

ASX RELEASE – Friday, 25 February 2011

# Half-Year Report

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- NET PROFIT AFTER TAX UP 185% TO \$3.3 MILLION.
- REVENUE UP 11% TO \$40 MILLION.
- CONTINUING INTERNET LOTTERY BUSINESS DELIVERED NPAT \$2.3 MILLION FROM REVENUE \$36 MILLION.

Leading Australian Internet lottery company, Jumbo Interactive Limited (ASX: "JIN"), today announced a 185% increase in Net Profit after tax to \$3.3 million and a 11% increase in Revenue to \$40 million for the half-year to December 2010.

The result includes losses from the software distribution business currently in the process of voluntary administration as well as a once-off profit of \$1.7 million from the sale of Star System Solutions in November 2010. This was part of efforts to refocus resources onto the stronger Internet lottery business.

The continuing Internet Lottery business delivered a Net Profit after tax of \$2.3 million from Revenue \$36 million.

The result is a vast improvement on the FY10 result which was a loss after tax of \$7.3 million due primarily to a once-off write down in the value of the underperforming software distribution business. Directors expect that a FY11 profit guidance will be able to be released following the outcome of the Voluntary Administration process on the software distribution subsidiary.

For further information:

Mike Veverka

CEO and Executive Director

Ph: 07 3831 3705

Web: [www.jumbointeractive.com](http://www.jumbointeractive.com)



**JUMBO**  
**INTERACTIVE**  
THE RIGHT COMBINATION

**1** HY REVENUE  
\$40 mil (up 11%)

**2** HY NET PROFIT AFTER TAX  
\$3.3 mil (up 185%)

**3** CONTINUING BUSINESS  
NPAT \$2.3 mil  
Revenue \$36 mil

**4** STRONG BALANCE SHEET  
– Cash At Bank \$10.2mil

**5** UNDERPERFORMING  
DIVISIONS CEASED

**6** INTERNATIONAL  
OPPORTUNITIES

WED  SAT  MULTI WEEK  WITH THE FIELD  Single  Multiple

USE CROSSES ONLY. LIKE THIS  IN DARK BLUE OR BLACK INK

## Half Year Report

For the half year ended 31 Dec 2010



JUMBO INTERACTIVE LIMITED  
(formerly Manaccomm Corporation Limited)  
ACN 009 189 128

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## CORPORATE DIRECTORY

### DIRECTORS

|                      |                           |
|----------------------|---------------------------|
| David K Barwick      | (Non-Executive Chairman)  |
| Mike Veverka         | (Chief Executive Officer) |
| Bill Lyne            | (Non-Executive Director)  |
| Bonita Boezeman A.O. | (Non-Executive Director)  |

### CHIEF FINANCIAL OFFICER

David Todd

### COMPANY SECRETARY

Bill Lyne

### REGISTERED OFFICE

Level One  
601 Coronation Drive  
Toowong QLD 4066  
Telephone: 07 3831 3705  
Facsimile: 07 3369 7844

### BANKERS

ANZ Banking Group  
Commonwealth Bank of Australia  
Westpac Banking Corporation

### SHARE REGISTRAR

Computershare Investor Services Pty Ltd  
Level 19  
307 Queen Street  
Brisbane QLD 4000  
Telephone: 07 3237 2100  
Facsimile: 07 3229 9860

### AUDITORS

BDO Audit (QLD) Pty Ltd  
Level 18  
300 Queen Street  
GPO Box 457  
Brisbane QLD 4001

### INTERNET ADDRESS

[www.jumbointeractive.com](http://www.jumbointeractive.com)

### AUSTRALIAN BUSINESS NUMBER

66 009 189 128

## HALF YEAR RESULTS SUMMARY

### HALF YEAR REVENUE \$40 MILLION (UP 11%)

| Division              | Status       | Revenue        | Change       |
|-----------------------|--------------|----------------|--------------|
| Internet Lotteries    | Continuing   | \$36.3 million | 18% increase |
| Software Distribution | Discontinued | \$3.2 million  | 34% decrease |
| TOTAL                 |              | \$39.5 million | 11% increase |

Revenue for internet lotteries grew 18% to \$36.3 million due largely to the growth of the customer database through successful internet marketing campaigns. New customers generally continue to buy lottery tickets on a regular basis resulting in a cumulative effect on sales.

### HALF YEAR NET PROFIT AFTER TAX \$3.3 MILLION (UP 185%)

| Division              | Status       | Net Profit After Tax            |
|-----------------------|--------------|---------------------------------|
| Internet Lotteries    | Continuing   | \$2.3 million (profit)          |
| Software Distribution | Discontinued | (\$0.7 million) (loss)          |
| Star System Solutions | Sold         | \$1.7 million (once-off profit) |
| TOTAL                 |              | \$3.3 million (profit)          |

Net profit after tax grew 185% to \$3.3 million due to a profit of \$1.6 million and a once-off profit of \$1.7 million from the sale of Star System Solutions.

The \$1.6 million profit includes a \$0.7 million loss from the software distribution business currently in the process of voluntary administration.

The continuing internet lottery business delivered a NPAT of \$2.3 million for the half year to December 2010.

### CONTINUING BUSINESS – NPAT \$2.3 MILLION FROM REVENUE \$36 MILLION

The continuing internet lottery business has delivered a net profit after tax of \$2.3 million from revenues of \$36 million. This is after the effects of the discontinued software distribution business are taken out.

### STRONG BALANCE SHEET – CASH AT BANK \$10.2 MILLION

Strong trading and the sale of Star System Solutions have strengthened the balance sheet over the half-year. Total cash at bank at the end of December 2010 reached \$10.2 million, including \$5.0 million in player funds leaving \$5.2 million net cash at bank.

Net Assets increased from \$6.4 million to \$8.7 million over the six month period to December 2010.

HALFYEAR RESULTS SUMMARY

No interim dividend has been declared by the Directors for the half year ended 31 December 2010 pending a resolution of the subsidiary company matter, Manacom Pty Ltd (Administrators Appointed), at which time the Directors will review declaring an interim dividend.

**UNDERPERFORMING DIVISIONS CLOSED**

The software distribution business is in the process of being wound down to allow greater focus on the stronger internet lottery business. Star System Solutions was sold for \$1.7 million in November 2010 and Manacom was placed in voluntary administration in January 2011. The process is continuing and the market will be informed of any impact in the second half of this financial year.

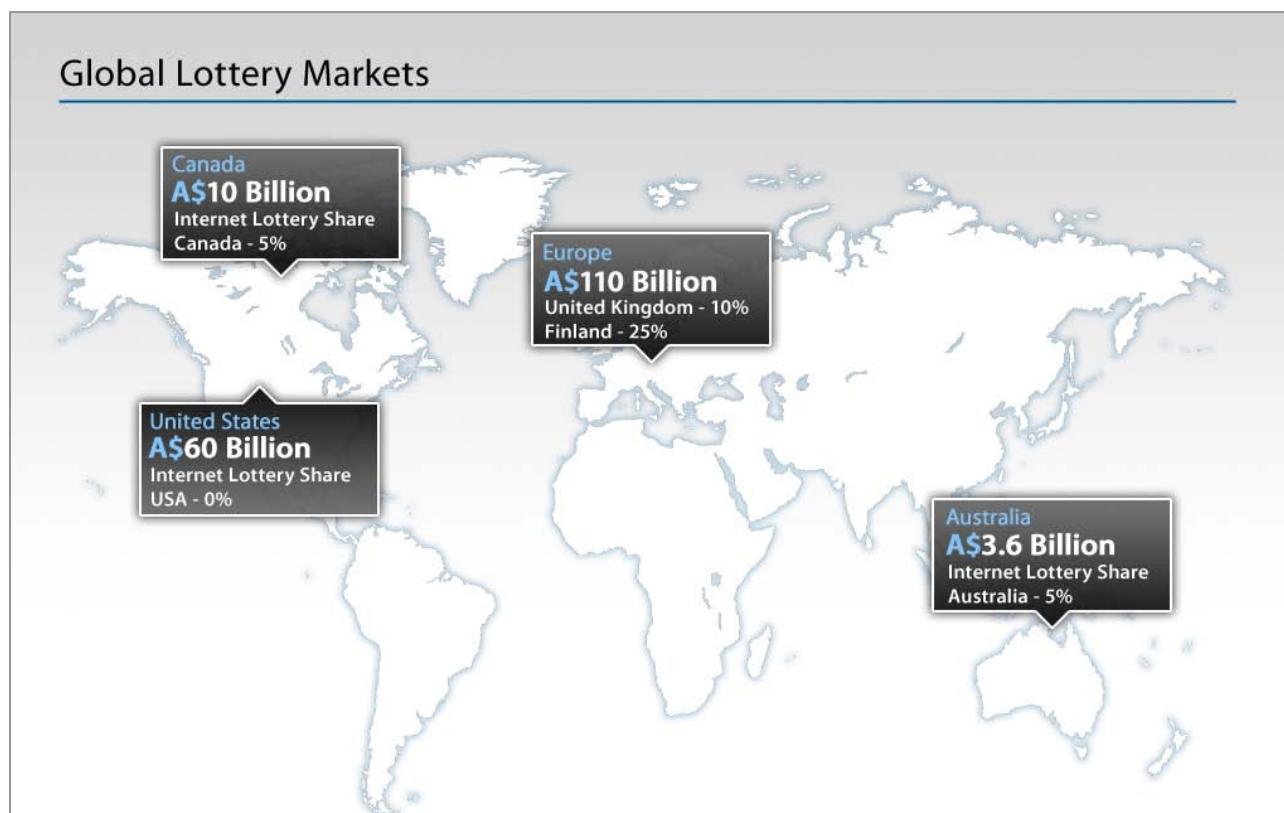
**INTERNATIONAL OPPORTUNITIES**

Jumbo Lotteries has grown its lottery sales in Australia from \$25 million to \$42 million to \$66 million over the past three years and has begun taking its successful formula overseas.

Jumbo’s unique selling proposition is its 10+ years of real experience with internet lotteries as well as its mature software systems developed inhouse.

The A\$60 billion US lottery market has not yet moved onto the internet due to federal restrictions. The Company has been pursuing opportunities in anticipation that these restrictions will be lifted and would like to use its early mover advantage to secure contracts.

Jumbo has also begun pursuing the A\$110 billion European and A\$10 billion Canadian lottery markets that do not have the same restrictions as the US.



## BUSINESS OVERVIEW

Lottery sales on the internet are taking off and Jumbo Lotteries has the right combination of assets, skills, experience and momentum to be at the forefront of this exciting worldwide trend.

### OZLOTTERIES.COM

The Company's flagship website, [www.ozlotteries.com](http://www.ozlotteries.com), is a powerful asset that provides customers with a safe and feature rich experience when playing the lottery.

Customers can:

1. Buy tickets in their favourite lottery 24 hours a day without worrying about losing their ticket.
2. Have their numbers automatically checked and get their results sent by email.
3. Have their winnings automatically paid into their account.
4. Set and forget their favourite numbers each week so they never miss a draw.
5. Participate in syndicates with friends and colleagues.

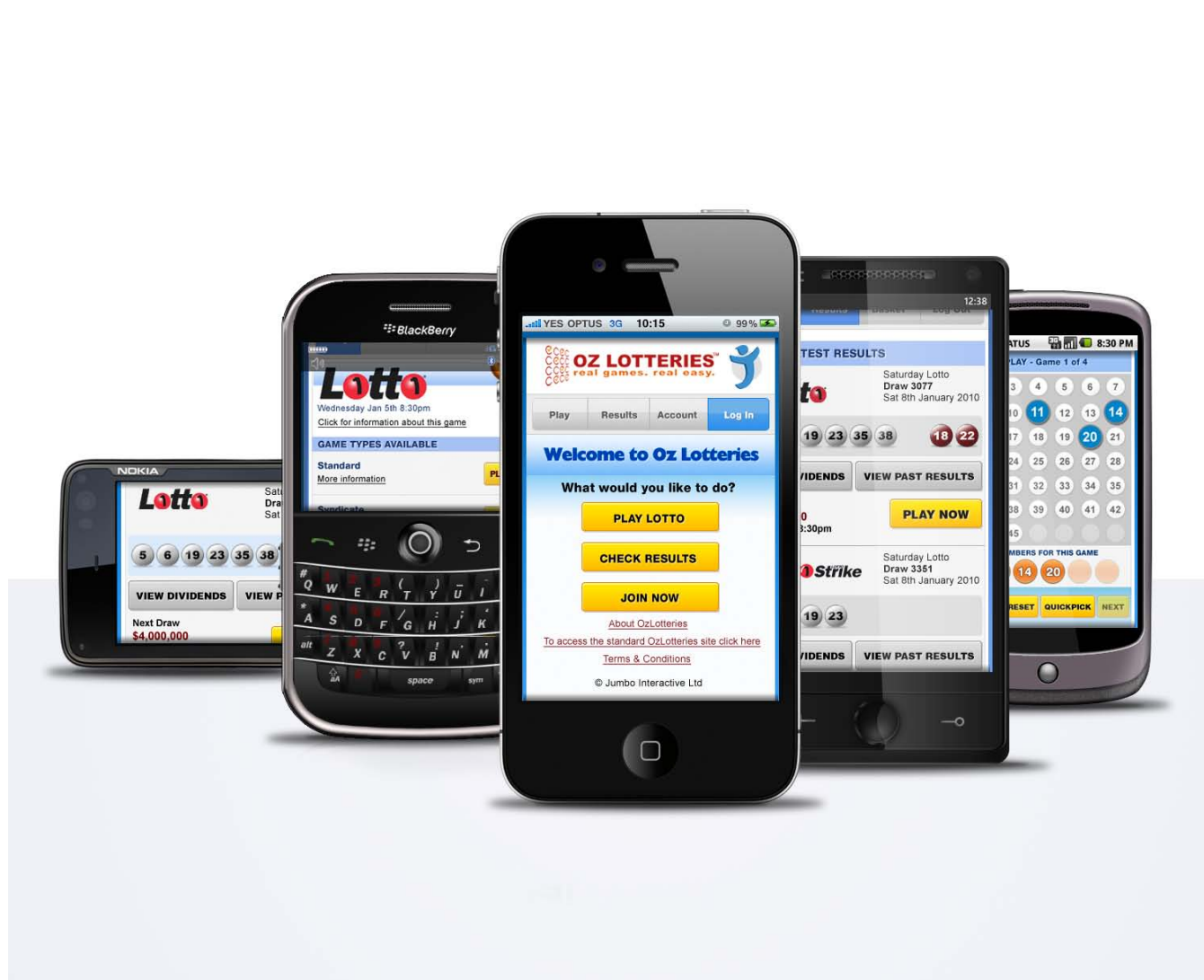
Regular email alerts notify customers of jackpots and special offers which is an important tool in the overall internet marketing effort.



## NOW ON SMART PHONE

Customers can now play their favourite lottery on the go. The [www.ozlotteries.com](http://www.ozlotteries.com) site has been tailored to work seamlessly on iPhone and most other smart phone devices, offering the same rewarding experience as on a computer. The mobile site is available at [m.ozlotteries.com](http://m.ozlotteries.com) or by scanning the QR code below.

Over 5.7 million Australians currently own a smart phone and the number is growing rapidly.



To view the site, type in [m.ozlotteries.com](http://m.ozlotteries.com) or scan this QR code.

A QR code reader is required to scan this code. For iPhone, the free *QR Code Reader & Scanner* by 'Big In Japan' is recommended.

## APPENDIX 4D

### Half Year Report

JUMBO INTERACTIVE LIMITED (formerly Manaccomm Corporation Limited)  
ACN 009 189 128

Reporting period: Half year ended 31 December 2010

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

|  | Half Year<br>31 December<br>2010 | Half Year<br>31 December<br>2009 | Change    | Change |
|--|----------------------------------|----------------------------------|-----------|--------|
|  | \$                               | \$                               | \$        | %      |
| Revenue from ordinary activities   | 40,141,285                       | 36,171,201                       | 3,970,084 | 11.0   |
| Net profit/(loss) from ordinary activities after tax attributable to members | 3,276,028                        | 1,150,225                        | 2,125,803 | 184.8  |
| Net profit/(loss) for the period attributable to members                     | 3,278,134                        | 1,145,008                        | 2,133,126 | 186.3  |

#### DIVIDENDS

No final dividend for the financial year ended 30 June 2010 was paid on ordinary shares during the half-year ended 31 December 2010 (2009: a fully franked final dividend of 1 cent per ordinary share was paid).

No interim dividend has been declared by the Directors for the half year ended 31 December 2010 pending a resolution of the subsidiary company matter, Manaccomm Pty Ltd (Administrators Appointed), at which time the Directors will review declaring an interim dividend.

#### EXPLANATION OF RESULTS

Please refer to the Directors' Report for an explanation of the result.

## DIRECTORS' REPORT

The Directors of Jumbo Interactive Limited present their report on the consolidated entity (Group), consisting of Jumbo Interactive Limited and the entities it controlled at the end of, and during, the half year ended 31 December 2010.

### DIRECTORS

The following persons were Directors of Jumbo Interactive Limited during the whole of the half year and up to the date of this report, unless otherwise stated:

- David K Barwick (Non-Executive Chairman)
- Mike Veverka (Chief Executive Officer)
- Bill Lyne (Non-Executive Director)
- Bonita Boezeman A.O. (Non-Executive Director appointed 27 July 2010)

### COMPANY SECRETARY

Mr Bill Lyne held the position of Company Secretary at the end of the half-year.

### COMPANY NAME CHANGE

As announced by the Company on 15 November 2010, the Company changed its name from Manaccomm Corporation Limited to Jumbo Interactive Limited as approved by the shareholders at the Annual General Meeting held on 15 November 2010. This reflects the Company's rapid growth and future plans in the internet lottery industry.

### OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE HALF YEAR

A summary of the consolidated revenues and results of continuing operations by reportable segment is as follows:

|                                      | Note | Segment Revenues  |                   | Segment Results - NPBT |                  |
|--------------------------------------|------|-------------------|-------------------|------------------------|------------------|
|                                      |      | 2010<br>\$        | 2009<br>\$        | 2010<br>\$             | 2009<br>\$       |
| Internet lotteries                   | 6    | 36,337,237        | 30,777,915        | 3,532,813              | 2,616,785        |
| Software publishing and distribution | 6    | 3,714,054         | 4,808,640         | (1,120,190)            | (531,251)        |
|                                      |      | <u>39,511,291</u> | <u>35,581,755</u> | <u>2,408,825</u>       | <u>2,805,534</u> |

Comment on the operations and the results of those operations are set out below.

#### (a) Internet Lotteries

The internet lotteries division continues to show strong growth with an 18% increase in revenues to \$36.3m and a 35% increase in profits before tax to \$3.5m.

Revenues increased due to growth in the size of the www.ozlotteries.com customer database through successful marketing initiatives, the continuing growth for the NSW Lotteries website, and seasonality and irregular trends (see note eight for details).

International expansion, notably in North America, is a major priority in the expectation of the internet lottery market opening up with expected legislative changes. Efforts are directed towards those states that operate a lottery to move to the internet.

**(b) Software Publishing and Distribution**

The Star Sytem Solutions business included in this division was sold with effect from 12 November 2010 as announced by the Company on 4 November 2010. The Company decided to sell the business as it was determined that it was a non-core asset and the Company was refocusing its efforts on its successful internet lottery business. See note four for details.

The continuing Manacom business in this division faced increasingly tough market conditions, in particular in its main market segment of over the counter software security. Intense competition resulted in a decline in revenues of 34% to \$3.2m.

The Manacom business was placed into voluntary administration on 31 January 2011 as announced by the Company on 31 January 2011. See note 10 for details.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page ten.

This report is made in accordance with a resolution of Directors.



**Mike Veverka**  
**Director**  
Brisbane  
24 February 2011

## AUDITOR'S INDEPENDENCE DECLARATION



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Level 18, 300 Queen St  
Brisbane QLD 4000,  
GPO Box 457, Brisbane QLD 4001  
Australia

The Directors  
Jumbo Interactive Limited  
PO Box 824  
TOOWONG QLD 4066

Dear Directors,

### DECLARATION OF INDEPENDENCE BY MEGAN JUST TO THE DIRECTORS OF JUMBO INTERACTIVE LIMITED

As lead auditor for the review of Jumbo Interactive Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions:

- of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Jumbo Interactive Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Megan Just'.

**Megan Just**  
Director  
**BDO Audit (QLD) Pty Ltd**

Brisbane, 24 February 2011

## Jumbo Interactive Limited and its Controlled Subsidiaries

### STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2010

|   | Note | Consolidated Group |              |
|---|------|--------------------|--------------|
|   |      | Half Year          |              |
|   |      | 2010               | 2009         |
|   |      | \$                 | \$           |
| Revenue from continuing operations  | 2    | 39,494,429         | 35,564,119   |
| Cost of sales   |      | (31,938,909)       | (28,196,269) |
| Gross profit  |      | 7,555,520          | 7,367,850    |
| Other income/ revenue   | 2    | 195,771            | 104,558      |
| Distribution expenses   |      | (34,994)           | (13,453)     |
| Marketing costs   |      | (408,531)          | (701,282)    |
| Occupancy expenses  |      | (515,732)          | (420,420)    |
| Administrative expenses   | 3    | (4,921,567)        | (4,844,194)  |
| Impairment of intangible assets   |      | (17,447)           | -            |
| Finance costs   |      | (82,191)           | (78,793)     |
| Other expenses  |      | 13,759             | (20,968)     |
| Profit/(loss) before income tax expense   |      | 1,784,698          | 1,393,298    |
| Income tax expense  |      | (267,323)          | (275,515)    |
| Profit/(loss) after income tax expense from continuing operations                               |      | 1,517,375          | 1,117,783    |
| Profit/(loss) from discontinued operations  | 4    | 1,758,653          | 32,442       |
| Profit/(loss) for the year  |      | 3,276,028          | 1,150,225    |
| <b>Other comprehensive income</b>   |      |                    |              |
| Foreign currency translation differences  |      | 2,106              | (5,217)      |
| Total comprehensive income for the year attributable to the owners of Jumbo Interactive Limited |      | 3,278,134          | 1,145,008    |
| Earnings per share (cents per share)  |      |                    |              |
| <b>Overall operations</b>   |      |                    |              |
| Basic and diluted earnings per share (cents per share)  |      | 8.09               | 2.67         |
| <b>Continuing operations</b>  |      |                    |              |
| Basic and diluted earnings per share (cents per share)  |      | 3.75               | 2.60         |
| <b>Discontinued operations</b>  |      |                    |              |
| Basic and diluted earnings per share (cents per share)  |      | 4.34               | 0.07         |

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## STATEMENT OF FINANCIAL POSITION

## Jumbo Interactive Limited and its Controlled Subsidiaries

### STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

|                                      | Note | Consolidated Group        |                       |
|--------------------------------------|------|---------------------------|-----------------------|
|                                      |      | 31 December<br>2010<br>\$ | 30 June<br>2010<br>\$ |
| <b>CURRENT ASSETS</b>                |      |                           |                       |
| Cash and cash equivalents            |      | 10,195,618                | 9,461,658             |
| Trade and other receivables          |      | 1,111,941                 | 1,509,509             |
| Current tax assets                   |      | 330,836                   | 194,485               |
| Inventories                          |      | 880,929                   | 683,230               |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>12,519,324</b>         | <b>11,848,882</b>     |
| <b>NON-CURRENT ASSETS</b>            |      |                           |                       |
| Property, plant and equipment        |      | 811,495                   | 812,719               |
| Intangible assets                    |      | 5,365,591                 | 5,198,083             |
| Deferred tax assets                  |      | 1,266,370                 | 828,461               |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>7,443,456</b>          | <b>6,839,263</b>      |
| <b>TOTAL ASSETS</b>                  |      | <b>19,962,780</b>         | <b>18,688,145</b>     |
| <b>CURRENT LIABILITIES</b>           |      |                           |                       |
| Trade and other payables             |      | 8,674,148                 | 8,106,023             |
| Interest-bearing liabilities         |      | 610,471                   | 2,428,733             |
| Provisions                           |      | 291,734                   | 284,632               |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>9,576,353</b>          | <b>10,819,388</b>     |
| <b>NON-CURRENT LIABILITIES</b>       |      |                           |                       |
| Interest-bearing liabilities         |      | 1,429,900                 | 1,188,033             |
| Provisions                           |      | 91,986                    | 80,693                |
| Deferred tax liabilities             |      | 186,504                   | 219,706               |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>1,708,390</b>          | <b>1,488,432</b>      |
| <b>TOTAL LIABILITIES</b>             |      | <b>11,284,743</b>         | <b>12,307,820</b>     |
| <b>NET ASSETS</b>                    |      | <b>8,678,037</b>          | <b>6,380,325</b>      |
| <b>EQUITY</b>                        |      |                           |                       |
| Issued capital                       | 9    | 27,082,642                | 28,156,064            |
| Accumulated losses                   |      | (18,759,988)              | (22,036,016)          |
| Reserves                             |      | 355,383                   | 260,277               |
| <b>TOTAL EQUITY</b>                  |      | <b>8,678,037</b>          | <b>6,380,325</b>      |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Jumbo Interactive Limited and its Controlled Subsidiaries

### STATEMENT OF CHANGES IN EQUITY

As at 31 December 2010

|   | Issued<br>capital | Accumulated<br>losses | Share-<br>based<br>payment<br>reserve | Foreign<br>currency<br>translation<br>reserve | Total<br>equity |
|---|-------------------|-----------------------|---------------------------------------|---|-----------------|
|   | \$                | \$                    | \$                                    | \$  | \$              |
| <b>CONSOLIDATED GROUP</b>                                   |                   |                       |                                       |   |                 |
| <b>Balance at 1 July 2009</b>                               | 28,155,664        | (14,079,494)          | 183,529                               | (22,563)                                      | 14,237,136      |
| <b>Total comprehensive income for the half year</b>         |                   |                       |                                       |   |                 |
| Profit for the half year                                    | -                 | 1,150,225             | -                                     | -   | 1,150,225       |
| <i>Other comprehensive income</i>                           |                   |                       |                                       |   |                 |
| Foreign currency translation reserve differences            | -                 | -                     | -                                     | (5,217)                                       | (5,217)         |
| <b>Total comprehensive income for the half year</b>         | -                 | 1,150,225             | -                                     | (5,217)                                       | 1,145,008       |
| <b>Transactions with owners in their capacity as owners</b> |                   |                       |                                       |   |                 |
| Dividends paid  | -                 | (430,315)             | -                                     | -   | (430,315)       |
| Share-based payments  | -                 | -                     | 61,077                                | -   | 61,077          |
|   | -                 | (430,315)             | 61,077                                | -   | (369,238)       |
| <b>Balance at 31 December 2009</b>                          | 28,155,664        | (13,359,584)          | 244,606                               | (27,780)                                      | 15,012,906      |
| <b>Total comprehensive income for the half year</b>         |                   |                       |                                       |   |                 |
| Loss for the half year                                      | -                 | (8,461,273)           | -                                     | -   | (8,461,273)     |
| <i>Other comprehensive income</i>                           |                   |                       |                                       |   |                 |
| Foreign currency translation reserve differences            | -                 | -                     | -                                     | (42,054)                                      | (42,054)        |
| <b>Total comprehensive income for the half year</b>         | -                 | (8,461,273)           | -                                     | (42,054)                                      | (8,503,327)     |
| <b>Transactions with owners in their capacity as owners</b> |                   |                       |                                       |   |                 |
| Other   | 400               | -                     | -                                     | -   | 400             |
| Dividends paid  | -                 | (215,159)             | -                                     | -   | (215,159)       |
| Share-based payments  | -                 | -                     | 85,505                                | -   | 85,505          |
|   | 400               | (215,159)             | 85,505                                | -   | (129,254)       |
| <b>Balance at 30 June 2010</b>                              | 28,156,064        | (22,036,016)          | 330,111                               | (69,834)                                      | 6,380,325       |
| <b>Total comprehensive income for the half year</b>         |                   |                       |                                       |   |                 |
| Profit for the half year                                    | -                 | 3,276,028             | -                                     | -   | 3,276,028       |
| <i>Other comprehensive income</i>                           |                   |                       |                                       |   |                 |
| Foreign currency translation reserve differences            | -                 | -                     | -                                     | 2,106   | 2,106           |
| <b>Total comprehensive income for the half year</b>         |                   | 3,276,028             | -                                     | 2,106   | 3,278,134       |

## STATEMENT OF FINANCIAL POSITION

|   | Issued<br>capital | Accumulated<br>losses | Share-<br>based<br>payment<br>reserve | Foreign<br>currency<br>translation<br>reserve | Total<br>equity |
|---|-------------------|-----------------------|---------------------------------------|---|-----------------|
|   | \$                | \$                    | \$                                    | \$  | \$              |
| <b>Transactions with owners<br/>in their capacity as<br/>owners</b> |                   |                       |                                       |   |                 |
| Shares bought back  | (1,073,422)       | -                     | -                                     | -   | (1,073,422)     |
| Dividends paid  | -                 | -                     | -                                     | -   | -               |
| Share-based payments  | -                 | -                     | 93,000                                | -   | 93,000          |
|   | (1,073,422)       | -                     | 93,000                                | -   | (980,422)       |
| <b>Balance at 31 December<br/>2010</b>                              | 27,082,642        | (18,759,988)          | 423,111                               | (67,728)                                      | 8,678,037       |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Jumbo Interactive Limited and its Controlled Subsidiaries**  
**STATEMENT OF CASH FLOWS**  
For the Half Year ended 31 December 2010

|  | Note | Consolidated Group |                    |
|--|------|--------------------|--------------------|
|  |      | Half Year          |                    |
|  |      | 2010               | 2009               |
|  |      | \$                 | \$                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          |      |                    |                    |
| Receipts from customers                              |      | 41,954,410         | 37,403,069         |
| Payments to suppliers and employees                  |      | (39,568,093)       | (36,304,870)       |
| Interest received                                    |      | 178,957            | 104,597            |
| Interest and other costs of finance paid             |      | (107,907)          | (90,777)           |
| Income tax paid                                      |      | (258,214)          | (232,185)          |
| Net cash provided by (used in) operating activities  |      | <u>2,199,153</u>   | <u>879,834</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |      |                    |                    |
| Purchase of plant and equipment                      |      | (56,283)           | (433,187)          |
| Purchase of intangibles                              |      | -                  | (802,386)          |
| Net cash provided by (used in) investing activities  |      | <u>(56,283)</u>    | <u>(1,235,573)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |      |                    |                    |
| Payments for shares bought back                      |      | (1,073,422)        | -                  |
| Repayment of borrowings                              |      | (335,488)          | (107,137)          |
| Dividends paid                                       | 5    | -                  | (430,315)          |
| Net cash provided by (used in) financing activities  |      | <u>(1,408,910)</u> | <u>(537,452)</u>   |
| Net increase/(decrease) in cash and cash equivalents |      | 733,960            | (893,191)          |
| Cash and cash equivalents at beginning of half year  |      | 9,461,658          | 9,754,757          |
| Cash and cash equivalents at end of half year        |      | <u>10,195,618</u>  | <u>8,861,566</u>   |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Jumbo Interactive Limited and its Controlled Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2010

#### NOTE 1: BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS

These general purpose financial statements for the half year reporting period ended 31 December 2010 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These half year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Group as the full financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2010 and any public announcements made by Jumbo Interactive Limited during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared with the most recent annual financial statements.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised in the financial statements of the Group for the current or prior periods.

#### NOTE 2: REVENUE AND OTHER INCOME

|  | <b>Consolidated Group</b> |                   |
|--|---------------------------|-------------------|
|  | <b>Half Year</b>          |                   |
|  | <b>2010</b>               | <b>2009</b>       |
| Revenue                                  | <b>\$</b>                 | <b>\$</b>         |
| From continuing operations:              |                           |                   |
| - Revenue from sale of goods             | 39,494,429                | 35,515,192        |
| - Revenue from rendering services        | -                         | 48,925            |
| Revenue from continuing operations       | <u>39,494,429</u>         | <u>35,564,118</u> |
| From discontinuing operations:           |                           |                   |
| - Revenue from sale of goods             | 451,037                   | 502,486           |
|  | <u>39,945,466</u>         | <u>36,066,604</u> |
| Other revenue                            |                           |                   |
| From continuing operations:              |                           |                   |
| - Interest received                      |                           |                   |
| - Cash                                   | 178,909                   | 104,529           |
| - Other revenues                         | 16,862                    | 29                |
| From discontinuing operations            | <u>195,771</u>            | <u>104,558</u>    |
| - Interest received                      |                           |                   |
| - Cash                                   | 48                        | 68                |
|  | <u>195,819</u>            | <u>104,626</u>    |
| Total revenue from continuing operations | <u>39,690,200</u>         | <u>35,668,676</u> |
| Total revenue                            | <u>40,141,285</u>         | <u>36,171,230</u> |

**NOTE 3: INDIVIDUALLY SIGNIFICANT ITEMS**

|   | <b>Consolidated Group</b> |             |
|---|---------------------------|-------------|
|   | <b>Half Year</b>          |             |
|   | <b>2010</b>               | <b>2009</b> |
|   | \$                        | \$          |
| The following significant revenue and expense items are relevant in explaining financial performance: |                           |             |
| - Bad and doubtful debts provision  | 117,257                   | -           |

**NOTE 4: DISCONTINUED OPERATIONS**

Subsequent to approval by the Company's executive management committee, on 4 November 2010, the Company announced its decision to dispose of the Star System Solutions Pty Ltd software business, thereby discontinuing its operations of this business which was included in the Software Publishing and Distribution reportable segment. The business was sold on 12 November 2010. Details of the transaction are as follows:

|   | \$          |
|---|-------------|
| Sale consideration offset against outstanding deferred consideration payable as at 15 December 2010 under the 14 November 2008 purchase agreement | 1,529,790   |
| Cash consideration received and cash inflow   | -           |
| Assets and liabilities sold at settlement date 15 December 2010   |             |
| Property, plant and equipment   | 16,007      |
| Intellectual property   | 1,519,790   |
|   | 1,535,797   |
| Deferred consideration owed under original purchase agreement as sale consideration   | (1,529,790) |
| Loss on disposal of assets  | 6,007       |

Financial information relating to the Star System Solutions software business for the half year ended 31 December 2010 which is included in profit/(loss) from discontinued operations per the statement of comprehensive income is set out below:

|   | <b>Half Year<br/>ended 31<br/>December<br/>2010</b> | <b>Half Year<br/>ended 31<br/>December<br/>2009</b> |
|---|---|---|
|   | \$  | \$  |
| Revenue   | 451,037   | 502,486   |
| Cost of goods sold  | (7,575)   | (50,760)  |
| Gross profit  | 443,462   | 451,726   |
| Other income  | 48  | 68  |
| Marketing expenses  | (9,889)   | (2,880)   |
| Occupancy expenses  | (18,391)  | (23,830)  |
| Administrative expenses   | (465,930)   | (322,089)   |
| Finance costs   | (25,716)  | (35,233)  |
| Other expenses  | (33,849)  | (23,932)  |
| Loss on disposal of assets                                      | (6,007)   | -   |
| <b>Profit before impairment reversal and income tax expense</b> | (116,272)   | 43,830  |
| Income tax (expense)/ benefit                                   | 616,571   | (11,388)  |
| <b>Profit before impairment reversal after tax</b>              | 500,299   | 32,442  |
| Impairment reversal of intangibles                              | 1,258,354   | -   |
| <b>Profit after tax</b>   | 1,758,653   | 32,442  |

**NOTE 4: DISCONTINUED OPERATIONS (cont'd)**

The income tax benefit reflected above is the recognition of the capital loss following the sale of the business. The deferred tax asset has been recognised as the Group is a Consolidated Entity for income tax purposes.

**NOTE 5: DIVIDENDS**

|   | <b>Consolidated Group<br/>Half Year</b> |             |
|---|---|-------------|
|   | <b>2010</b>                             | <b>2009</b> |
| <b>Ordinary shares</b>                  | <b>\$</b>                               | <b>\$</b>   |
| Dividends paid for during the half-year | -                                       | 430,315     |
|   | <hr/>                                   | <hr/>       |
|   | -                                       | 430,315     |
|   | <hr/>                                   | <hr/>       |

**NOTE 6: SEGMENT REPORTING**

The Group has adopted AASB 8 *Operating Segments* from 1 July 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions).

**Segment information****(a) Description of segments**

Management has determined the operating segments based on the reports reviewed by the executive management committee that are used to make strategic decisions. The executive management committee comprises the Chief Executive Officer, the Directors, and the Chief Financial Officer.

The committee considered the business from both a product and a geographic perspective and has identified two reportable segments.

Internet Lotteries consists of retail of lottery tickets sold both in Australia and eligible international jurisdictions, and internet database management/ marketing. The committee monitors the performance of the regions combined.

Software Publishing and Distribution consists of publishing and distribution of third party software programmes, and the design, development, sale and maintenance of proprietary software programmes for accounting systems.

The Star System Solutions Pty Ltd software business included in the Software Publishing and Distribution division was sold with effect 12 November 2010. Information about this is provided in note four. The remaining business in the division is contributed by the Manaccomm Pty Ltd business which was placed into voluntary administration 31 January 2011. Information about this is provided in note 10.

Subsequent to 31 January 2011 the only operating segment is Internet Lotteries.

**NOTE 6: SEGMENT REPORTING (cont'd)****(b) Segment information provided to the executive management committee**

The segment information provided to the executive management committee for the reportable segments for the half year ended 31 December 2010 is as follows:

| <b>Half year ended 31 December 2010</b> | <b>Internet<br/>Lotteries</b> | <b>Software<br/>Publishing &amp;<br/>Distribution</b> | <b>Total<br/>(Continuing<br/>operations)</b> |
|---|-------------------------------|---|--|
|   | \$                            | \$  | \$   |
| Revenue from external customers         | 36,337,237                    | 3,174,054   | 39,511,291                                   |
| Adjusted NPBT                           | <u>3,532,813</u>              | <u>(1,123,988)</u>                                    | <u>2,408,825</u>                             |

The segment information provided to the executive management committee for the reportable segments for the half year ended 31 December 2009 is as follows:

| <b>Half year ended 31 December 2009</b> | <b>Internet<br/>Lotteries</b> | <b>Software<br/>Publishing &amp;<br/>Distribution</b> | <b>Total<br/>(Continuing<br/>operations)</b> |
|---|-------------------------------|---|--|
|   | \$                            | \$  | \$   |
| Total segment revenue                   | 30,777,915                    | 4,808,640   | 35,586,555                                   |
| Inter-segment revenue                   | -                             | (4,800)   | (4,800)                                      |
| Revenue from external customers         | <u>30,777,915</u>             | <u>4,803,840</u>                                      | <u>35,581,755</u>                            |
| NPBT                                    | 2,611,985                     | (526,451)   | 2,085,534                                    |
| Inter-segment eliminations              | <u>4,800</u>                  | <u>(4,800)</u>  | -  |
| Adjusted NPBT                           | <u>2,616,785</u>              | <u>(531,251)</u>                                      | <u>2,085,534</u>                             |

**(c) Other segment information***i. Segment revenue*

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the executive management committee is measured in a manner consistent with that in the profit or loss.

Revenues from external customers are derived from the sale of lottery tickets and provision of related services, and from the sale of software programmes and related peripherals. A breakdown of revenue and results is provided in the tables above.

Segment revenue reconciles to total revenue from continuing operations as follows:

**NOTE 6: SEGMENT REPORTING (cont'd)**

|   | <b>Consolidated Group</b> |                   |
|---|---------------------------|-------------------|
|   | <b>Half Year</b>          |                   |
|   | <b>2010</b>               | <b>2009</b>       |
|   | <b>\$</b>                 | <b>\$</b>         |
| Total segment revenue                             | 39,511,291                | 35,581,755        |
| Interest revenue                                  | 178,909                   | 104,529           |
| Other   | -                         | (17,608)          |
| Total revenue from continuing operations (note 2) | <u>39,690,200</u>         | <u>35,668,676</u> |

*ii. NPBT*

The executive management committee assess the performance of the operating segments based on a measure of adjusted NPBT. This measure excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and goodwill impairments when the impairment is the result of an isolated, non-recurring event. Furthermore the measure excludes the effects of foreign current gains/ (losses) and intersegment revenues and expenses.

A reconciliation of the NPBT to operating profit before income tax is provided as follows:

|   | <b>Consolidated Group</b> |                  |
|---|---------------------------|------------------|
|   | <b>Half Year</b>          |                  |
|   | <b>2010</b>               | <b>2009</b>      |
|   | <b>\$</b>                 | <b>\$</b>        |
| Adjusted NPBT                                       | 2,408,825                 | 2,085,534        |
| Interest revenue                                    | 178,909                   | 104,529          |
| Impairment of assets                                | (17,447)                  | -                |
| Foreign exchange gains/ (losses)                    | 13,756                    | (20,968)         |
| Finance costs expense                               | (75,827)                  | (69,047)         |
| Share based payments expense                        | (93,000)                  | (61,077)         |
| Directors' remuneration                             | (85,156)                  | (35,000)         |
| Salaries and wages                                  | (281,975)                 | (350,626)        |
| Other   | (263,387)                 | (260,047)        |
| Profit before income tax from continuing operations | <u>1,784,698</u>          | <u>1,393,298</u> |

**NOTE 7: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There have been no changes in contingent liabilities or contingent assets since the end of the previous annual reporting period 30 June 2010.

**NOTE 8: SEASONALITY AND IRREGULAR TRENDS**

Sales in the internet lotteries segment for the half year periods comprising sales of lottery tickets are affected by the timing of the annual New Year's Eve Superdraw and the extent of jackpots of the various games. For the 2009 half year period, the draw was 2 January 2010 so the majority of the sales for this draw were in the 2nd half of the financial year, and sales in July 2009 were high due to significant jackpot(s) during the month. The New Year's Eve Superdraw draw for the 2010 half year period was 31 December 2010 so all the sales for this draw were in the first half of the financial year and there were no significant jackpots during this period.

**NOTE 9: ISSUED CAPITAL**

|  | Half Year         |                   | Half Year         |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2010              | 2009              | 2010              | 2009              |
|  | Shares            | Shares            | \$                | \$                |
| At the beginning of the reporting period | 43,031,525        | 43,031,525        | 28,156,064        | 28,155,664        |
| Shares issued during the half year       | (3,578,057)       | -                 | (1,073,422)       | -                 |
|  | <u>39,453,468</u> | <u>43,031,525</u> | <u>27,082,642</u> | <u>28,155,664</u> |

As announced by the Company 23 June 2010, the Company proposed buying back shares owned by a previous director, Mr Ian McKay subject to shareholder approval. This was approved by shareholders at an Extraordinary General Meeting held on 19 August 2010 and transacted on 23 August 2010.

**NOTE 10: EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

As announced on 31 January 2011, the Manacomm software publishing and distribution division was placed into voluntary administration due to adverse market conditions in the over the counter software security market. The Company made the following financial contribution to the Group for the reporting period ending 31 December 2010, included in the software publishing and distribution reportable segment:

|                                 |                    |
|---------------------------------|--------------------|
|                                 | \$                 |
| Revenue                         | 3,174,054          |
| Loss before income tax          | <u>(1,118,584)</u> |
| Interest tax (expense)/ benefit | <u>333,482</u>     |
| Loss after tax                  | <u>(785,102)</u>   |

**Half Year ended 31 December 2010**

The carrying value of assets and liabilities of the operation is as follows:

|                                      |                    |
|--------------------------------------|--------------------|
|                                      | \$                 |
| Cash and cash equivalents            | 242,580            |
| Trade and other receivables          | 828,129            |
| Inventories                          | <u>843,380</u>     |
| <i>Total Current Assets</i>          | <u>1,914,099</u>   |
| Plant and equipment                  | 385,577            |
| Intangible assets                    | 32,486             |
| Intercompany loans                   | 180,791            |
| Deferred tax assets                  | <u>273,830</u>     |
| <i>Total Non-Current Assets</i>      | <u>872,684</u>     |
| <b>TOTAL ASSETS</b>                  | <u>2,786,783</u>   |
| Trade and other payables             | 1,671,190          |
| Interest bearing liabilities         | <u>68,806</u>      |
| <i>Total Current Liabilities</i>     | <u>1,740,625</u>   |
| Interest bearing liabilities         | 54,809             |
| Intercompany loans                   | 6,363,741          |
| Provisions                           | <u>39,008</u>      |
| <i>Total Non-Current Liabilities</i> | <u>6,457,558</u>   |
| <b>TOTAL LIABILITIES</b>             | <u>8,198,183</u>   |
| <b>NET ASSETS</b>                    | <u>(5,411,400)</u> |

A full provision for non-recovery of the related party liabilities of \$6,363,741 has been made in the respective related entities' financial statements due to the current uncertainty of their recoverability.

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Mike Veverka  
Director  
Brisbane  
24 February 2011



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## INDEPENDENT AUDITOR'S REVIEW REPORT

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Jumbo Interactive Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Jumbo Interactive Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Jumbo Interactive Limited, would be in the same terms if given to the directors as at the time of this auditor's review report was made.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Jumbo Interactive Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

## BDO Audit (QLD) Pty Ltd



BDO  
Megan Just

## MEGAN JUST

Director

Brisbane, 24 February 2011

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