



ASX RELEASE

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FINANCIAL GUIDANCE AND PROJECT RUNWAY UPDATE

Due to continued strong growth in both datacentre and dark fibre products, the Board of **PIPE Networks Limited (ASX:PWK)** has today upgraded its guidance for the 2007/08 financial year and provided further indication for the 2008/9 financial year.

FY2007/08

PIPE Networks expects revenue for the full year to 30 June 2008 be between \$33M and \$35M with NPAT of between \$7.0M and \$7.4M. First-half profit is expected to be between \$3.1M and \$3.3M.

Managing Director, Mr Bevan Slattery, said, "The biggest change in our business and quality of earnings over the past six to nine months has been the considerable growth in sustainable new, monthly-recurring revenue, particularly in the corporate and government markets. With the extensive reach of our network leading to a greater number of services sold being 'on-net', we are seeing higher margins for this new business and improved profitability."

FY2008/09

Excluding Project Runway, the Board and management expect revenues in the 2008/09 financial year to be between \$44M and \$46M, with NPAT to eclipse \$10M.

Mr. Slattery said, "We are experiencing significant growth in all products while maintaining margins. Previously, a substantial proportion of revenue and profit was generated by installation fees. However, due to the sizeable and sustainable growth in new monthly recurring revenue, we expect that by the end of the current financial year installation fees will contribute less than 10% of future revenues."

UPDATE ON PROJECT RUNWAY

PIPE Networks' Board has today provided its formal approval for the legal and financial structure of Project Runway. PIPE Networks is now in a position to execute a number of outstanding sales agreements. With these agreements in addition to commitments being finalised, the Board believes it will shortly have sufficient customer commitments to proceed with Project Runway.

ENDS

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