



APPENDIX 4C COMMENTARY
31 March 2008

During the March quarter the Company advanced its discussions with potential customers for its Webphone Business Plan in New Zealand, Australia and other markets. The Company will inform the market on the progress of these matters in accordance with the continuous disclosure requirements of the listing rules of ASX.

During the period the Company continued to make substantial investment in activities related to the commercialisation of the Company's Webphone Business Plan resulting in a net cash outflow from operating and investing activities of \$96k. Work is continuing on industrial design and component and software engineering to support a larger scale roll-out of the Webphone.

On 18 February 2008 the Company announced that it had agreed terms for a private placement of 83 million new shares at \$0.018 each to raise approximately \$1.54 million before costs. The Initial Placement was completed in March 2008 when the Company confirmed allotment and issue of 38.7 million shares, equating to 14.9% of the current issued capital, raising \$697k. The Initial Placement was made pursuant to the Company's ASX Listing Rule 7.1 placement authority. At a General Meeting of Shareholders held on 11 April 2008 approval was obtained for the issue of the second tranche comprising 46.9 million shares and raising approximately \$844k.

Campbell Smith
Managing Director
30 April 2008

For more information contact Campbell Smith at pieNETWORKS on (08) 9444 9088.

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Appendix 4C

Quarterly report For entities admitted On the basis of commitments

Introduced 31/3/2000

Name of entity

pieNETWORKS Limited

ACN or ARBN

078 661 444

Quarter ended ("current quarter")

31 March 2008

Consolidated statement of cash flows

Cash flows related to operating activities

- 1.1 Receipts from customers
- 1.2 Payments for
 - (a) (i) administrative staff costs
 - (a) (ii) technology staff costs (note 1)
 - (a) (iii) sales and marketing staff costs
 - (b) advertising and marketing
 - (c) research and development
(note 1)
 - (d) leased assets
 - (e) other working capital
- 1.3 Dividends received
- 1.4 Interest and other items of a similar nature received
- 1.5 Interest and other costs of finance paid
- 1.6 Income taxes paid
- 1.7 Other – Tax Rebate

Current quarter \$A'000	Year to date (9 months) \$A'000
303	1,068
(83)	(230)
(168)	(509)
(78)	(239)
(110)	(486)
(205)	(648)
(157)	(610)
5	34
0	0
397	397
(96)	(1,223)

Net operating cash flows

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	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(96)	(1,223)
Cash flows related to investing activities		
1.9 Payment for acquisition of: (a) businesses (item 5) (b) equity investments (c) intellectual property (d)(i) physical non-current assets (e) other non-current assets	0	(14)
1.10 Proceeds from disposal of: (a) businesses (item 5) (b) equity investments (c) intellectual property (d) physical non-current assets (e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other		
Net investing cash flows	0	(14)
1.14 Total operating and investing cash flows	(96)	(1,237)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	1,536	1,554
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material) Equity raising costs	0	0
Net financing cash flows	1,536	1,554
Net increase (decrease) in cash held	1,440	317
1.21 Cash at beginning of quarter/year to date	101	1,224
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	1,541	1,541

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Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	87
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount Available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	236	80
4.2 Deposits at call	1,305	21
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	1,541	101

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 30 April 2008
Managing Director

Print name: Campbell Smith

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Notes

1. Research & Development represents those costs associated with R&D activities other than personnel costs. For the purposes of the Appendix 4C the personnel component of R&D expenditure has been disclosed at item 1.2 (a)(iii) – Technology Staff Costs. R&D expenditure (and Technology Staff costs) has been classified as a cash flow from an operating activity in the current period.

2. Commentary on the cashflow for the period is included in the accompanying update and accordingly the Appendix 4C should be read in conjunction with that report.

3. *Preparation:*

The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position.

The definitions in, and provisions of, *AASB 107: Cash Flow Statements* apply to this report except for the paragraphs of the Standard set out below.

- 20.1 reconciliation of cash flows arising from operating activities to operating profit or loss.
- 51 itemised disclosure relating to maintaining operating capacity
- 52 itemised disclosure relating to segment reporting

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