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MEDIA RELEASE

PIPE NETWORKS IPO CLOSSES FULLY SUBSCRIBED

Independent telecommunications carrier, PIPE Networks' \$3.5 million initial public offering has closed early fully subscribed.

PIPE Networks Chairman, Mr Roger Clarke, said strong investor demand for the shares were confirmation of the market's confidence in the company's business model and its experienced management team.

The company was founded in 2001 by experienced IT innovators Bevan Slattery and Stephen Baxter, both of whom have set up and subsequently sold successful IT-related businesses.

As well as being Australia's leading internet exchange (IX) provider, PIPE Networks has carved a niche as an alternative to the "big four" telcos in the fast-growing Metro Ethernet market, which is expected to top \$370 million by 2009.

The company's "dark" fibre optic cable network, a flexible and cost-effective alternative to managed Ethernet services, has been taken up by a range of blue-chip corporate clients including Virgin Blue, Flight Centre, WebCentral, Bechtel, Alcan and Queensland Rail.

The company has internet exchange sites in most Australian capital cities. and plans to add to its Brisbane and Sydney CBD dark fibre networks with a proposed rollout of a Melbourne CBD network later this year.

Revenue increased from \$0.5 million in 2002/03 to \$2.5 million in 2003/04, with revenue for the half year to 31 December 2004 reaching \$2.2 million. The company expects revenue to continue to grow strongly as more corporations take up the flexible and cost-effective dark fibre option.

PIPE Networks recorded earnings before interest and tax (EBIT) of \$0.9 million in 2003/04 and projects EBIT for 2004/05 of around \$1.1 million.

Managing Director, Mr Bevan Slattery, said the company would use the proceeds of the offer to extend its fibre optic network and build sales and marketing capacity.

Under the offer, PIPE Networks will issue 8.75 million new shares at an issue price of \$0.40 each to raise \$3.5 million, bringing the total shares on issue to 30.75 million and market capitalisation to approximately \$12.3 million.

The Offer was fully underwritten by ABN AMRO Morgans Corporate Limited.

ENDS

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