

# CENTREBET

18 August 2011

## ASX ANNOUNCEMENT

### Update on GST Litigation

As set out in Centrebet International Limited's (**Centrebet** or **the Company**) recent Scheme Booklet, Centrebet Pty Limited (a wholly owned subsidiary of Centrebet) has instituted proceedings against the Commissioner of Taxation seeking a refund in respect of sample transactions on the basis that it had incorrectly calculated its global GST amount (**Centrebet Proceedings**)<sup>1</sup>.

As noted in Centrebet's announcement of 26 July 2011, the Federal Court delivered a favourable judgement in the matter of *Sportsbet Pty Limited v Commissioner of Taxation* (**Sportsbet Judgement**) and, in respect of which, Centrebet considers that the Sportsbet Judgement forms a reasonable basis to hold the view that the Federal Court at first instance is likely to determine the Centrebet Proceedings in favour of Centrebet Pty Limited.

Centrebet Pty Limited was advised yesterday afternoon by the Commissioner of Taxation that the Commissioner has decided not to appeal against the Sportsbet Judgement. Further, the Commissioner's solicitors have informed Centrebet Pty Limited that they are instructed that he will not re-argue the issues in the Centrebet Proceedings.

The Centrebet Proceedings are listed for a first directions hearing this morning before the Federal Court. Centrebet will advise shareholders as to the outcome of these directions hearings.

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#### About Centrebet

Centrebet commenced operations in 1992 and in 1996 was the first licensed bookmaker in the Southern Hemisphere to offer online sports betting. Centrebet is now a leading International online wagering and gaming operator offering fixed odds betting on a wide variety of Australian and International sporting, racing, entertainment and political events, as well as online poker and casino products. Online poker and casino products are not offered to Australian residents due to regulatory considerations.

<sup>1</sup> As previously disclosed in Centrebet's most recent annual report, on 9 September 2010, The Australian Tax Office ("ATO") issued an unfavourable private ruling in relation to a GST private ruling application lodged by Centrebet Pty Limited with the ATO in relation to the calculation of Global GST paid from April 2006 to March 2010. Centrebet Pty Limited is challenging the basis of the ATO decision by seeking declaratory relief before the Federal Court of Australia in respect of some sample transactions.

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