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Release to Australian Stock Exchange

Revision to anticipated loss to 30 June 2006

18th August 2006: The Directors wish to advise shareholders of a further update to the XTEK ASX release on the 24th May 2006 regarding the expectation of a loss for the 30 June 2006 full year results.

The Directors are now anticipating that the loss for the full year to 30 June 2006 will be in the range of $10 million to $12 million based on the un-audited accounts currently being prepared. The result may vary in the final audited accounts.

Un-audited sales for the year were $20.5 million up from $14.2 million, an increase of 44 percent.

The business restructuring initiatives announced on the 16th of June are progressing in line with the expectations of the board and management. The company has closed offices in three locations and significantly reduced operating expenses and salaries as a result of these changes. Further details on the business outlook will be provided in the annual report to shareholders.

The Directors also wish to advise that the dividend policy set out in the IPO prospectus document dated 1 August 2005 in section 1.6 has been suspended due to current operating performance and that no dividend will be paid this year or subsequent years until the Directors resolve that such payments are prudent.

For further information please contact:

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