



11 January 2010

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

31 DECEMBER 2009 HALF YEAR RESULTS : UPDATE

Cellnet advises that it anticipates the half year result to be better than that forecast on 25 November 2009 and the Board has increased the expected half year net profit to be between \$850,000 and \$1 million.

Managing Director, Stuart Smith, advised that this significant turnaround is a reflection of an improved overall operating performance by the Company especially considering the retail segment in general has seen relatively modest gains over the past Christmas season.

This turnaround has resulted from an improved focus on our core business combined with a leaner more efficient operation, which includes warehouse facilities in both Australia and New Zealand and national sales teams. December, and to a lesser extent November, saw a substantial increase in volumes which were significantly higher than any previous months throughput even when we were distributing IT products. A focus on customer service and an improved product offering in terms of breadth of product as well as better quality products has been fundamental to us utilising the excess infrastructure capacity that we had available once we exited from IT distribution.

The forecast full year net profit has also been revised up to between \$1.4 million and \$1.5 million.

With strong operating cash flows, being debt free and having approximately \$20 million cash available to invest, the Company is in a good position to add further value for shareholders and we will continue to be patient in our deliberations.

The effort put in by all staff over the past 6 months has been tremendous and we have a great team who are very focussed and proud of what they have achieved and this result reflects that.

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