ASX RELEASE

25 June 2009

Earnings Guidance and Market Update FY2010

The Directors of **Pipe Networks Limited (ASX:PWK)** have today confirmed previous earnings guidance for the current year (FY2009) and are providing earnings guidance for the financial year ending 30 June 2010 (FY2010).

The Directors confirm their expectation for the Company's domestic business with NPAT of approximately $11M for FY2009 on revenues of approximately $48M. EBITDA is expected to be approximately $19.5M. In addition, it is expected that the Company's 100%-owned subsidiary, PIPE International (Australia) Pty Ltd will record a charge of approximately $1.5M relating to the costs not capitalised in respect of the PPC-1 Sydney to Guam submarine cable project under development.

After reviewing the domestic sales pipeline and taking into consideration the expected impact and timing of new services, in FY2010 the Directors expect the domestic business to have revenues in the range of $58M-$62M with EBITDA and NPAT in the range of $26M-$27M and $14M-$15M respectively.

The international business is on schedule for completion of the PPC-1 submarine cable in first half FY2010. Once PPC-1 is commissioned, the company will realise significant one-off revenue from Indefeasible Right-to-Use (IRU) contracts with cornerstone customers of PPC-1 in FY2010. This one-off revenue will be complemented by long-term recurring revenue contracts signed with tier one and two internet service providers in the Australian market.

The Directors have obtained extensive advice on the appropriate accounting treatment for IRU contracts. In brief, due to the long tenure of the IRUs and their non-recourse nature, they are treated as a partial disposal of the PPC-1 asset.

The Directors have adopted a policy that produces a significant amortisation (non-cash) element with respect to these initial IRU sales such that the estimated book value of PPC-1 will be reduced by approximately 25% during the 2010 year.

Following commissioning of PPC-1, based on existing sales, the Directors expect the international business to produce revenue of approximately $34M with EBITDA of $24M and a NPAT contribution of approximately $6.5M for FY2010.

For the following year (FY2011) and on the basis of normalised expected monthly recurring revenue only, excluding the contribution of any further capacity sales on PPC-1, the Directors expect the international business to have revenue of approximately $24M, and NPAT of $3M.

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EBITDA is expected to be approximately $13M and is indicative of the strong cash flows expected from the international business in future years. Sales prospects for IRUs and capacity leases remain strong with a current potential pipeline of US$50M.

Combining the two businesses at the Group level, consolidated revenue for FY2010 is expected to reach approximately $92-$96M, with EBITDA of approximately $50-$51M and NPAT of approximately $20.5-$21.5M.

PPC-1 Update

The Tyco Telecom cable ship "*Durable*" is currently in port to finalise equipment repairs and reload the plough team. Once repairs are complete the ship will resume the cable lay between Sydney and Madang (PNG) to link with the cable already laid between Guam and Madang. The Sydney/Madang leg has encountered some delays due to the recent storm activity in Sydney. This delay is within the time contingency provisions within the contract and final-splice and commissioning remains on schedule for late September 2009.

Dividend Reinvestment Plan

The Directors of the company have resolved to offer Australian and New Zealand shareholders the ability to take shares at a 7.5% discount to market price, in respect to any dividend declared for the 2009 financial year by implementing a Dividend Reinvestment Plan (DRP). Further details of the DRP are set out in the attachment to this release.

ENDS

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Attachment – Dividend Reinvestment Plan

The Board of **PIPE Networks Limited (ASX:PWK)** is pleased to announce the establishment of a PIPE Networks Limited Dividend Reinvestment Plan (DRP or Plan) for its shareholders in Australia and New Zealand.

The DRP has been introduced due to shareholder demand and will allow PIPE Networks to pursue its core business and maintain the strength and flexibility of its balance sheet.

Key features of the DRP include:

- Providing shareholders the flexibility to receive some or all of their dividends in the form of shares rather than cash, which enables an efficient method of increasing their investment in PIPE Networks.

- The cost to participate in the DRP is nil as all brokerage and related costs are paid by PIPE Networks. Shareholders will be responsible, however, for costs associated with seeking independent advice concerning their participation in the Plan.

- Shares issued under the DRP will be issued at a 7.5% discount to market price, enabling shareholders to increase their holdings at a discount to what they would otherwise pay.

- Participation in the DRP is entirely optional. Should shareholders wish to participate they can elect to include some or all of their existing shares in the DRP.

- Shares received under the DRP will rank equally with existing fully paid ordinary shares.

Full details of the DRP, including a letter to shareholders, DRP Guide, DRP Rules and Application Form, will be sent to shareholders in the coming weeks and will be lodged with ASX at the time of issue. PIPE Networks will also make available the documentation on its website (www.pipenetworks.com) under the Investor Relations' tab.

ENDS

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