrowings and finance lease principal		**(7,008)**	-
Proceeds from borrowings		**4,000**	4,494
Dividends paid		**(2,219)**	(787)
Net financing cash flows		**(5,173)**	3,796
Net decrease in cash held		**(7,374)**	(5,444)
Cash and cash equivalents at beginning of the period		**14,930**	9,000
Cash and cash equivalents at end of the period	6	**7,556**	3,556

The accompanying notes form part of these financial statements.

Corporate information

PIPE Networks Limited is a company incorporated in Australia, limited by shares which are traded on the Australia Stock Exchange.

The financial report for the half year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 13 February 2008.

Note 1 Basis of preparation

This half yearly financial report is a general purpose financial report prepared in accordance with the listing rules and AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* .

This half yearly financial report does not include all notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by PIPE Networks Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* .

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current period financial amounts and other disclosures.

(a) Basis of preparation of the half yearly financial report

The principal accounting policies adopted in the preparation of the half yearly financial report are consistent with the most recent Annual Financial Report for the year ended 30 June 2007. Adoption of new or amending standards mandatory for the periods beginning on or after 1 July 2007 has not resulted in any changes to accounting policy.

Historical cost convention
The half year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Note 2 Revenue and expenses

	6 months ended 31 December 2007 $ (,000)	6 months ended 31 December 2006 $ (,000)
a) Operating activities:		
Lease income from Dark fibre operating leases	**13,802**	9,369
Lease income from Telehousing operating leases	**1,052**	657
	14,854	10,026
Other sales and services	**1,226**	961
Rebate income	**57**	-
Total revenue	**16,137**	10,987
b) Non-operating activities:		
Interest revenue	**112**	**158**
Other revenue	**14**	17
Other income	**126**	175

c) Profit for the period

The following expense items are relevant in explaining the financial performance for the interim period:

Bad and doubtful debts expense	**12**	**13**
Direct costs of providing services	**4,619**	**3,472**
Operating lease rental expense	**254**	**267**
Finance costs	**55**	**181**
Depreciation expense	**1,303**	**749**

Note 3 Dividends

	31 December 2007 $ (,000)	31 December 2006 $ (,000)
(a) Ordinary shares		
Fully franked dividends paid in respect of prior financial year *	**2,219**	**787**
Total dividends paid	**2,219**	**787**

* Fully franked dividend of 5 cents (2006: 2 cents) per ordinary share.

(b) Dividends not recognised at period end		
Dividends declared for the half year **	**-**	**-**

** As at 31 December 2007, the directors have not declared a dividend for the half year ended 31 December 2007 and made no recommendation concerning dividends for the half year or any period thereafter.

Note 4 Segment Information

PIPE Networks Limited operates predominantly in one business segment being Telecommunication services. PIPE Networks Limited's customers are located predominantly in Australia.

Note 5 Issued and quoted securities

	31 December 2007		31 December 2006	
Category of securities	**No. of shares**	**$,000s**	**No. of shares**	**$,000s**
Ordinary securities				
Balance at beginning of financial period	44,363,297	32,917	39,143,297	17,311
Issued during the period				
- Executive and employee options exercised	30,000	54	5,000	9
- Share options exercised by Orbit Capital	-	-	200,000	80
Cost of Share options transferred from options reserve		-		43
Less transaction costs on shares issued		(55)		(36)
Balance at end of financial period	44,393,297	32,916	39,348,297	17,407

Note 6 Reconciliation of cash and cash equivalents

	31 December 2007 $ (,000)	31 December 2006 $ (,000)
Cash on hand and at bank	**7,556**	3,556
Total cash and cash equivalents at end of the period	**7,556**	3,556
Balances as per statement of cashflows	**7,556**	3,556

Note 7 Business combinations

The Company incorporated the following entity during the period:

PPC 1 Limited, a Bermuda corporation incorporated on 21 December 2007. As at balance date, this entity had no material profits or losses to report for the current period.

Note 8 Contingent assets and liabilities

Directors are not aware of any contingent liabilities that are likely to have material effect on the results of the entity as disclosed in the financial statements.

Note 9 Earnings per security (EPS)

	31 December 2007 Cents	31 December 2006 Cents
Basic EPS	**7.39**	5.99
Diluted EPS	**7.38**	5.98
	$ (,000)	**$ (,000)**
Earnings used in calculation of both Basic and Diluted EPS	**3,279**	2,349
	Shares	**Shares**
Weighted average number of ordinary shares used in calculation of Basic EPS	**44,393,219**	39,213,460
Adjustment for calculation of diluted earnings per share:		
Options	**54,637**	38,938
Weighted average number of ordinary shares used in calculation of Diluted EPS	**44,447,856**	39,252,398

Note 10 Events occurring after balance date

Announcement of PPC-1 Submarine cable system

On 14 January 2008, the Board of Directors approved the construction of a 6,900km, $A200m undersea cable system linking Sydney, Australia to Guam.

The main trunk of the PPC-1 cable system will be a 2-pair fibre cable capable of delivering 1.92 Terabits of data per second between Australia and Guam.

Funding

As at reporting date, the Company had a net cash position of $3.0 million, with a debt facility of more than $20 million. The Company has negotiated an extension of existing facilities in light of strong growth during the preceding 12 months. Using a combination of existing internal funding capabilities as well as expected up-front deposits from customers, the Board and Management believe that the Company has sufficient funding available to meet its obligations.

The Board expects to select an optimal funding mechanism for PPC-1 from various alternatives under consideration, and does not rule out any options with respect to future debt or equity levels. Project finance raised for the construction of PPC-1 will be 100% backed by Indefeasible Right to Use contracts from quality customers and as a result the Company expects the cable ownership vehicle to be debt free within 6 months following commissioning of PPC-1. In accordance with ASX Listing Rule 3.1 requirements, the Company will keep the market informed with respect to these matters.

Structuring

The project structuring has been resolved and will included two new wholly-owned subsidiaries. These are as follows:

- PPC 1 (US) Incorporated, a Delaware, USA corporation incorporated in January 2008 to hold Guam landing station assets.

- PPC 1 Limited, a Bermuda corporation incorporated in December 2007 to hold international assets.

Further details on the project can be found in the Company's annoucements to the ASX.

Further Information

Ratios

	Current period %	Previous corresponding period %
Profit before tax / revenue		
Profit (loss) from ordinary activities before tax as a percentage of revenue	**29%**	30%
Profit after tax / equity interests		
Net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	**8%**	**10%**

NTA backing

	Current period Cents	Previous corresponding period Cents
Net tangible asset backing per ordinary security	**94.91**	58.57

Directors' declaration

In the opinion of the directors of PIPE Networks Limited:

(a) The half year financial statements and notes of the Consolidated entity, set out on pages 6 to 14 are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the financial position of the Consolidated entities as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows, for the half year ended on that date; and

(ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the directors.

PIPE Networks Limited

Bevan Slattery
CEO/Managing Director

Dated at Brisbane
13 February 2008

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PIPE NETWORKS LIMITED

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Pipe Networks Limited and Controlled Entities (the consolidated entity) which comprises the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Pipe Networks Limited and Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Pipe Networks Limited and Controlled Entities on 13 February 2008, would be in the same terms if provided to the directors as at the date of this auditor's review report

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pipe Networks Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

A. giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

B. complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Hackett

Hacketts DFK

Liam Murphy

Partner

Dated at Brisbane this 13th day of February 2008