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Media Release/ASX Announcement

PIPE LAUNCHES FIRST NATIONAL VoIP PEERING NETWORK

PIPE Networks Ltd (ASX:PWK) today announced the launch of Australia's first commercial VoIP peering service called PIPE VoIP Exchange, or PVX. The new independent network allows VoIP providers to directly interconnect VoIP calls with other PVX clients and thereby reduces interconnection costs and increases performance for VoIP providers. The PVX is currently being tested by a number of ISP and carrier customers.

PIPE Networks Co-Founder and Chief Technology Officer, Stephen Baxter said "with our newly-launched PVX, we now offer the possibility for all VoIP providers to connect with each other via a seamless national network managed by Australia's largest peering provider - it is a big step forward for VoIP penetration in Australia."

 "VoIP is the coming storm in the telecommunications market. While it has been around for several years now, early adopters are proving that there is a strong business case for VoIP services. The take-up rate of VoIP interconnection has been limited by the lack of an efficient mechanism to connect VoIP operators to allow them to exchange traffic while taking into account quality, security and commercial settlements", Mr Baxter said.

As an enhancement to PIPE Networks' standard peering service, the PVX will actually interconnect each intercapital PVX location to create a single national VoIP peering fabric. As such the service will allow VoIP providers in Brisbane to interconnect other VoIP providers in Sydney and Melbourne and seamlessly exchange VoIP calls.

"One of the keys to this new service is that the PVX will allow VoIP providers to potentially connect with every other VoIP provider using a single connection and to arbitrate the commercial and technical aspects of the calls made via the PVX. The PVX will provide real-time connection information including call quality and billing information back to VoIP providers to enable billing and other activities," said Stephen Baxter.

Telco market researcher Market Clarity recently reported that Australian Consumer/SME Internet-based VoIP services will attract six million users by 2011 and be worth around $680 million. It estimated that the Hosted Voice or IP Centres business models at that time are forecast to be worth $993 million with close to 520,000 handsets. Market Clarity also identified that, at early July this year, there are 182 VoIP service providers in Australia.

In offering the PVX, PIPE Networks is targeting users including the Voice over Broadband providers, DSLAM based ISPs, carriers who can deliver voice over ULL (the analogue telephone call), trunk voice carriers both nationally and globally, as well as corporations and government clients seeking access to least cost routing destinations.

"We are currently in discussions with operators in Europe and the US about the possibility of connecting each geographical network and potentially establishing a world-wide VoIP peering mesh. Now that's how things could get really interesting for PVX and VoIP providers", Mr Baxter said.

PVX trials are expected to be completed by 30 September, 2006. VoIP providers seeking to participate in the trial will need to register by 11th August, 2006.

Following completion of the trials, the PVX is expected to be commercially operational in Australia by late October 2006.

About PIPE VoIP Exchange (PVX)

The PVX is a national VoIP Peering network owned and operated by PIPE Networks, Australia's largest peering provider. The PVX will use an MPLS network deployed over an SDH framework in order to create a resilient national network to trunk calls seamlessly between the cities. This network will be powered by Foundry Networks MLX platform of routers. These routers have been selected due to their extremely high performance levels as well as being highly available by design with redundant management modules, switch fabrics, power supplies, fans, and hitless failover.

The PVX uses a carrier grade soft switch from MERA VoIP to arbitrate the calls between VoIP providers. This will also allow seamless integration between SIP and H323 users as well as on the fly trans-coding. This means that VoIP providers have to alter very little (if at all) of the way they do business in order to interoperate with the PVX. The switch can scale up to 40,000 concurrent calls allowing for potentially massive adoption of the service.

All this is managed by PIPE Networks proprietary software developed internally for this specific application.

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.

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