

18 January 2011

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

Market Update – Discontinued Operations Claim

Cellnet has been served with a Summons by the Liquidators of Leading Solutions Ltd (In Liquidation) for recovery of an amount of \$1,238,811.00 on the grounds that those monies were allegedly received by Cellnet as an unfair preference in the 6 months prior to Leading Solutions being put into administration in October 2009.

Cellnet denies any liability under the claim, will vigorously defend it and pursue the recovery of any costs associated with such action.

Cellnet also held a debtors insurance policy for this period and continues to hold such a policy.

Alexander Beard
Chairman
02-9087 8000

Stuart Smith
CEO
07-3853 5973

Cellnet is a leading distributor of flash memory, mobile phone accessories and retail products across Australia and New Zealand. Cellnet distributes products on behalf of a number of the world's leading vendors and in doing so, deliver the best products for today's business, corporate and consumer retail environments. For further information please visit www.cellnet.com.au