



12 May 2009

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

MARKET UPDATE

Cellnet (ASX : CLT)

Further to the release of the half year results on 28 February 2009, the withdrawal of the Company from the transactional desktop and notebook segment of the market has been completed and the Company hereby provides an update of its progress.

As previously announced, the cash on hand at 31 December 2008 totalled \$10m and the Company had no outstanding debt other than normal trade creditors.

This cash holding has increased to over \$17m and this is expected to stabilise at around this level. Apart from normal trade creditors the Company remains debt free. As previously announced, the use of these additional cash resources has yet to be decided on by the Board and could include growing the remaining parts of the businesses either organically or through acquisition, a return of capital to shareholders or a share buy back program, acquiring a new business which may be different to Cellnet's past and current businesses or a combination of any of these measures. Any final decision could be transformational and have a material impact on the nature or scope of Cellnet's current activities and require shareholder approval. The Board is currently considering various commercial opportunities which are preliminary in nature and remain incomplete.

The remedial actions taken to improve the performance of the business continue to be implemented. For the second half of this financial year the Company expects to make a loss of between \$1.4m and \$1.7m resulting in an overall loss for the 2009 financial year of between \$11.6 m - \$11.9m.

Enquiries

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