

21 July 2014

Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

FY14 RESULTS UPDATE

Cellnet advises that its preliminary unaudited result for the 2014 financial year will reflect a pre-tax loss of circa \$1.85m. This anticipated result is after accounting for:

1. Approximately \$800,000 of losses arising from the fair market valuation of US\$ foreign exchange contracts held at balance date.
2. \$150,000 impairment of intangibles.
3. One off redundancy costs approximating \$320,000.

In light of the pre-tax losses incurred in the current and preceding reporting periods, in accordance with AASB 112 'Income Taxes' the Company has also deemed it prudent to reduce the carrying amount of the deferred tax asset as at 30 June 2014 resulting in a tax expense of \$2,000,000 being incurred in the 2014 financial year.

Trading performance, particularly in the second half of the financial year, was adversely impacted by margin erosion resulting from the material downward movement in the A\$/US\$ exchange rate.

Whilst the most recent twelve months has been a disappointing period from a profit perspective the board is satisfied that the plans put in place by the newly appointed CEO Mr Alan Sparks will deliver profit growth in the short to medium term whilst continuing to improve the health of the balance sheet.

Alexander Beard
Chairman
02 9087 8000



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