



24 June 2009

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

AUSTRALIAN IT OPERATIONS

Cellnet (ASX : CLT)

On 11 June 2009, Cellnet advised it was in discussion with IBM about a sale of its Australian IT operations. The divestment of the Australian IT operations has been completed with Avnet offering employment to a number of Cellnet staff and purchasing the majority of the IBM inventory on hand from Cellnet.

Group CEO, Stuart Smith, advised that the divestment of the IT segment in Australia will release approximately \$2m of working capital over the next 2 months and have negligible impact on the earnings for the Group. Other than the release of working capital, the transaction will not have a material impact from a financial perspective. As in New Zealand, the fact that a number of staff have been offered alternative employment is positive in the current economic environment.

As previously advised, the use of the 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 remain incomplete.

Enquiries

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