

21 September 2007

PIPENetworks Limited 2007 Annual General Meeting

In accordance with Listing Rule 3.13.3, please find presentationstobeprovidedtodayatthethirdAnn Company.

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TheBoardwishestothankourshareholdersforthei

rsupportandencouragement.

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Formoreinformation:

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CHAIRMAN'S ADDRESS – MR ROGER CLARKE

Ladies and Gentlemen,

Thank you for attending the 3rd AGM of PIPE Networks.

Financial Year 2007 has been another excellent year for PIPE Networks. Your Company has continued to meet the challenging goals set by your board, and has identified further exciting growth opportunities. This has resulted in another strong financial result.

Net Profit after tax has risen to over \$4.8 million this year from \$2.8 million last financial year on the back of strong revenue growth and investment in new capacity. This profit growth of 70% is on the back of revenue exceeding \$28 million and continued discipline in investment and cost containment.

The continued growth of the Company over the last year has come at a time of uncertainty in parts of the telecommunications industry and highlights the quality of our people, our award winning services and the strong customer relationships and internal controls that have been developed by the team at PIPE Networks.

We continue to invest in our future. In addition to the added reach and capacity of our fibre optic network, we have recently opened "DC3", a new data centre facility in Brisbane. We continue to review new and exciting products and plant to bring new technologies into the Australian market which leverage our assets and strong market position.

One key investment is in our people. We know the importance of strong leadership when companies are growing and are always looking to strengthen the team. To this end, we have welcomed Mr Warwick Pye to the senior management team, and have asked Mr Lloyd Ernst to take up a more direct role with management to add significant experience and leadership.

The future is bright, with expanded reach of all services, increases in available capacity for sale and the introduction of new products; we continue to grow in a highly disciplined and profitable manner.

On your behalf, I would especially like to thank Bevan Slattery, Steve Baxter and their team for the excellent results for the 2007 financial year, and for positioning the company for an exciting future.

I would like to now invite Mr Bevan Slattery to give his summary of progress for the year and to provide an overview to coming year and beyond.

Thank you



ANNUAL GENERAL MEETING

AYEAROFGROWTH- ALIFETIMEOFPOTENTIAL





PIPENETWORKS
ANNUALGENERALMEETING
RIVERSIDEAUDITORIUM
21SEPTEMBER2007



ROGERCLARKE
CHAIRMAN



BEVANSLATTERY

MANAGINGDIRECTOR

Key Highlights- Growth

- Continued growth in revenue and profit with the company delivering a 70% increase in NPAT to \$4.83M
- Fibre network grew 70% to 863km up to June 2007 and is expected to expand to over 1,000km before year end
- Launched Intercap product which became profitable within first 2 months. Still over 70% of capacity available for resale
- Built new data centre in Brisbane 'DC3' in 60 days (completed in June). Stage 1 of the facility is now at 80% capacity with Stage 2 now under planning and is expected to be 100% committed to customers prior to completion in Q4.

Results for Announcement to the Market

Summary of Financial Information

	FY2007 \$(,000)	FY 2006 \$(,000)	Movement \$(,000)	Movement %
Revenue	24,277	13,213	11,064	84%
NPAT	4,831	2,838	1,994	70%
EBITDA	8,669	4,723	3,946	84%

EPS, NTA and Ratios	FY2007	FY2006
Basic earnings per security (EPS)	12.07c	8.22c
Diluted earnings per security	12.05c	8.18c
Net tangible assets per security (NTA)	92.54c	54.70c
Profit before tax/revenue	28%	30%
Profit after tax/equity interests	11%	13%

Financial Strength

- Increase in NPAT to \$4.83M with EBITDA of \$8.7M
- Increase in net assets to \$21.77M
- Successful capital raising of \$16.8M in share replacement with institutional shareholders
- Extended debt facility with ANZ bank to over \$20M (not drawn)
- Declared dividend of 5 cents/share fully franked



DARK FIBRE AND NETWORK GROWTH

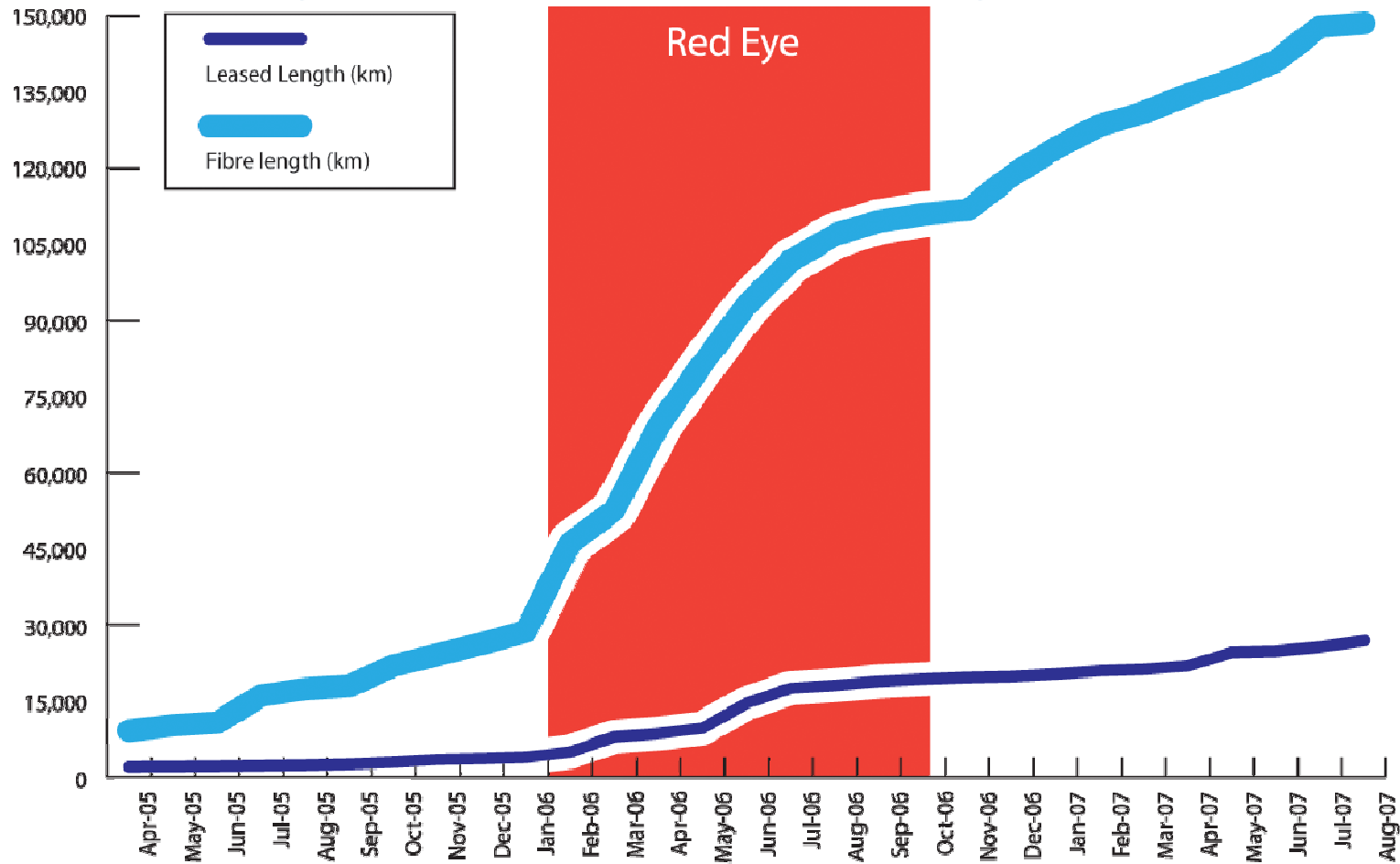
DarkFibre– StrongGrowth

- Bandwidthneedsarecontinuallyincreasing
- Newraftofapplicationsforcorporateandgovernme ntneeding high/massivebandwidthneedssuitedtoDarkFibreincluding **Virtualisation** (VMWare)and **StorageAreaNetworks** (SAN)
- OutsourcingofPrimaryandSecondary(DR)datacentr eservicesto off-site facilitiesgrowingatanalmostinsatiablerate
- Wholesalemarketcontinuestogrowfromstrengthto strength
- ExpandedtoGoldCoastandPerth
- Morebuildings,moreexchanges,moredatacentres,m orecoverageequals morebusinessfrommorecustomers

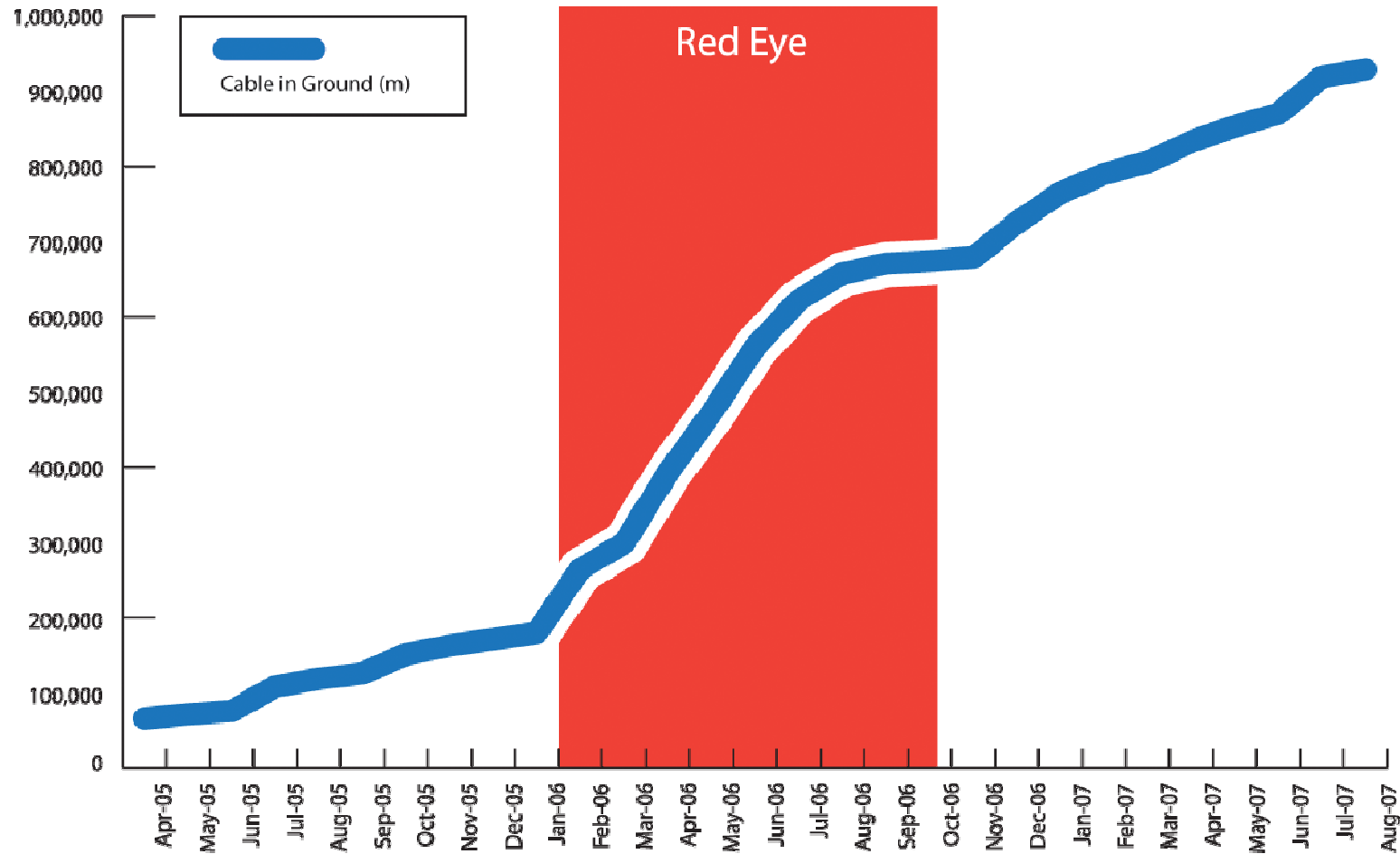
NetworkCoverage

	June2005	June2006	June2007
Metresoffibrecableinstalled	74,347	559,511	869,304
MetresoffibreOpticCoresInstalled	10,664,088	92,916,352	141,006,325
Metresoffibreopticcoresused	2,138,654	14,420,372	24,675,191
%offibrecoremetresutilised	19%	16%	17.5%
Averagefibrecorespermetreofcable	143	164	162

Fibre Length & Leased Fibre Length



Fibre in Ground





GROWTH IN ALL PRODUCTS

Peering/IX Highlights

- Australia's largest peering provider with 100+ ISP, CSP
- Experiencing over 200% growth in traffic year on year
- Estimated that approx 30% of Australia's content is 'on-net'
- Transferring over 8,000 Mb/s and 2 Petabytes or 2,000,000,000 Mb of traffic each month
- Increase in traffic levels is pushing more than expected customers onto higher cost gigabit peering ports generating higher revenues and profits

Datacentre and Co-location Highlights

- Unprecedented demand for co-location space from carriers and corporate clients seeking access to carrier neutral facilities
- Brisbane DC3 completed and increased our datacentre capacity by nearly 250 customer racks at a fully completed cost of approximately \$4M
- PIPE currently negotiating with various parties with a view to source further collocation capacity in all main states

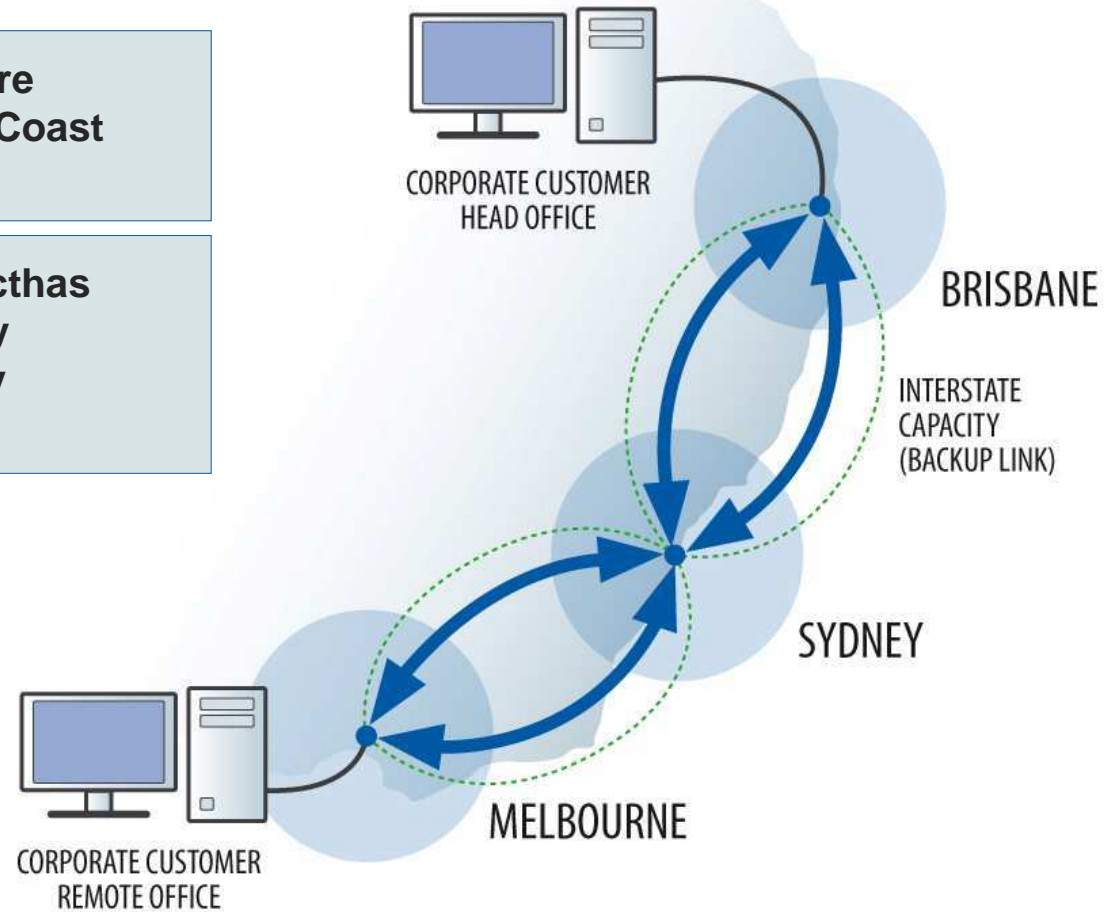


Status of PIPE Networks' Datacentres

Brisbane Datacentres	Status
DC1	At Capacity
DC2	At Capacity
DC3 Stage1	Near Capacity
DC3 Stage2	Under Construction
Sydney Datacentres	Status
DC1	Decommissioned
DC2 Stage1 (Global Switch)	At Capacity
DC3 Stage2 (Global Switch)	Near Capacity
Other Datacentres	Status
Melbourne	At Capacity
Adelaide	At Capacity
Hobart	At Capacity

Intercapital Network

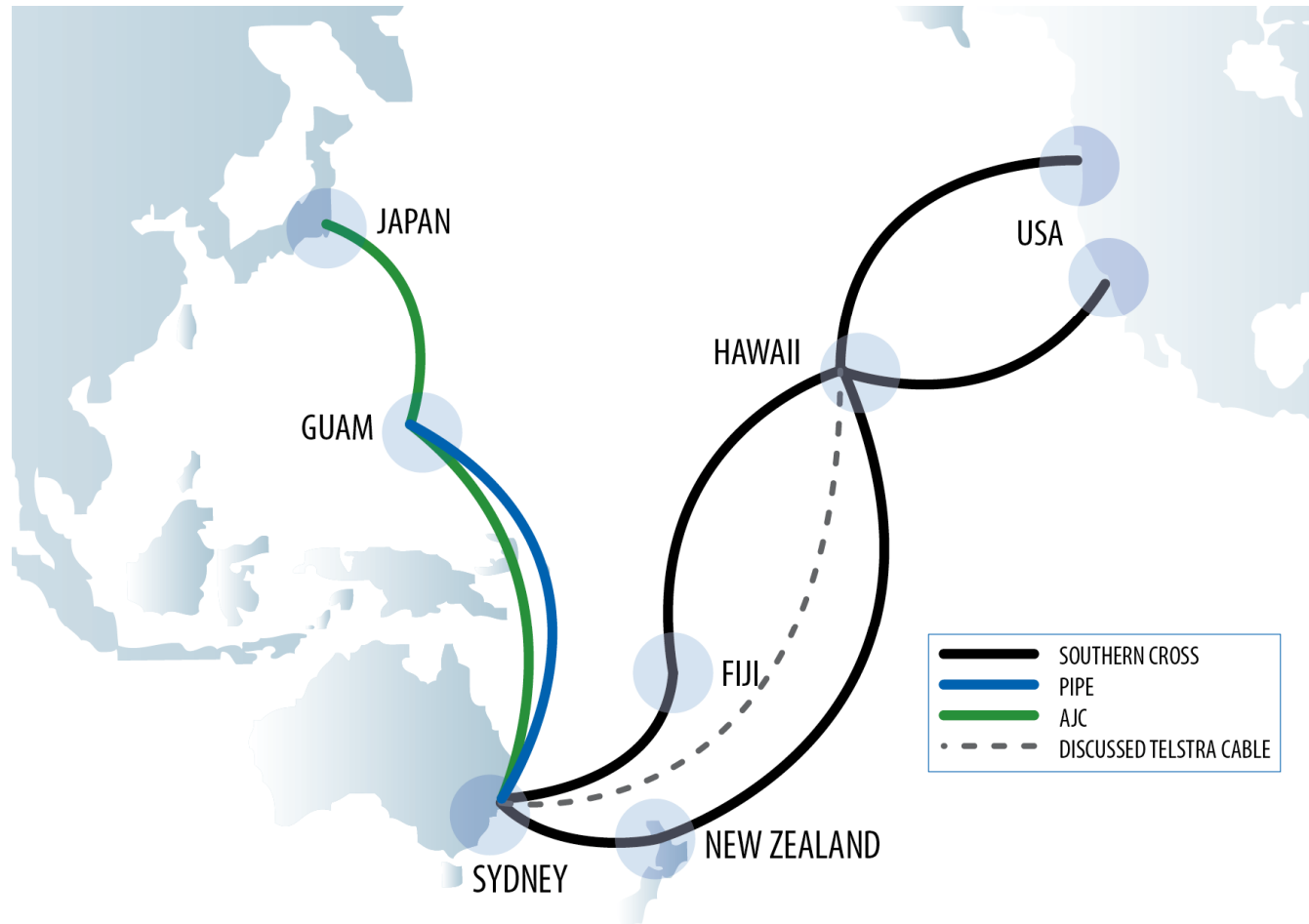
- Leveraging the 'metro' fibre networks to create an East Coast network
- Strong interest and product has since broken even and any additional service is highly profitable





PROJECT RUNWAY THE SYDNEY TO GUAM CABLE

Major International Transmission





ProjectRunway– FastFacts

- **Approx 6,700km fibre cable connecting Sydney to Guam**
- **2 Pair fibre system with 96 10G wavelengths per pair**
- **Total initial design capacity 1.92 terabits per second**
- **March 2009 RFSD Date**



The problem

- **Australia->US capacity is 20 times more expensive than Japan->US**
- **There has been little movement in unit pricing of bandwidth to Australia**
- **Existing systems currently owned by members of the Gang-of-Four**
- **Due to limited competition existing providers see little/no incentive to reduce pricing**

Australia to US Pricing – A Guide

- **SX Non-diverses single 10GIRU between Australia and US (15 years) approx US\$65M**
- **AJ C non-diverses single 10GIRU between Australia and US (15 Years) approx US\$55M**
- **Project Runway – significantly reduced pricing 😊**

ProjectRunway– Progress

- Announced project and MOU agreement with VSNL in Dec 2006
- Formed PIPE International Pty Ltd as the project vehicle
- Desktop Route Survey completed May 2007
- Announced Tyco as the preferred supplier with terms being a head of budget
- Have finalised or near finalising customer contract necessary to 'green light' the project from a revenue perspective
- PIPE have finalised vehicle structures and received appropriate advice on same
- All permitting documentation is being finalised and ready for submission to the appropriate authorities

ProjectRunway– the challenges...

- Australia provides very challenging environment (financially) to make investments in international infrastructure
- Despite finalising vehicle structure we need to ensure all parties involved in the transaction understand and approve the structure
- Cannot execute a number of negotiated customer contracts and major agreements until the vehicle structure is confirmed by all parties
- Expectations are that vehicle structure will be approved in the near future



Project Runway – What does it mean?

- Should the project proceed, then PIPE will have a majority equity investment in a submarine cable network that is expected to be profitable in first year
- Similar to Dark Fibre business whereby additional sales attract a high level of margin/profit
- PIPE is being engaged in discussions in other systems within the region
- Runway is capable of being a transformational event for PIPE Networks



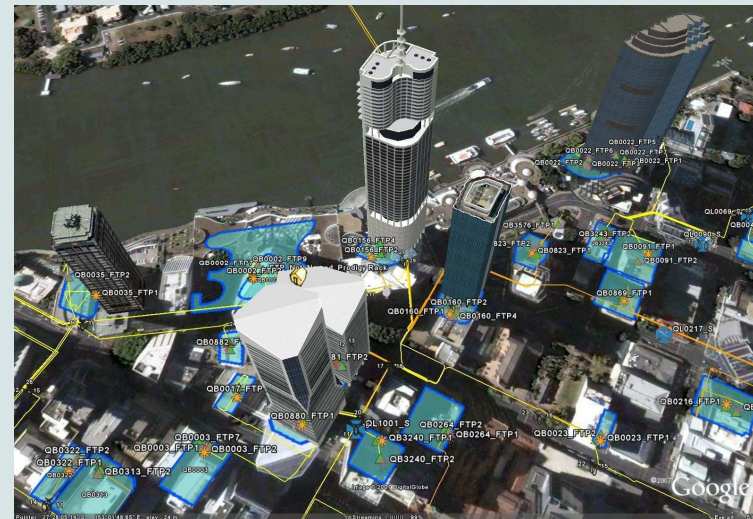
LOOKING FORWARD

STRENGTH TO STRENGTH

- Company experiencing record sales
- Impact of sales won't be fully appreciated until 2008/9
- Outstanding coverage
- New products are already profitable
- Strong balance sheet – strong cash flow
- Building greater depth in Management team
- Complete back-office review is underway (Project Hagen) to improve efficiency

HALOGENEXAMPLE

- Potential capability to look at customer records in Account Receivable
- Click on Invoice
- Click on Dark Fibre line item in invoice
- Click on invoice line item service_ID
- Click on 'view circuit' and be taken into PIPE's own Google Earth Server perspective which is 'fused' into our GIS system to give another perspective



Looking into 2007/8 – The Numbers

Board expectations (excluding Runway)

	FY2007 \$(,000)	FY 2008 \$(,000)
Revenue	24,277	30,000+
NPAT	4,831	7,000
EBITDA	8,669	12,500



Thankyou

Thisconcludesourpresentation



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