

28 October 2010

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

Streamlined flash memory product offering

Effective 26 January 2011 Cellnet will no longer distribute Sandisk flash memory products in Australia and will be focusing solely on Lexar and Transcend. Cellnet distribute Lexar and Transcend flash memory products in New Zealand which is unaffected by this change. This focussed and consistent flash memory category on both sides of the Tasman further streamlines the business.

Since Lexar and Cellnet joined forces 18 months ago, the relationship has strengthened and our partnership has been mutually beneficial with Lexar market share increasing significantly to be #1 in USB drives in Australia. Owned by Micron Technology Inc, Lexar are a strong long term partner of Cellnet and provide our customers and end users with a compelling offer which we will continue to develop and grow.

The competitive and quality offering we have with the Lexar and Transcend suite of products combined with the excellent relationships enjoyed with our customers will enable us to remain a leading distributor of flash memory in Australia and New Zealand.

No net profit impact is expected for the half year ending 31 December 2010 and a further release of working capital of approximately \$500,000 is expected to be made.

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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