



HALF YEAR INVESTOR PRESENTATION



BEVAN SLATTERY

Chief Executive Officer

Key Highlights

- **Continued strong growth in revenue (46%) and profit (40%) across all business areas including peering, telehousing, intercapital and dark fibre.**
- **Fibre network grew to over 1,000km with growth in further expansion expected to slow, however utilisation increasing above 20% for the first time.**
- **Restructure and boost of PIPE Networks executive team after announcement of PPC-1 (Project Runway) and resignation of Co-Founder and CTO Steve Baxter from Executive duties in June 2008. Steve will remain as non-Exec Director and major shareholder.**
- **Commencement of PPC-1 (formerly Runway) our cable system to Sydney.**

Results for Announcement to the Market

Summary of Financial Information

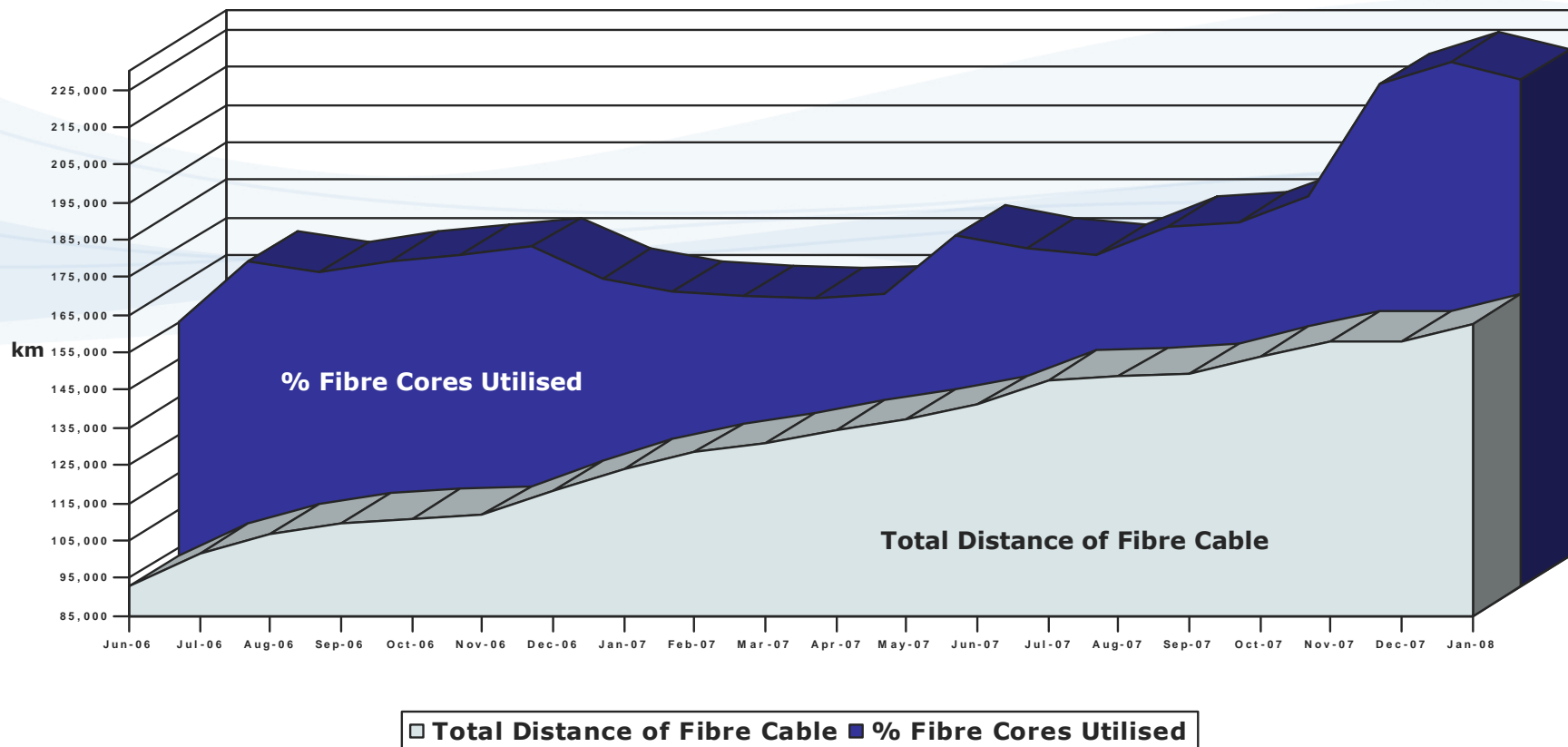
	HY 2008 \$ (,000)	HY 2007 \$ (,000)	Movement \$(,000)	Movement %
Revenue	16,263	11,162	5,101	46%
NPAT	3,278	2,349	929	40%
EBITDA	5,908	4,101	1,807	44%

EPS, NTA and Ratios	HY 2008	HY2007
Basic earnings per security (EPS)	7.39	5.99
Diluted earnings per security	7.38	5.98
Net tangible assets per security (NTA)	94.91	58.57
Profit before tax / revenue	29%	30%
Profit after tax / equity interests	8%	10%

Network Coverage

	June 2005	June 2006	June 2007	January 2008
Metres of fibre cable installed	74,347	559,511	869,304	1,014,391
Metres of fibre Optic Cores Installed	10,664,088	92,916,352	141,006,325	162,644,738
Metres of fibre optic cores used	2,138,654	14,420,372	24,675,191	35,730,635
% of fibre core metres utilised	19%	16%	17.5%	22%
Average fibre cores per metre of cable	143	164	162	160

Total Fibre Cable vs % Fibre Cores Utilised





PRODUCT GROWTH



Product Growth

- **New InterCap network is performing strongly and is almost contributing \$1,000,000 in annualised GP within 8 months of commencement.**
- **Dark Fibre revenues continue to grow strongly at above 40% driven by Australia's insatiable bandwidth requirements.**
- **Data Centre – "DC3" already full (completed in June 07) with DC4 under construction and expected to be fully leased by the time of completion on July 1, 2008.**
- **Peering revenue continuing to grow at steady rate.**
- **Over \$300,000 per month of new billable revenue already under contract which is being provisioned and due to start billing between now and July 1, 2008. The company will not see the effect of this until 2008/9 financial year.**



PROJECT RUNWAY

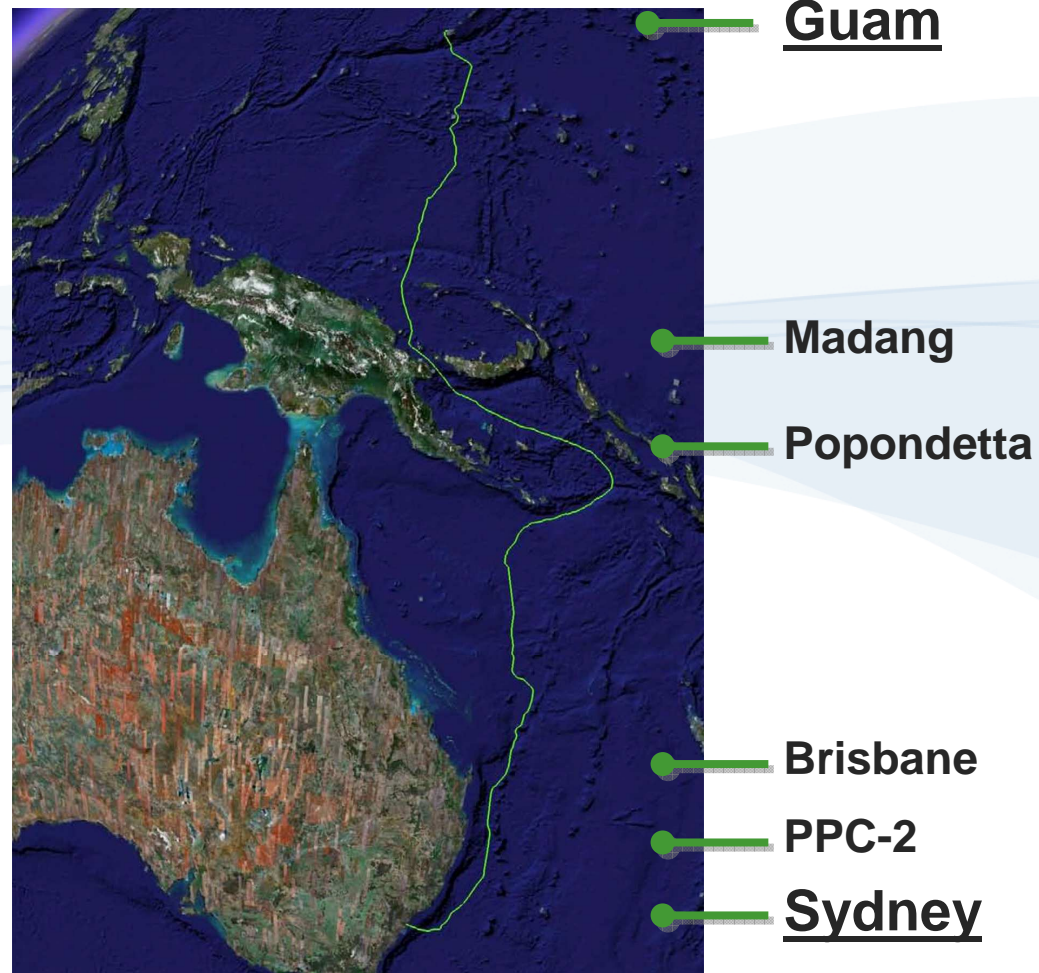
THE SYDNEY TO GUAM CABLE



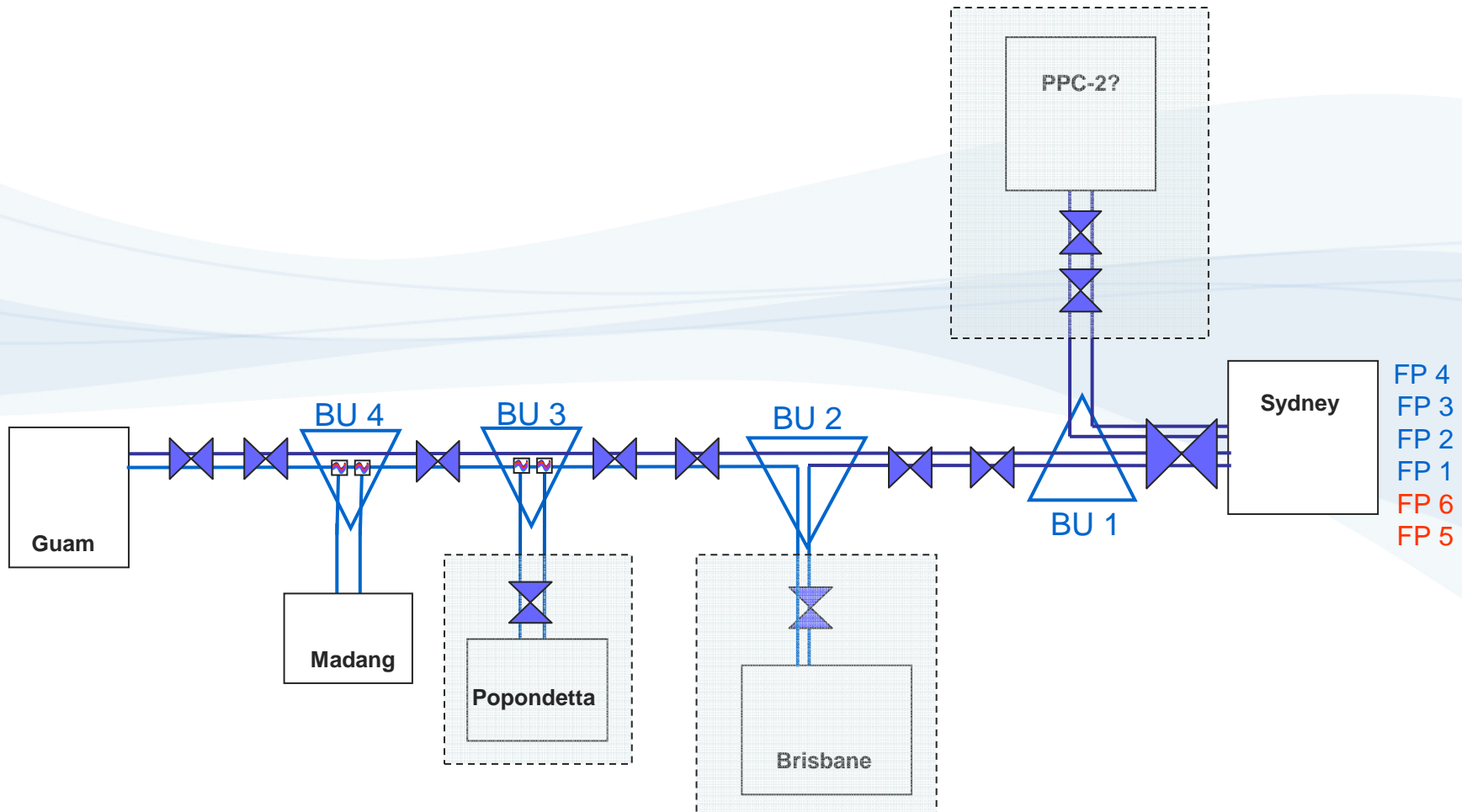
PPC-1 – An Investment in Australia's Future

- **Approx 6,900km fibre cable connecting Sydney to Guam.**
- **2 Pair fibre system with 96 x 10G wavelengths per pair (1.92Tb/s).**
- **Latest system design technology leap-frogging current systems.**
- **Cost of approx AU\$200M.**
- **Interconnects Australia, PNG, Guam and beyond with partnership VSNL.**
- **Q2 2009 RFS (ready for service) date.**

PPC-1 Map



PPC-1 Configuration Assuming all Spurs



Why Guam?

- **Strategic Hub for Asian Cable Systems.**
- **Very Stable – US Territory with US Defense relocating its Okinawa Base to Guam including over 10,000 Marines and an estimated additional 30,000 support staff.**
- **Onward Capacity to US and Japan through onward capacity agreements with VSNL.**
- **Also Onward Capacity to Japan, China, Hong Kong through other existing systems and also additional capability through the new AAG cable system currently planned for completion in 2009.**



The International Capacity Market

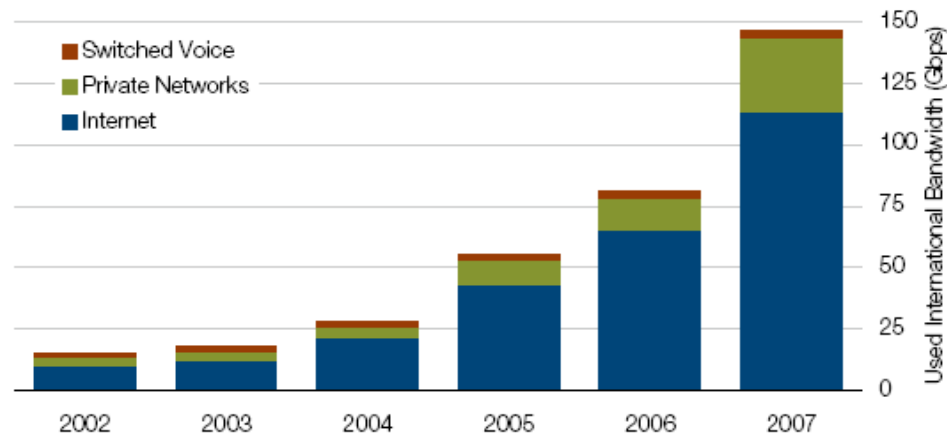
- **PPC-1 will be only one of two (2) cables connecting the east coast of Australia to Asia (via Guam) the fastest growing region in terms of Internet capacity.**
- **Growing trend in both higher speeds connections and Ethernet based transport (such as PPC-1).**
- **The move towards video content demands higher speeds, higher quotas and bigger pipes.**
- **Global telecommunications research leader Telegeography has estimated that Australia's international traffic requirements will increase 22% per annum on a compounding basis resulting in a 10-fold increase over the next 10 years (report attached).**

The International Capacity Market (Historical)

Australian Submarine Cable Market Analysis for Pipe Networks

TeleGeography Research

Figure 3. Historical Used International Bandwidth for Australia, 2002-2007 (Gbps)



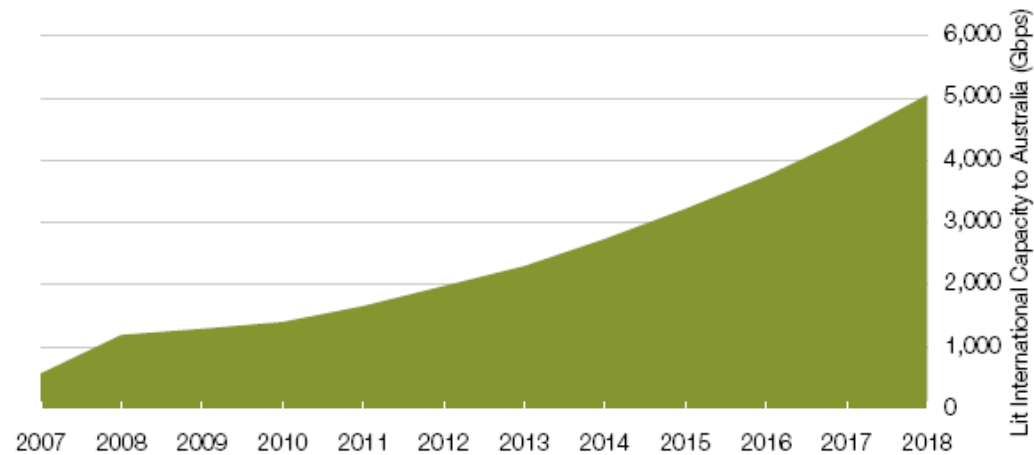
Notes: Used capacity includes circuits deployed by carriers and ISPs to carry Internet, switched voice, and private network traffic. Used capacity does not include capacity that is used for restoration and redundancy purposes.

The International Capacity Market (Forecast)

Australian Submarine Cable Market Analysis for Pipe Networks

TeleGeography Research

Figure 2. Forecasted Lit International Capacity for Australia, 2007-2018 (Gbps)



Notes: Data as of year end. Lit capacity presented in unprotected terms. Data for 2007 is historical. Data for 2008 to 2018 are forecasted.



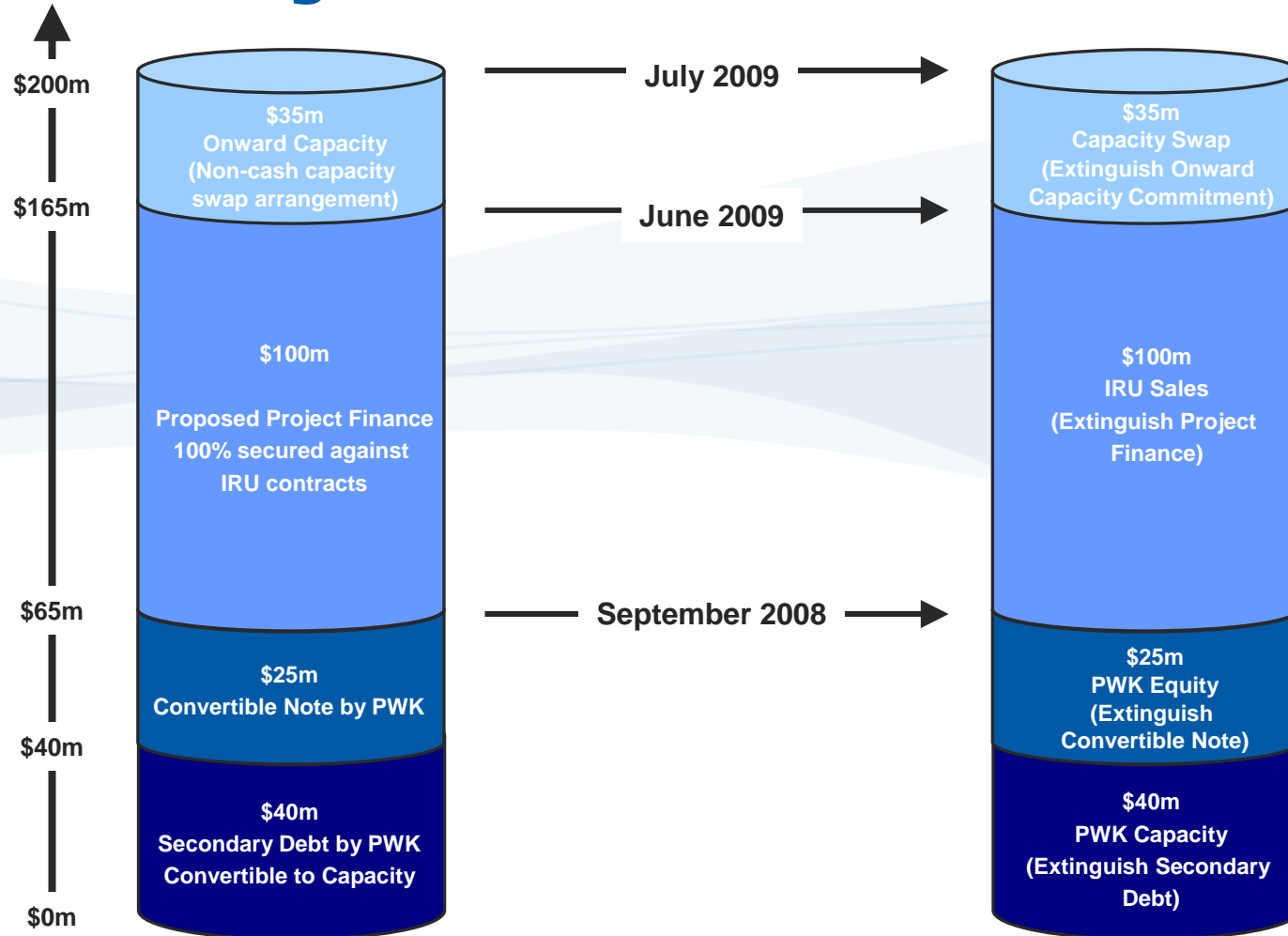
Funding

- **No immediate requirement to raise capital due to strong balance sheet.**
- **Should the Board decide to raise additional capital it may do so via a number of means including issuing new capital in PIPE International to a strategic investor(s) or possibly within PIPE Networks via share placement, rights issue and/or SPP.**
- **Majority of the project will be funded by construction finance which is being finalised by management. However any construction finance is expected to be 100% secured by customer IRU (indefeasible right of use) contracts. These contracts are long term capacity deals which are payable upfront within 30 days of system completion.**

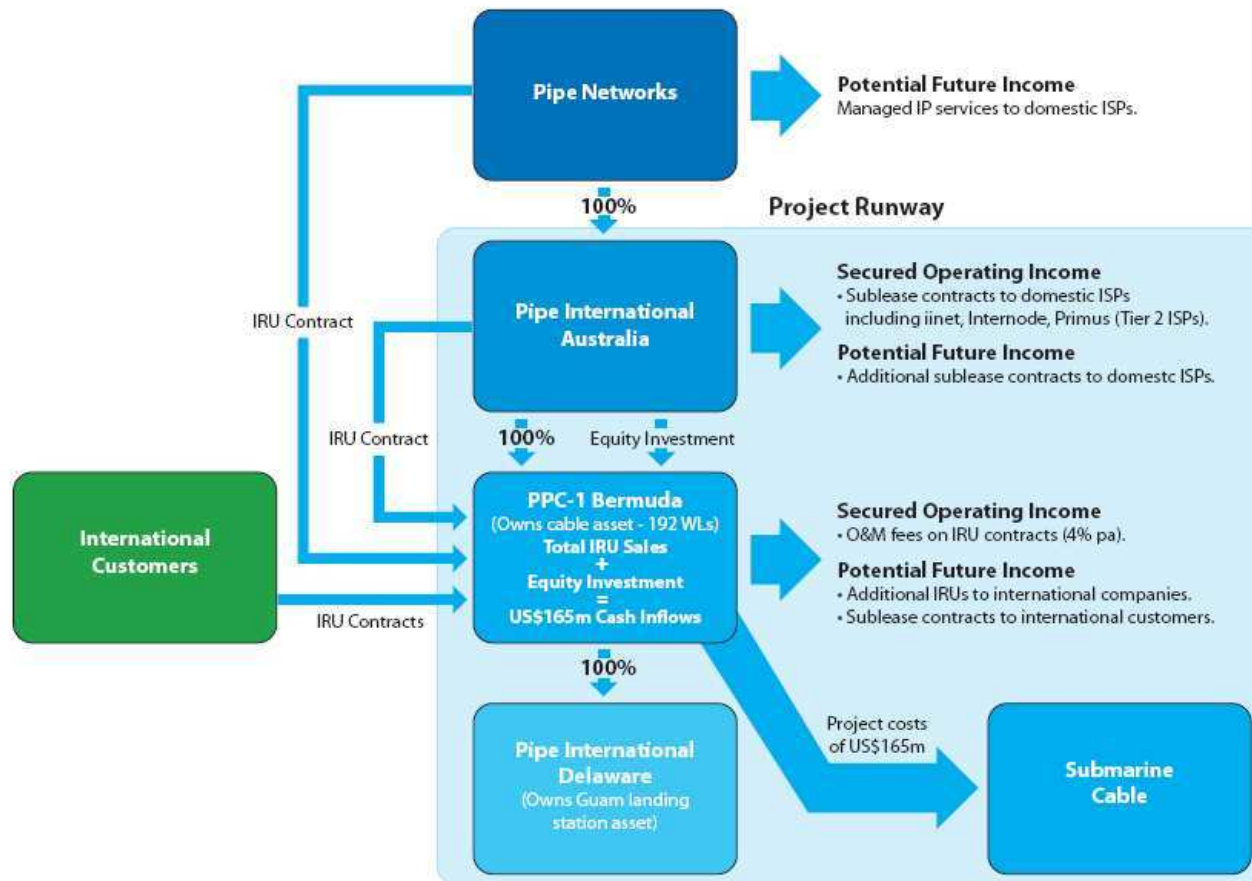
Funding cont'd

- **Any additional sales contracts attractive a very high level of profitability.**
- **Upon completion, cable vehicle will be debt free within 6 months while project vehicle is expected to be NPAT positive within the first 12 months of operation.**
- **Company believes there is significant opportunity to secure further capacity agreements prior to commencement of the system. Depending on size and volume, these sales could significantly improve current forecasts and cashflow.**

PPC-1 Funding



Structure





What will PPC-1 mean for PIPE Networks

- **Brings PIPE Networks into the international marketplace.**
- **Creates a significant asset with over 90% spare capacity available for sale. Much like our existing metro fibre assets, any additional sale can potentially attract a high level of profitability.**
- **Project to be fully funded by investment and capacity agreements.**
- **No change to 2008 and 2009 financial years guidance at this stage.**
- **Service contracts from PPC-1 to contribute \$20M+ in additional revenues to the Group in 2010 FY and beyond.**



LOOKING FORWARD

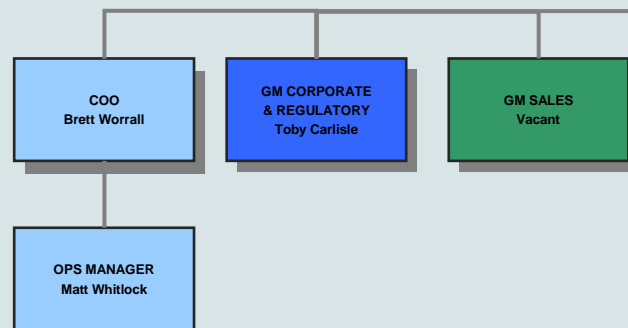


Corporate Restructure

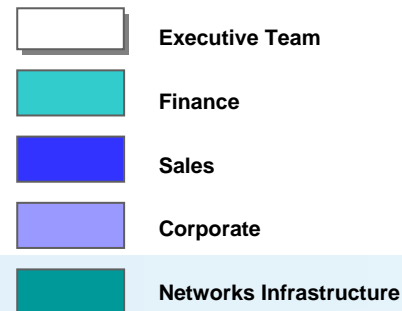
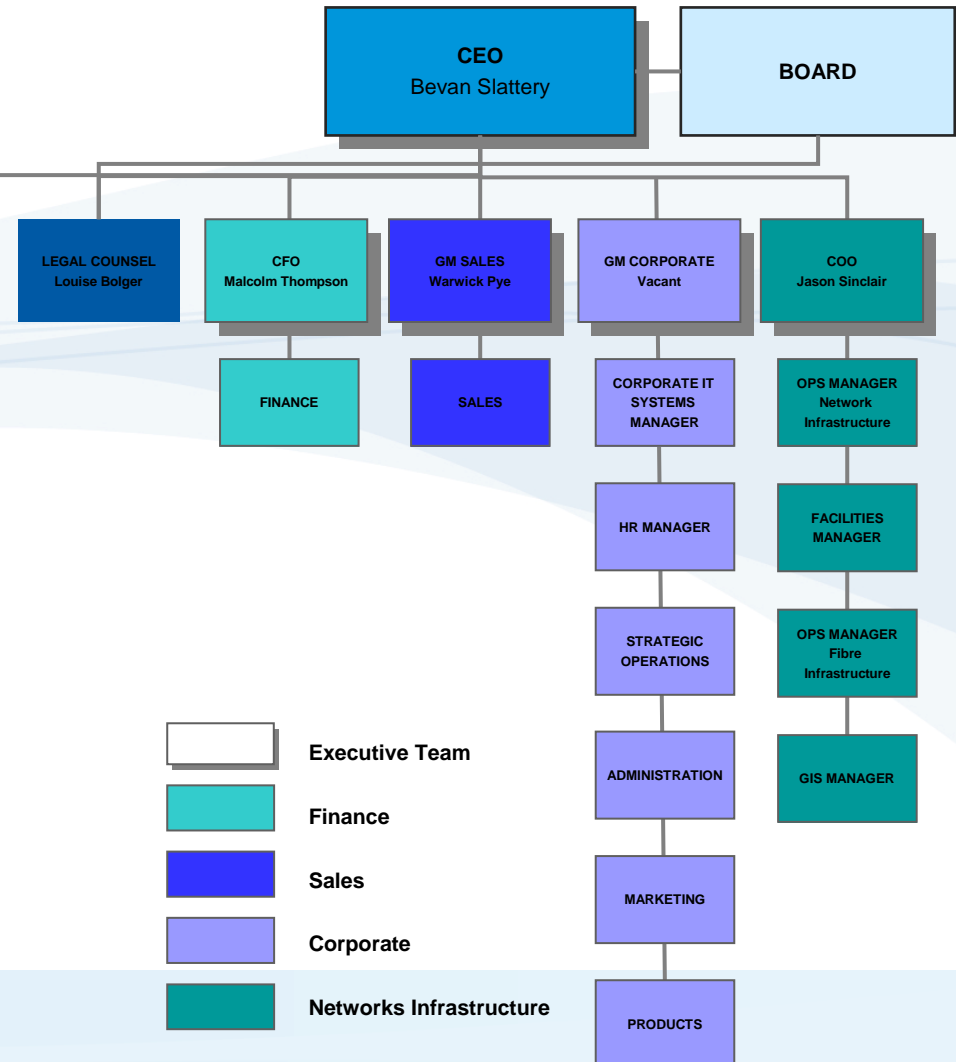
- **Co-Founder Steve Baxter stepping down from Executive duties in July 2008 allowing a re-think of corporate structure. Steve to continue as a Non-Executive Director.**
- **Injection of highly skilled and experienced managers into the key COO roles of PIPE Networks and PIPE International.**
- **Promotion of key staff involved in the formation of PPC-1 into PIPE International.**
- **Working to fill remaining outstanding positions now that corporate restructure has been approved by the Board.**



Pipe International



Pipe Networks





The 'Federation' Project

- **PIPE Networks announces the expansion of its metro networks in Perth and Adelaide in order to provide a 'national' metro footprint.**
- **Expected to be completed by June 2008.**
- **\$2.5M capital expenditure this half.**
- **Expect the metro networks to breakeven from an operational cost basis within first 6 months of completion.**
- **Upgrading and extending existing Intercap network to Adelaide and Perth. Expect the Intercap network to breakeven within 6 months of completion.**



Going from Strength to Strength

- **Company experiencing record sales and overall improvement in quality of earnings through increase recurring revenue compared to installation earnings. Company signed new contracts with over \$1.3M+ in new monthly recurring revenue for the 12 months previous. Impact of sales won't be fully appreciated until 2008/09.**
- **Outstanding network coverage reducing annual capex in existing markets.**
- **New products such as Intercap and DC3 are already profitable.**
- **Strong balance sheet – strong cashflow.**
- **Building greater depth in Management team.**
- **Combining a national metro footprint with an intercapital network and an international link makes PIPE one of Australia's largest telecommunications infrastructure providers.**

Full Year Projections

(Assuming no further significant sales on PPC-1)

Financial projections – excluding PPC-1	FY 2007 (a) \$ (,000)	FY 2008 (f) \$ (,000)	FY 2009 (f) \$ (,000)	FY 2010 (f) \$ (,000)
Revenue	24,277	34,018	45,208	73,000
NPAT	4,921	7,269	10,698	17,000
EBITDA	8,705	13,048	19,478	32,000

Growth year on year	FY 06-07 (a) \$ (,000)	FY 07-08 (f) \$ (,000)	FY 08-09 (f) \$ (,000)	FY 09-10 (f) \$ (,000)
Revenue	+84%	+40%	+33%	+63%
NPAT	+74%	+48%	+47%	+59%
EBITDA	+82%	+50%	+49%	+64%



THANK YOU

This concludes our presentation



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I. Australian International Capacity Market Trends

Supply

Virtually all of the international telecommunications traffic between Australia and the rest of the world is carried by fiber-optic submarine cables. The amount of lit international capacity on submarine cables connected to Australia has risen nearly 10-fold between 2000 and 2007, from 56 Gbps to 575 Gbps. The market for capacity to Australia is dominated by the Southern Cross Cable Network and the Australia-Japan Cable, which account for 97 percent of lit supply (see Figure 1. Historical Lit Capacity of Australian Submarine Cables, 2000-2007 (Gbps)). The older SeaMeWe-3 and JASURAUS systems operate on the west coast of Australia and provide a combined 15 Gbps of capacity.

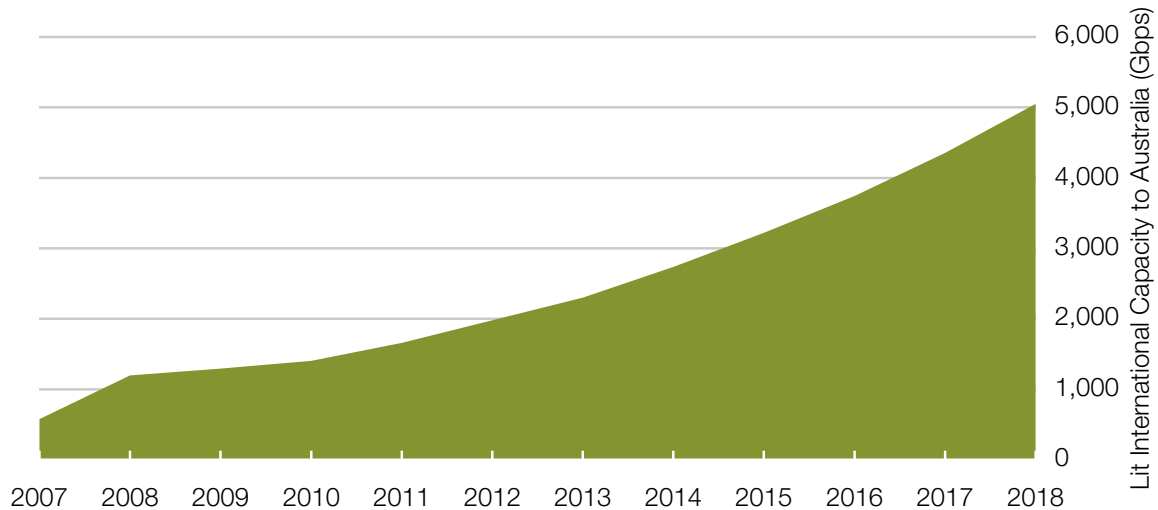
Figure 1. Historical Lit Capacity of Australian Submarine Cables, 2002-2007 (Gbps)

	2000	2001	2002	2003	2004	2005	2006	2007
PacRim West	1	1	1	1				
Southern Cross	40	160	300	480	480	480	480	480
Australia-Japan Cable		80	80	80	80	80	80	80
SeaMeWe-3	10	10	10	10	10	10	10	10
JASURAUS	5	5	5	5	5	5	5	5
Total	56	256	396	576	575	575	575	575

Notes: Data as of year-end. Lit capacity presented in unprotected terms. PacRim West was retired in December 2004.

After virtually no change in lit capacity on existing submarine cables connected to Australia between 2003 and 2007, supply is poised to soar. During 2008 the lit capacity of cable connected to Australia will grow substantially due to upgrades by Southern Cross and the Australia-Japan Cable. By the end of 2008, lit capacity will reach 1,195 Gbps, an increase of 108 percent over 2007. The addition of the Pipe Pacific Cable-1 in 2009 will add another 100 Gbps of capacity to the market. TeleGeography expects that by 2018 over 5 Tbps of lit capacity will be needed to serve Australia (see Figure 2 Forecasted Lit International Capacity for Australia, 2007-2018 (Gbps)).

Figure 2. Forecasted Lit International Capacity for Australia, 2007-2018 (Gbps)

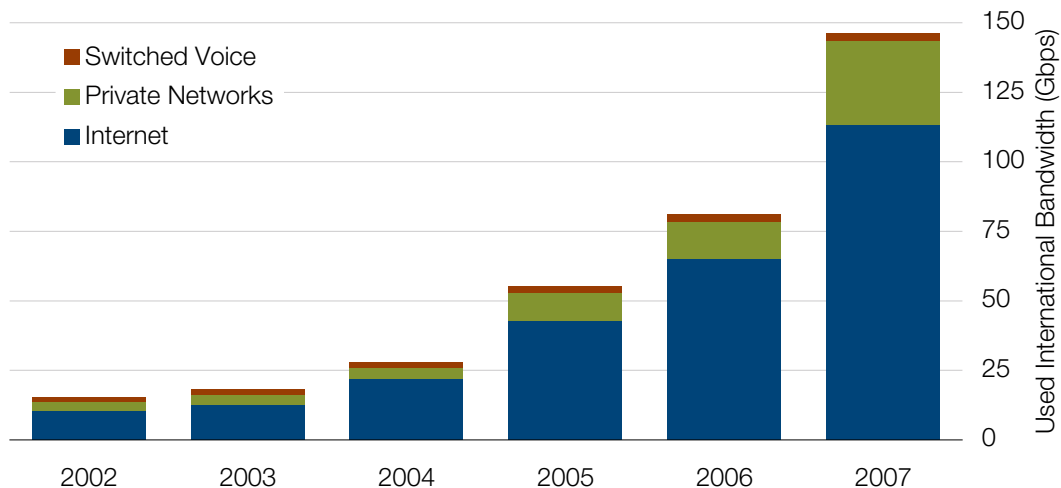


Notes: Data as of year end. Lit capacity presented in unprotected terms. Data for 2007 is historical. Data for 2008 to 2018 are forecasted.

Demand

TeleGeography's assessment of international capacity demand is based on how carriers "use" their capacity. Network capacity usage is grouped into three general types: Internet backbone networks, public switched voice networks, and private networks (primarily ATM, frame relay, dedicated intra-company links, and research and educational networks). Overall, between 2002 and 2007, used international capacity connected to Australia increased from 15.4 Gbps to 146.1 Gbps, a compounded annual growth rate of 57 percent (see Figure 3. Historical Used International Bandwidth for Australia, 2002-2007). By far, the largest contributor to capacity usage on international links to Australia is Internet backbones. Internet capacity accounts for approximately 78 percent of all used capacity, with the remainder of the capacity used to carry switched voice traffic and private network traffic.

Figure 3. Historical Used International Bandwidth for Australia, 2002-2007 (Gbps)

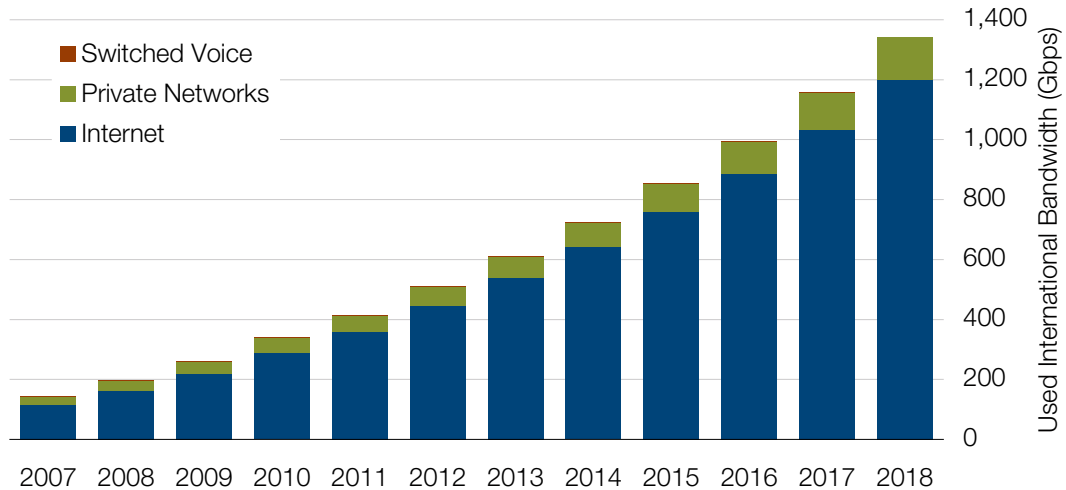


Notes: Used capacity includes circuits deployed by carriers and ISPs to carry Internet, switched voice, and private network traffic. Used capacity does not include capacity that is used for restoration and redundancy purposes.

The increased adoption of broadband has fueled the demand for more Internet backbone capacity. The total amount of traffic generated by end-users increased dramatically as consumers switch from dial-up modems to higher bandwidth technologies such as Digital Subscriber Line (DSL) and cable broadband. In Australia, the number of broadband subscribers have increased 15-fold between 2002 and 2007.

Broadband users tend to spend more time using the Internet and use bandwidth-intensive applications more frequently than narrowband users. Thus, even as we anticipate the pace of broadband subscriber growth to slow, increased broadband access speeds and the continued growth of video content are expected to fuel demand growth. International bandwidth demand in Australia is expected to grow at a compounded annual rate of 22 percent between 2007 and 2018 (see Figure 4. Forecasted Used International Bandwidth in Australia, 2007-2018). At this pace, the amount of used international bandwidth in Australia will approximately double every three years.

Figure 4. Forecasted Used International Bandwidth in Australia, 2007-2018

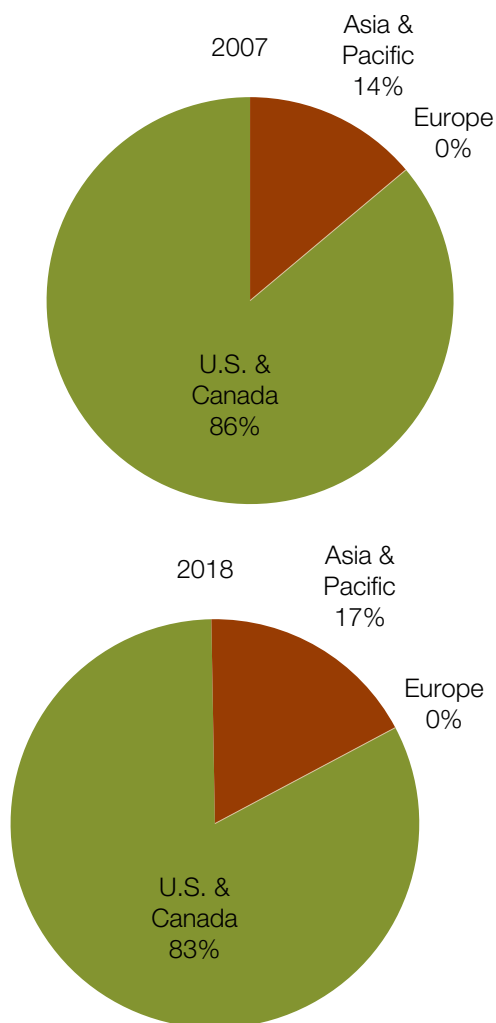


Notes: Used capacity includes circuits deployed by carriers and ISPs to carry Internet, switched voice, and private network traffic. Used capacity does not include capacity that is used for restoration and redundancy purposes.

Capacity Routing

TeleGeography's annual survey of international Internet backbone operators reveals how capacity connected to Australia is deployed. In 2007, 86 percent of the international Internet links to Australia were directly connected to the United States & Canada, with 14 percent to other countries in the Asia & Pacific region. TeleGeography has not identified any reason for a significant shift in the geographical deployment of international Internet links to Australia in the forecast period. By 2018, TeleGeography estimates Internet capacity connected to the U.S. & Canada will decline slightly to account for 83 percent of Australia's international Internet capacity, with Asia & Pacific's share increasing to 17 percent (see Figure 5. Australia International Internet Capacity Deployment by Region, 2007 and 2018).

Figure 5. Australia International Internet Capacity Deployment by Region, 2007 and 2018



Notes: Capacity deployment based on international router-to-router links between Australia and other regions. Deployment of capacity is not a proxy for direction of Internet traffic flows.

Capacity Prices

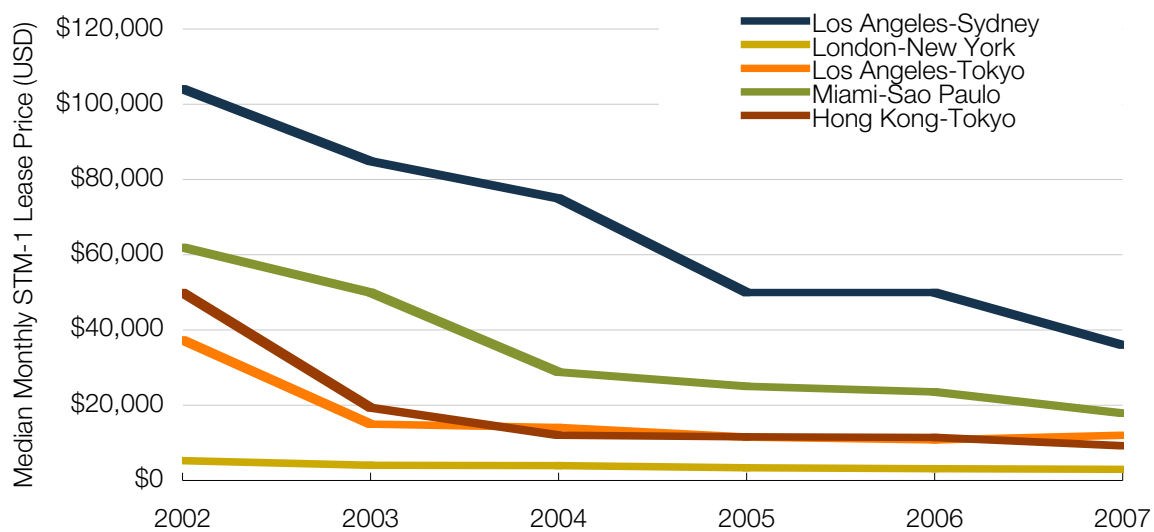
Wholesale Circuit Capacity

The Australian trans-Pacific circuit market, like most subsea markets, has two primary sellers of wholesale bandwidth: cable owners and carriers that purchase large volumes of capacity and resell to other buyers. Cable operators tend to

focus their efforts on high capacity sales, while resellers typically sell more lower-rate circuits (STM-1 and below). Consequently, resellers often price these low-capacity circuits more aggressively than the cable operators themselves. TeleGeography is only able to present market prices for these low capacity circuits, in order to ensure the confidentiality of the contributors. (Southern Cross and the Australia-Japan Cable are the only sellers of high-capacity circuits)

Median monthly STM-1 lease prices on the Los Angeles-Sydney route have tumbled from \$104,113 in 2002 to \$36,000 in 2007. Although this represents a decrease of 65 percent in the five-year period, the majority of the price erosion occurred between 2002 and 2005. In the past two years prices have declined only 28 percent (see Figure 6. Median Monthly STM-1 Prices for Los Angeles-Sydney, 2002-2007).

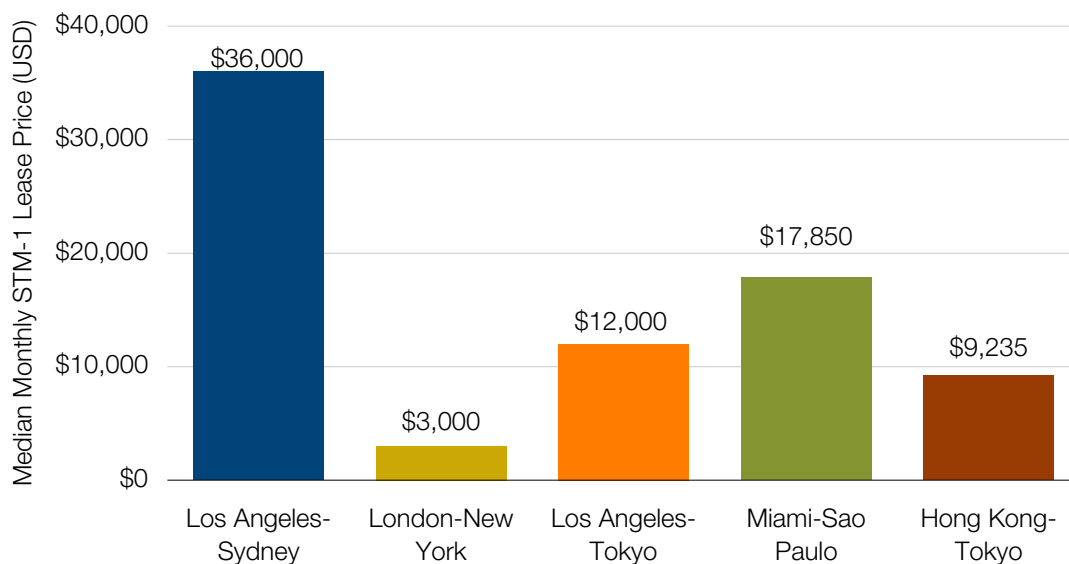
Figure 6. Median Monthly STM-1 Prices for Selected Routes, 2002-2007



Notes: Prices are medians as of Q4 each year and exclude installation fees.

Compared to other international subsea route, the price of capacity on the Los Angeles-Sydney remains far more expensive. In 2007, the median monthly STM-1 lease prices on the Los Angeles-Sydney route was three times higher than the Los Angeles-Tokyo route and 12 times higher than the London-New York route (see Figure 7. Median Monthly STM-1 Prices for Selected Route, 2007).

Figure 7. Median Monthly STM-1 Prices for Selected Route, 2007



Notes: Prices are medians as of Q4 2007 and exclude installation fees.

Wholesale Circuit Mix

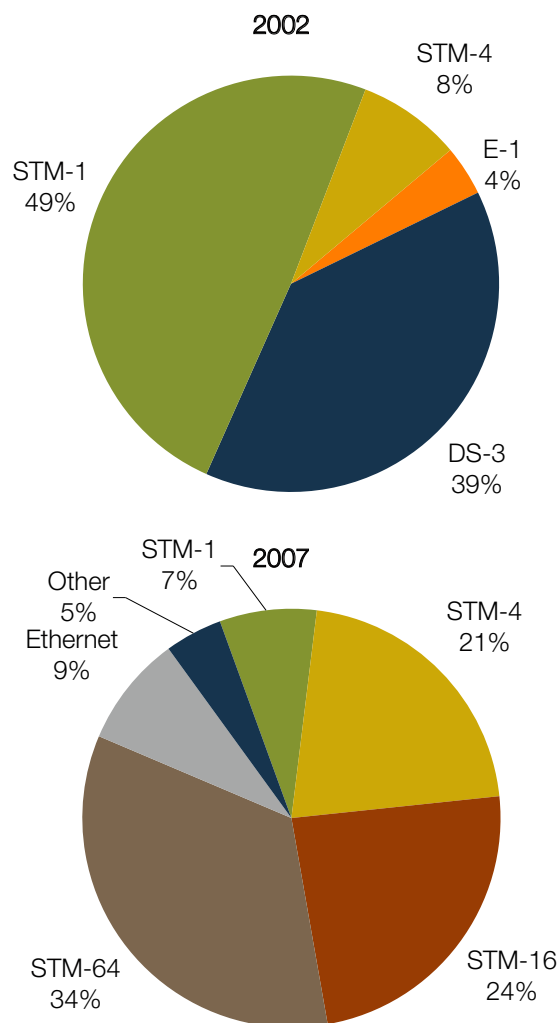
As in other undersea cable markets, Australian bandwidth buyers are increasingly opting for high-capacity circuits, which are significantly cheaper than low-speed circuits in terms of the price per Mbps of capacity. This disparity is due to volume discounts offered by cable operators, which charge proportionally more for small circuits than for large circuits because, on a bit-for-bit basis, smaller capacities cost sellers more to administer than larger circuits. Many provisioning costs—including sales, legal fees, installation, and some maintenance costs—are fixed regardless of circuit size.

The savings per Mbps gained from moving from a DS-3 (45 Mbps) to a STM-1 (155 Mbps) range from 50 to 60 percent.

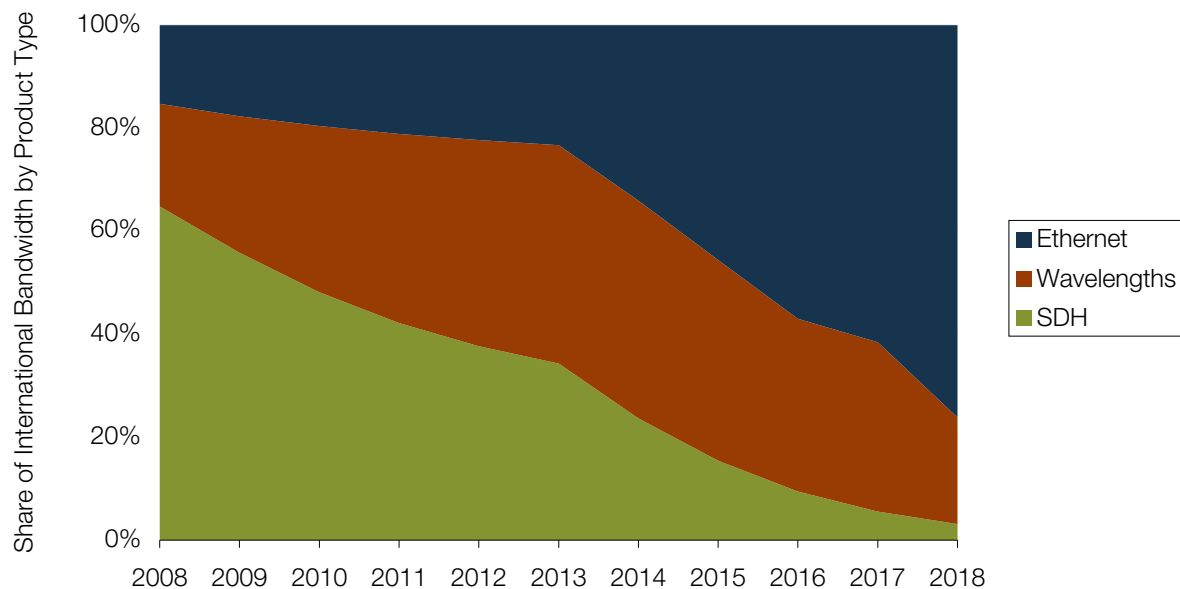
Consequently, bandwidth buyers have experienced significant unit cost reductions as their capacity purchases have increased. At the same time, cable operators' revenues have not grown at a proportional rate to increasing purchase volumes.

TeleGeography data on the circuit composition of international links connected to Australia document how bandwidth customers are steadily migrating to higher-rate circuits. The cumulative effect of this shift on the overall circuit mix is substantial. In 2002, STM-1 circuits represented 49 percent of total international Internet bandwidth to Australia. By 2007, STM-1 circuits declined to 21 percent of Australia's international bandwidth (see Figure 8. Historical Australia International Capacity Circuit Mix, 2002-2007). While the migration to higher-capacity circuits has resulted in significant increases in carriers' volume sales (as measured by Mbps of capacity sold), rapid declines in the effective unit price of this capacity have offset some of the expected revenue gains.

Figure 8. Historical Australian International Capacity Circuit Mix, 2002 and 2007



The shift to higher-capacity circuits will continue in 2008-2018 forecast period. The changes in products purchased are not just moving towards higher capacity products but also the type of products. TeleGeography expects the share of wavelengths and Ethernet products to increase as carriers phase out SDH services (see Figure 9. Forecasted Australia International Capacity Circuit Mix, 2008-2018).

Figure 9. Forecasted Australian International Capacity Circuit Mix, 2008-2018

Wholesale IP Transit Prices

While the wholesale circuit prices to Australia discussed previously are based on international links, IP transit prices are local; that is, carriers and content providers purchase IP transit at a single node. In every case the price is determined by the market at the geographic point of interconnection and the port size into the backbone provider network—for instance, a STM-1 (155 Mbps) port in Sydney. IP Transit price levels in Australia are largely a reflection of the relatively high underlying costs of international capacity to Australia.

Since 2005 IP transit prices have tumbled in Sydney. The average monthly price of an STM-1 port fell from \$409 per Mbps in 2005 to \$175 per Mbps, a decline of 57 percent (see Figure 10. IP Transit Prices for Selected Cities, 2005-2007). The average price for a FastE (100 Mbps) port declined 61 percent to \$165 per Mbps during the same period.

Figure 10. Average IP Transit Prices for Selected Cities, 2005-2007**STM-1 Ports**

	2005	2006	2007
Sydney	\$409	\$298	\$175
Los Angeles	\$33	\$32	\$28
London	\$37	\$36	\$27
Tokyo	\$83	\$81	\$64
Hong Kong	\$76	\$74	\$60
Singapore	\$239	\$179	\$105

FastE Ports

	2005	2006	2007
Sydney	\$423	\$295	\$165
Los Angeles	\$30	\$30	\$23
London	\$37	\$32	\$25
Tokyo	\$100	\$99	\$77
Hong Kong	\$90	\$93	\$68
Singapore	\$261	\$190	\$94

Notes: Data shown are monthly price per Mbps for full-port capacity, excluding installation fees. Data as of Q4 of each year.

Despite the rapid decline of IP transit price in Australia since 2005, prices remain well above those present in other major cities around the world. In 2007, the price per Mbps of a FastE port in Sydney was more than seven times as expensive as a comparable port in Los Angeles. As a result, Australian ISPs routinely opt to acquire trans-Pacific capacity on a submarine cable and then purchase IP transit in Los Angeles or San Francisco instead of Sydney.