

5 February 2009

PPC-1 Update – Contract Terms Formalised

PIPE Networks Limited (ASX:PWK) is pleased to announce that it has formalised key arrangements concerning the funding requirements and revised payment schedule for its submarine cable system linking Sydney and Guam, known as PPC-1.

In particular, PIPE Networks subsidiary PIPE International (Australia) Pty Ltd (and related companies) have this morning executed an amended agreement with the PPC-1 system supplier. These amendments formalise the anticipated changes as announced by the Company in its release to the ASX on 19 December 2008.

While most terms of the amended agreement remain confidential at this stage, PIPE Networks CEO, Mr Bevan Slattery said that “the amended agreement recognises the financial security of PIPE International’s pre-committed IRU agreements already in place and the quality of those counterparties. This is an outstanding outcome and now I’m looking forward to getting up to Japan in a couple of weeks to watch the cable get loaded onto the ship.”

While the audit-reviewed half year financial statements are yet to be finalised, the Board takes this opportunity to reiterate its net profit after tax (NPAT) guidance for the parent entity of approximately \$11 Million for the 2008/09 financial year, representing growth of approximately 50% higher than the previous year. This guidance is based on expected group NPAT for the half year to December 2008 (HY2008) being \$5.25 Million (62% increase over HY2007) on revenue now expected to exceed \$23 Million (47% increase over HY2007). The final audit-reviewed accounts are expected to be released following approval by the Company’s Board and auditor.

Further significant updates on the progress of PPC-1 will be provided as additional information becomes available. In the meantime, the progress of PPC-1 can be monitored via the PPC-1 blog site at <http://www.pipeinternational.com/>.

ENDS

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