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2 June 2009

ASX Announcement
\$2,500,000 Investment & Board Changes

- Completion of \$2,500,000 investment by Flaxton Hunter
- 250,000,000 Hostech shares issued to Flaxton Hunter
- New board and acquisition strategy finalised
- On track for two acquisitions in the next 6 months

\$2,500,000 Investment

Hostech Limited ("Hostech" or "the Company") is pleased to confirm that Flaxton Hunter Pty Ltd ("Flaxton Hunter") has completed a \$2,500,000 investment in Hostech. Full details of the terms of the investment by Flaxton Hunter were announced on 16 March 2009 (Agreement for Investment) and 19 March 2009 (Notice of General Meeting). Following the completion of the investment the Company has issued 250,000,000 shares to Flaxton Hunter with a further 250,000,000 options to be issued at the request of Flaxton Hunter on or before 21 July 2009. The issue of shares and options was approved by Hostech shareholders on 21 April 2009. Funds raised will be used to support working capital requirements and to undertake an acquisition strategy.

Board Changes

Hostech advise that Mr. Damian Woods and Mr. Vince Leone have resigned as Directors of the Company effective June 2, 2009. The board of Hostech thanks Mr. Woods and Mr. Leone for their significant contributions to the Company and wish them success in their future endeavors.

Mr. Campbell Corfe and Mr. Matthew Costello have been appointed Directors of Hostech effective June 2, 2009. Mr. Corfe is a director and shareholder of Hostech's major shareholder Flaxton Hunter.

Acquisition Update

The new Board believes that the Company is in an enviable position given current market conditions. After a focused effort on improving operations in 2008, the Company's operating entities are performing well, the business has little debt and with the support of Flaxton Hunter has financial backing to dramatically improve the scale of the Company.

Since receiving approval from Shareholders for the Flaxton Hunter investment, the Company has actively sought and been approached with numerous acquisition prospects. The Board has set strict guidelines for any deal which include (but are not limited to) the potential acquisition must deliver positive cash flow, strong growth prospects and be accretive to Hostech's share price.

The Company has undertaken significant due diligence on a number of targets and is still in negotiations with a number of parties. However, if any prospect does not meet the strict guidelines set by the board the Company will not be forced into a deal. Hostech has recently withdrawn from negotiations on a number of high profile acquisitions, after extensive due diligence indicated uncertain outcomes.

The drive of the new Board is to deliver a profitable Hostech in 2009/2010 that establishes the Company's position as a leader in the telecommunications market. It is expected that the Company can deliver two acquisitions during the remainder of this calendar year to build this momentum.

Justyn Stedwell

Company Secretary

On behalf of the Board of Directors

Hostech Limited