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The Manager Companies
Company Announcements Office
ASX Limited
Level 4, Stock Exchange Centre
20 Bridge Street
Sydney
NSW 2000

UPDATE OF NEW ZEALAND BUSINESS OPERATIONS

Cellnet (ASX : CLT)

Cellnet advises that effective immediately, the IT distribution business of the Company in New Zealand has been sold to Datastor (NZ) Ltd. Whilst details of the amount for which it was sold are confidential, the majority of the IT distribution staff and inventory will be acquired by Datastor.

The divestment of the IT operations in New Zealand is part of the strategy of the group to focus on its core competencies and invest in areas where the margins and return on working capital employed are improved. The continued development of the retail segment of the business continues with the recent appointment of additional brands including master distribution agreements in New Zealand and Australia for Siemens and iWorld as well as the addition of Lexar. The recent roll out of new accessory packaging for the Telecom channel, is also part of the continued investment in this segment.

Group CEO, Stuart Smith, advised that the sale of the IT segment in New Zealand will release approximately \$1m of working capital and have negligible impact on the earnings for the Group. The fact that the majority of staff will be offered alternative immediate employment is very positive in the current economic climate.

The future of the Australian IT operations are under discussion with IBM with a view to a sale and further information will be released as it becomes available.

Enquiries

Mr Sandy Beard : Chairman - (02) 9087 8000

Mr Stuart Smith : CEO – (07) 3853 5973