

NEWS RELEASE

8th August 2005

The Manager
Company Announcements
Australian Stock Exchange Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney, NSW, 2000

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Dear Sir,

**SETTLEMENT OF LITIGATION AGAINST SPORTINGBET PLC &
NUMBER ONE BETTING SHOP LTD**

The Directors wish to advise that the South Australian Supreme Court litigation commenced by it in November 2002 against Vanuatu gaming company, Number One Betting Shop Ltd and UK gaming company, Sportingbet plc, over part of the Craig Telford misappropriation from K&S has been settled out of court on a mutually acceptable basis and without any admissions.

The Directors are also pleased to advise that the appeal to the full court of the South Australian Supreme Court by Sportingbet Australia against a judgement given in favour of K&S in late 2002 also concerning certain funds misappropriated by Craig Telford has also been compromised on a mutually acceptable basis and that the Appeal will be discontinued.

For further information, please contact:

Further Information:

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