



PIE LAUNCHES 2nd GENERATION WEBPHONE

pieNETWORKS is pleased to announce the launch of its second generation Hotspot Webphone.

It has entered a Manufacturing Services Agreement with Startronics Pty Ltd to manufacture the Company's second generation Webphone. First off production is scheduled for September 2008 and full production is scheduled to commence in October 2008.

The second generation Webphone is a quantum advance on the Company's already successful first generation Webphone operating in New Zealand with Telecom New Zealand. The second generation Webphone has been developed in conjunction with Design + Industry, one of Australia's leading design and engineering consultancies.

"The second generation Webphone looks better, goes faster, does more, is easier to use, costs less to build and is designed to be produced in large volumes" said Campbell Smith, pieNETWORKS' Managing Director.

"The second generation Webphone's Wifi functionality will even provide low cost connectivity for dual mode mobile phones like Apple's iPhone making it an even more compelling replacement for traditional payphones" added Smith.

The second generation Webphone will include new features such as a 22" touch sensitive screen, a proximity sensor to attract potential users, Bluetooth connectivity and dedicated 'short cut' buttons for easy access to premium services. Also Femtocell will be added in 2009 to enable connectivity to 3G mobile phones.

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About pieNETWORKS Ltd

pieNETWORKS develops and operates managed public internet access and VoIP telephony infrastructure. The company's customers include telcos, government and large and medium size businesses. pieNETWORKS is listed on the Australian Stock Exchange (ASX:PIE).

More information can be found at www.pienetworks.com

About Startronics Pty Ltd

Startronics Pty Ltd is a leader in the fast paced electronic manufacturing industry with medium volume, high mix electronic manufacturing. Startronics provides a wide range of electronic manufacturing services into a diverse range of markets including banking, defence, communications, traffic control, medical and gaming. Startronics has more than 23,000 square metres of electronic manufacturing facilities across facilities in Sydney, Perth, Melbourne and Wellington with staff numbers in excess of 650 personnel. Startronics' major shareholder is Pacific Equity Partners.

More information can be found at www.startronics.com.au



About Design + Industry

In 20 years Design + Industry has become the largest and leading industrial design consultancy in Australia with a team of over 35 specialist design engineers with offices in Sydney and Melbourne.

The core function of Design + Industry is to achieve global design and engineering excellence through the development of competitive and innovative design solutions for companies striving to become world leaders.

The basis of operation is a powerful and fully integrated 3D CAD platform, offering greater efficiency and faster lead times in the development of products from concept through to production. Design + Industry has the expertise and specialist skills to develop any product for any market, suited to any process of manufacture and for any production quantity.

Design + Industry is a Registered Research Agency (RRA) endorsed by the Australian Federal Government as a qualified partner to undertake research and development programmes.

More information can be found at www.design-industry.com.au