Rivkin Financial Services Limited

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OUTCOME OF FEDERAL COURT LITIGATION

Background to the Proceedings

As shareholders would be aware, RFS ("**the Plaintiff**") announced on 14 July 2004 that the Company had commenced proceedings in the Federal Court of Australia against Sofcom Limited, Fast Scout Limited and Altera Capital Limited (**"the Defendants"**), companies associated with Mr Farooq Khan, in relation to the circumstances in which the Defendants had acquired their shareholding in RFS, claiming that the acquisitions of RFS shares were in contravention of the insider trading provisions of the Corporations Act ("**the Plaintiff's insider trading action**").

On 3 August 2004, RFS announced that the Defendants served a defence to RFS' claim and also filed a cross claim against not only RFS but also Alan Davis Group Pty Limited, Network Limited, Cole Kablow Superannuation Pty Limited and Alan Andrew Davis as cross-defendants to the proceedings. The cross claim raised a number of issues, in particular claims that acquisitions of shares in RFS by Alan Davis Group, Network and Cole Kablow were all in breach of the insider trading provisions of the Corporations Act ("**the Defendant's insider trading action**") and that the issue of shares by the Company to Network and Cole Kablow were oppressive to shareholders of RFS ("**the Defendant's oppressive conduct action**"). The company filed a defence to the Defendants' cross claim, considering it to be without foundation.

Further background to the Federal Court proceedings is set out in the Shareholder Booklet lodged on the ASX on 27 October 2004, a copy of which was sent to shareholders on 27 October 2004 and which is available from the ASX website at www.asx.com.au.

Decision of the Federal Court

Today the Federal Court handed down judgment in to the abovementioned proceedings as follows:

- ***The Plaintiff's insider trading action***

The Federal Court dismissed the Plaintiff's insider trading action.

- ***The Defendant's insider trading action***

The Federal Court dismissed the Defendant's insider trading action.

- ***The Defendant's oppressive conduct action***

The Federal Court dismissed the Defendant's oppressive conduct action.

Comment

The Board of RFS notes that various accusations have been made by Mr Farooq Kahn and Mr Christopher Ryan that the commencement of proceedings by the Board of RFS was an abuse of process. In relation to this accusation, it is of interest that Mr Justice Emmett of the Federal Court found that:

> ***"The commencement and prosecution of this proceeding has not been shown to be unfair to the Khan Companies or to other members of the Company* [RFS]. *There has been no suggestion that the proceeding is in some fashion an abuse of process. That is to say, there is no basis for a contention that the proceeding was commenced for some ulterior purpose other than to vindicate the stance taken by the Company [RFS] in relation to the acquisition of shares in the Company* [RFS] *by the Kahn Companies."***

Orders as to Costs

The Federal Court made no order as to costs. A Directions Hearing to consider this issue is scheduled to be heard by the Federal Court on Friday 3 December 2004.

Andrew Davis

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Andrew Davis
Managing Director
26 November 2004