

**ASX RELEASE**

**Tuesday 31 August 2004**

**JUNE 2004 PRELIMINARY FINAL RESULTS**

Jumbo Corporation Limited (ASX:JUM), a leader in ecommerce and online retailing, today announced a profit increase for the second year in a row. Revenues increased 180% to \$7.7 million and EBITDA increased 203% to \$400,000 in the 12 months to June 30, 2004. The financial position has strengthened with cash levels at \$1.9 million and net assets at \$1.5 million (not including key intangible assets discussed below).

**PROFILE**

ASX Code: JUM  
 Shares: 223,765,227  
 Options: 6.5 mil at 5c exp 5/7/06  
 Recent price: 1.9c (27 Aug 04)  
 Market Cap: \$4.3 mil (27 Aug 04)

Jumbo is one of the few Internet companies that has consistently grown through the post-dotcom period and has become profitable. The company is now well positioned in the technology sector and is in an ideal position to take advantage of the rapidly growing \$120 billion worldwide online shopping market.

“Our 2<sup>nd</sup> straight profit increase together with 5 financial periods of increasing revenues has established Jumbo as a leading ecommerce and online retailing company”, said Mr Mike Veverka, CEO of Jumbo. “Over the past year the company succeeded in making more sales and attracting more new customers than the previous 3 years combined”.

**Financial Performance:**

<b>Financial year ending:</b>	<b>June 03</b>	<b>June 04</b>	<b>Growth</b>
<b>Revenue</b>	\$2.75 million	\$7.7 million	180%
<b>EBITDA</b>	\$131,759	\$400,033	203%
<b>Net Profit</b>	\$101,677	\$289,705	185%

## Financial Position:

<b>Financial year ending:</b>	<b>June 03</b>	<b>June 04</b>	<b>Growth</b>
<b>Cash at Bank</b>	\$865,000	\$1.93 million	123%
<b>Net Assets</b>	\$581,000	\$1.49 million	156%
<b>Net Tangible Assets</b>	\$231,000	\$1.22 million	428%

## Customer Database and Secure Ecommerce Software

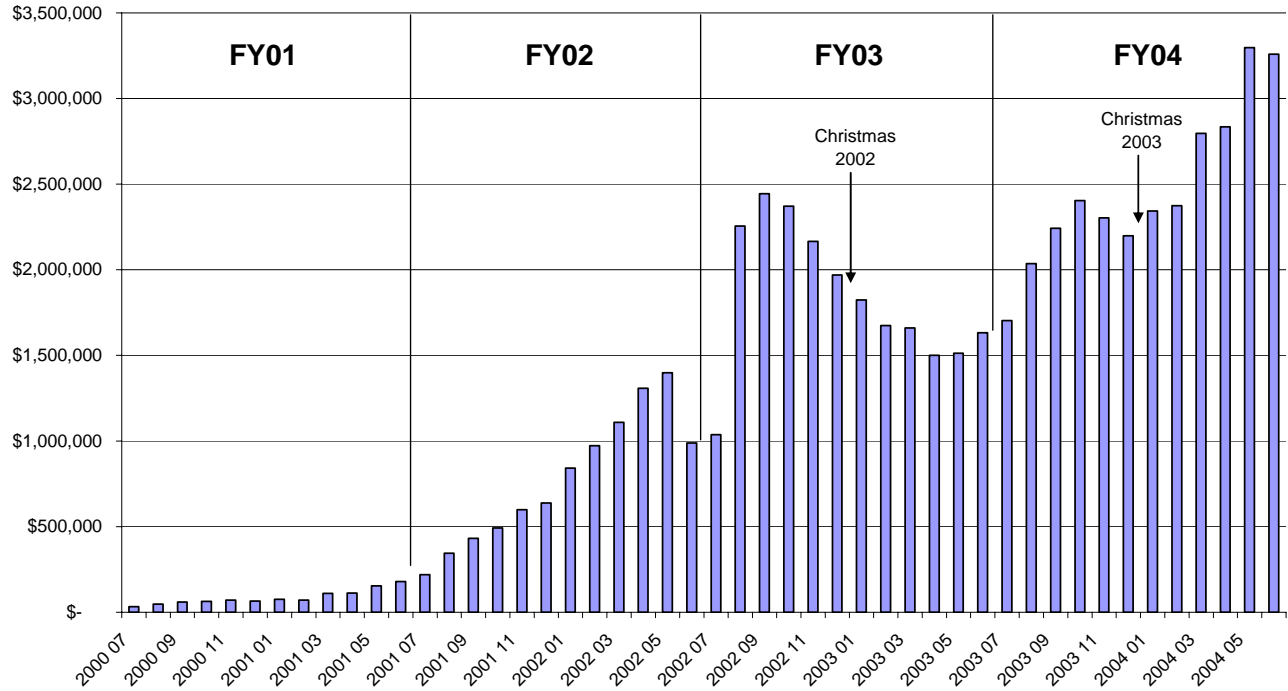
The customer database and secure ecommerce software combine to form a substantial asset used to drive the company's growth. The database has grown to over 250,000 customers that have made an online purchase via the Jumbo secure ecommerce system. Once the first online purchase is made, customers gain confidence using the secure ecommerce system and are more likely to become repeat customers. The company continually markets its products to these customers and relies on repeat sales to drive growth. In the 1 year period to June 2004, the company acquired more new customers and made more sales than in the previous 3 years combined.

	<b>2003</b>	<b>2004</b>	<b>Total</b>
<b>Number of customers</b>	69,845	127,205	250,889
<b>Number of purchases</b>	156,472	297,406	555,415
<b>Average purchase price</b>	\$141	\$109	\$112

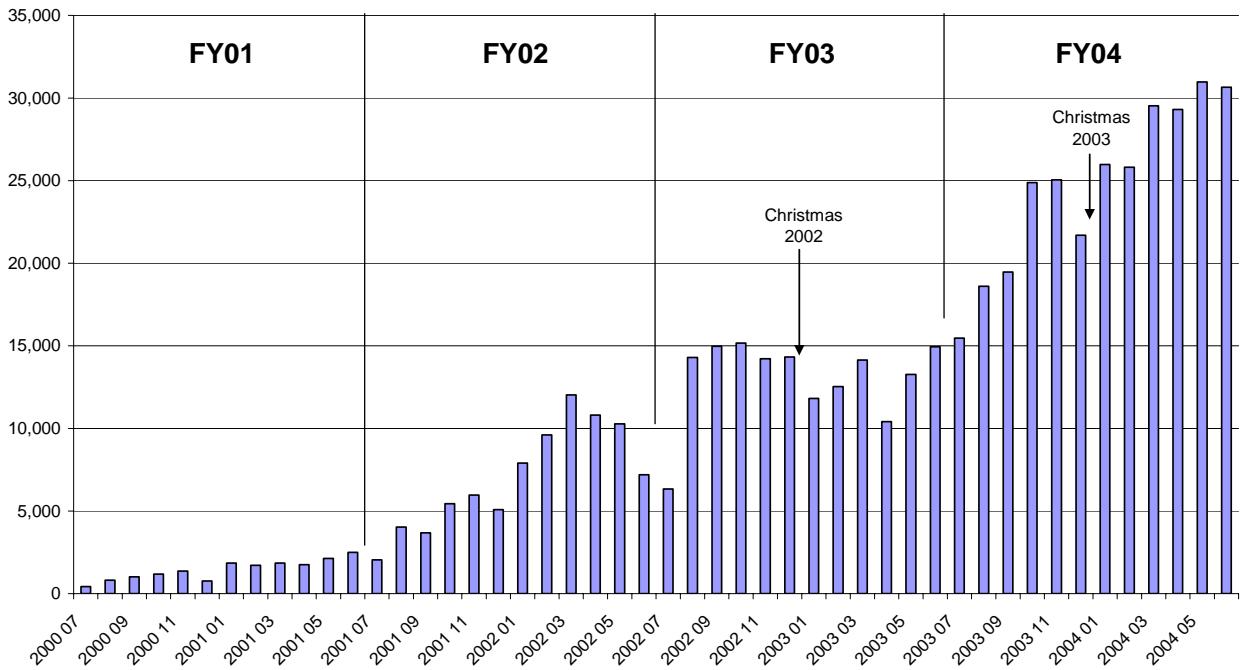
For these reasons, directors regard the customer database as a significant asset of the company. A value is difficult to accurately determine and is therefore not included on the company's balance sheet.

"Our substantial customer database combined with our own ecommerce software forms a valuable asset not visible on the balance sheet. The Jumbo staff apply their Internet skills with the software to grow the database and drive future sales", said Mr Veverka.

### Value of online sales per month



### Number of online sales per month



## Research and Development on the Jumbo Secure Ecommerce System

Since 2000, the company has spent over \$1 million on research and development on the Jumbo secure ecommerce software system. This software has substantial value to the company but is difficult to measure and therefore is not reported on the balance sheet.

The system is a key contributor to the success of the business to date and is essential for future growth. The software operates 24 hours a day, 365 days a year automatically handling orders, security and product logistics from the moment a customer first enters a web site to after deliveries are made. It provides a user-friendly interface for customers to place their orders online and ensures a very high standard of security is maintained throughout the process.

Online security is a cornerstone principle to the company and ensures customer satisfaction is maximized for repeat business. Considerable effort is made to ensure payments are secure and online fraud is kept to minimal levels to not only protect customer interests, but also the company's interests from consumer fraud.

The company maintains an ongoing research and development program undertaken by 6 software engineers that continually update the software to keep ahead of competition. Enhancements are built as required while other web sites with "off-the-shelf" software systems must rely on the developer to deliver those enhancements.

## Growth in the Core Business

Jumbo's core business is providing secure ecommerce services and retailing goods online to customers worldwide. Removing income and expenses from non-core activities gives a more accurate representation of the growth in the company's core business.

<b>Financial year ending:</b>	<b>June 03</b>	<b>June 04</b>	<b>Growth</b>
<b>Revenue</b>	\$2.75 million	\$7.7 million	\$5.45 million
<b>EBITDA</b>	\$131,759	\$400,033	\$268,274
<b>Non-core Income and Expenses</b> (Income is positive, expenses negative)	\$124,424	(\$83,267)	
<b>EBITDA after non-core activities</b>	\$7,335	\$483,300	\$475,965

The 12 months to June 2003 include a one-off income due to the sale of a subsidiary (Kringle Pty Ltd) and the 12 months to June 2004 include one-off expenses relating to the various capital raisings during the year.

This table shows more clearly that the break-even point was reached in the 2003 year and the \$5.45 million revenue growth in the 2004 year resulted in an increase in EBITDA of \$476,000.

“Our focus continues to be our marketing techniques to grow revenues and locating quality suppliers with better margins to grow profits”, said Mr Mike Veverka. “A balance between revenue growth and margin size is sought to obtain optimum profitability”.

### **Investment in Global Approach Limited**

With a stronger balance sheet, Jumbo embarked on a project to diversify its online interests. In April 2003 an announcement was made to invest in Global Approach, a company with substantial interests in a licensed online casino. To date Jumbo has invested \$705,549 in the company and this value is shown on Jumbo's balance sheet at cost. The closing share price in GLO at 30 June 2004 was 8.5c giving a value of \$776,000 to Jumbo's shareholding.

GLO's trading range for 2004 is from a low of 8c to a high of 18c. Directors remain optimistic that the performance of GLO will grow as the business matures.

### **Betting Exchange**

On July 20<sup>th</sup> 2004, Jumbo announced plans for a betting exchange called “Betexsports.com” aimed at accelerating the company's growth via the emerging online betting exchange industry. These plans include providing betting exchange software and services to clients wishing to develop their own betting exchange. Jumbo intends to use its experience in online security, marketing and customer service as a competitive advantage.

"The past 2 years has seen a meteoric rise in betting exchange popularity worldwide giving rise to numerous opportunities in this sector", said Mr Mike Veverka, CEO of Jumbo Corp. "The online skills that Jumbo has accumulated over the past 9 years puts the company into an ideal position to develop a new betting exchange business in addition to the already profitable online retailing business."

## **Future**

2005 will mark the company's 10<sup>th</sup> year of operations and an important milestone for Jumbo. In an emerging industry such as ecommerce and online retailing, it is rare to find a successful company with a 10 year track record. Jumbo's history is therefore unique and beneficial in gaining customer confidence. Plans are underway to run a year long 10<sup>th</sup> anniversary marketing campaign to not only gain new customers but also raise the profile of Jumbo as an online success story.

For further enquiries, please contact:

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# APPENDIX 4E

## PRELIMINARY FINAL REPORT

Name of entity

**Jumbo Corporation Limited**

ABN or equivalent company reference

**009 118 861**

Financial year ended ('current period')

**30 June 2004**

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

			\$A'000
Revenues from ordinary activities	up	180%	to \$7,744,000
Net profit (loss) from ordinary activities after tax attributable to members	up	185%	to \$289,705
Net profit (loss) for the period attributable to members	up	185%	to \$289,705
Dividends (distributions)	Amount per security	Franked amount per security	
Final dividend	0c	0c	
Interim dividend	0c	0c	
Record date for determining entitlements to the dividend	N/A		

**Note:** The accounts are in the process of being audited or subject to review.

**Jumbo Corporation Limited ABN 66 009 189 128 and Controlled Entities**

**Appendix 4E Preliminary Financial Report**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004**

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
Revenues from ordinary activities	2	7,744	2,754	24	158
Cost of goods sold	3	(5,141)	(985)		
Depreciation expense	3	(15)	(18)		
Amortisation expense	3	(68)	(2)	(80)	
Borrowing costs expense	3	-	(11)		
Salaries and employee benefits expense	3	(313)	(323)		
Directors Remuneration	3	(199)	(182)		
Consultancy fees	3	(498)	(90)	(26)	(38)
Marketing costs	3	(103)	(62)		
Other expenses from ordinary activities	3	(1,094)	(955)	(148)	(78)
Loss on disposal of assets	3	(23)			
Share of net losses of associates	3		(14)		(14)
Profit from ordinary activities before income tax expense	3	290	112	(230)	28
Income tax expense relating to ordinary activities		-	-	-	-
Profit from ordinary activities after related income tax expense		290	112	(230)	28
Profit (loss) from extraordinary item after related income tax expense/(revenue)		-	-	-	-
Net profit		290	112	(230)	28
Net profit/ (loss) attributable to outside equity interests		-	(10)	-	-
Net profit attributable to members of Jumbo Corporation Limited		290	102	(230)	28
Basic earnings per share (cents per share)	5	.13	.06		
Diluted earnings per share (cents per share)	5	.13	.06		

**Jumbo Corporation Limited ABN 66 009 189 128 and Controlled Entities**

**Appendix 4E Preliminary Financial Report**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004**

	Note	Economic Entity		Parent Entity	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>CURRENT ASSETS</b>					
Cash assets		1,928	865	114	83
Receivables		424	284	64	214
Inventories		5	13		
<b>TOTAL CURRENT ASSETS</b>		<b>2,357</b>	<b>1,162</b>	<b>178</b>	<b>297</b>
<b>NON-CURRENT ASSETS</b>					
Investments accounted for using the equity method		-	135		135
Other financial assets		62	54	62	54
Interests in controlled entities		-			12
Property, plant and equipment		32	36		
Intangible assets		270	350	270	338
Other assets		706		706	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,070</b>	<b>576</b>	<b>1,038</b>	<b>539</b>
<b>TOTAL ASSETS</b>		<b>3,427</b>	<b>1,737</b>	<b>1,216</b>	<b>836</b>
<b>CURRENT LIABILITIES</b>					
Payables		1,921	1,088	32	42
Interest-bearing liabilities					
Provisions		16	68		
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,937</b>	<b>1,156</b>	<b>32</b>	<b>42</b>
<b>TOTAL LIABILITIES</b>		<b>1,937</b>	<b>1,156</b>	<b>32</b>	<b>42</b>
<b>NET ASSETS</b>		<b>1,490</b>	<b>581</b>	<b>1,184</b>	<b>794</b>
<b>EQUITY</b>					
Contributed equity	6	20,798	20,178	21,345	20,725
Retained losses	7	(19,308)	(19,485)	(20,161)	(19,931)
Parent entity interest		1,490	693	1,184	794
Outside equity interest	8	-	(112)	-	-
<b>TOTAL EQUITY</b>		<b>1,490</b>	<b>581</b>	<b>1,184</b>	<b>794</b>

The accompanying notes form part of these financial statements.

**Jumbo Corporation Limited ABN 66 009 189 128 and Controlled Entities**

**Appendix 4E Preliminary Financial Report**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004**

	<b>Note</b>			
	Economic Entity		Parent Entity	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	7,502	2,513	-	2
Payments to suppliers and employees	(6,576)	(2,426)	(109)	(162)
Interest received	10	11	9	8
Borrowing costs				
Net cash provided by (used in) operating activities	936	98	(100)	(152)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(4)	(29)		
Purchase of investments	(556)	(150)	(556)	(150)
Funds placed on deposit	(8)	(3)	(8)	(3)
Proceeds from sale of assets	75		75	
Loans to controlled entity				(76)
Net cash provided by (used in) investing activities	(493)	(182)	(489)	(229)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of shares	620	173	620	173
Repayment of directors loan		20		
Repayment of borrowings		(3)		
Net cash provided by (used in) financing activities	620	190	620	173
Net increase in cash held	1,063	106	31	(208)
Cash at 1 July 2003	865	759	83	291
Effect of exchange rates on cash holdings in foreign currencies				
Cash at 30 June 2004	1,928	865	114	83

The accompanying notes form part of these financial statements.

**Jumbo Corporation Limited ABN 66 009 189 128 and Controlled Entities**

**Appendix 4E Preliminary Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of Jumbo Corporation Limited and controlled entities, and Jumbo Corporation Limited as an individual parent entity. Jumbo Corporation Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**a. Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**b. Rounding of Amounts**

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1,000.

	<b>Note</b>	<b>Economic Entity</b>		<b>Parent Entity</b>	
		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
<b>NOTE 2: REVENUE</b>					
Operating activities					
—	Jumbomall commissions	4,035	1,082		
—	Other commissions	359	293		
—	Revenue from sale of goods	495	1,015		
—	Licensing Income	2,456	-		
—	Revenue from services	281	159		
		<hr/> 7,626	<hr/> 2,549		
Non-operating activities					
—	Rental income	8	38		
—	Interest Received – other persons/corporations	10	11	9	8
—	Revenue from sale of shares in Kringle Pty Ltd		139		139
—	Debts Forgiven	83			
—	Other revenues	17	17	15	11
		<hr/> 7,744	<hr/> 2,754	<hr/> 24	<hr/> 158
	<b>Total Revenue</b>				

**Jumbo Corporation Limited ABN 66 009 189 128 and Controlled Entities**

**Appendix 4E Preliminary Financial Report**

	<b>Note</b>	<b>Economic Entity</b>		<b>Parent Entity</b>	
<b>NOTE 3: PROFIT FROM ORDINARY ACTIVITIES</b>		2004	2003	2004	2003
		\$000	\$000	\$000	\$000
Profit from ordinary activities before income tax has been determined after					
<b>a. Expenses</b>					
Cost of sales					
Sale of goods		472	952		
Sale of services		4,669	33		
Borrowing costs expensed					
Interest expense – other persons/corporations		27	11		
Depreciation of non-current assets:					
— plant and equipment		15	17		
Amortisation of non-current assets:					
— Plant and equipment			2		
— goodwill		68		80	
Write-down of non-current investments to recoverable amount					
Bad and doubtful debts:					
— trade debtors		22	6		
— other related parties					
Rental expense on operating leases					
— minimum lease payments		95	122		
— rental expense for sublease					
Salaries and employee benefits expense					
— Salaries		291	291		
— Superannuation contributions		23	23		
— Annual leave provision		(1)	10		
Consultancy Fees					
— Legal fees		28	(49)	26	14
— Corporate other		470	110		24
— Controlled entities		-	29		
Directors remuneration					
		199	182		
Marketing costs					
— Commissions		73	42		
— Promotions		30	20		

**Jumbo Corporation Limited ABN 66 009 189 128 and Controlled Entities**

**Appendix 4E Preliminary Financial Report**

Other expenses from ordinary activities

— Auditors remuneration	63	41	63	41
— Accountancy fees	37	21		
— Bank merchant fees	484	436		
— ASX fees	23		23	
— Capital raising costs	18		18	
— Software licensing	119			
— Other	206	328	44	36

Total costs:	<u>7,431</u>	<u>2,627</u>	<u>254</u>	<u>115</u>
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**b) Losses**

Share of losses from associate		15		15
Disposal of assets	23			

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000

**NOTE 4: DIVIDENDS**

No dividends have been paid or provided for on ordinary shares during the year ended 30 June 2004 (30 June 2003 – Nil)

**NOTE 5: EARNINGS PER SHARE**

a. Reconciliation of earnings to net profit or loss

	Economic Entity	
	2004	2003
	\$000	\$000
Net profit	290	112
Net profit attributable to outside equity interest	-	10
Redeemable and converting preference share dividends	-	-
Earnings used in the calculation of basic EPS	<u>290</u>	<u>102</u>
Dividends on converting preference shares	-	-
Earnings used in the calculation of dilutive EPS	<u>290</u>	<u>102</u>

**Jumbo Corporation Limited ABN 66 009 189 128 and Controlled Entities**

**Appendix 4E Preliminary Financial Report**

b.	Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	218,929,161	166,682,876
	Weighted average number of options outstanding	-	-
	Weighted average number of converting preference shares on issue	-	-
	Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	218,929,161	166,682,876

	Note	Number of shares		\$000	
		2004	2003	2004	2003
<b>NOTE 6: CONTRIBUTED EQUITY</b>					
223,765,227 (2003: 198,765,227) fully paid ordinary shares			198,765,227		20,178

<b>a. Ordinary shares</b>					
		2004	2003	\$000	\$000
At the beginning of the reporting period		198,765,227	163,338,459	20,178	20,214
Shares issued during the year					
— On 23 August 2002 under shareholder share offer			2,426,768		61
— On 7 May 2003 as a private placement			8,000,000		112
— On 27 June 2003 in consideration for acquisition of balance of shares in Editson Pty Ltd			25,000,000		338
— Outside equity interest in Editson Pty Ltd assumed by parent company upon acquisition of shares on 27 June 2003					(547)
— On 14 August 2003 as a private placement		10,000,000		130	
— On 26 September 2003 as a private placement		15,000,000		240	
— Convertible Notes				250	
		223,765,227	198,765,227	20,798	20,178

**Jumbo Corporation Limited ABN 66 009 189 128 and Controlled Entities**

**Appendix 4E Preliminary Financial Report**

<b>Note</b>	<b>Economic Entity</b>		<b>Parent Entity</b>	
<b>NOTE 7: ACCUMULATED LOSSES</b>	2004	2003	2004	2003
	\$000	\$000	\$000	\$000
Accumulated losses at the beginning of the financial year	(19,485)	(19,587)	(19,931)	(19,959)
Outside equity interests purchased by parent	(112)			
Net profit/(loss) attributable to the members of the parent entity	290	102	(230)	28
Retained profits at the end of the financial year	<u>(19,307)</u>	<u>(19,485)</u>	<u>(20,161)</u>	<u>(19,931)</u>

	<b>Economic Entity</b>		<b>Parent Entity</b>	
<b>NOTE 8: OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES</b>	2004	2003	2004	2003
	\$000	\$000	\$000	\$000
Outside equity interest comprises:				
Accumulated losses	-	(112)		

**NOTE 9: EMPLOYEE BENEFITS**

Employees Share Option Arrangement

- i. On 6 June 2001, 5,750,000 share options were granted to employees service under the Jumbo Corporation Limited employee option plan to take up ordinary shares at an exercise price of 5 cents each. The options are exercisable on or before 5 June 2006.
- ii. On 29 March 2002, 750,000 share options were granted to employees service under the Jumbo Corporation Limited employee option plan to take up ordinary shares at an exercise price of 5 cents each. The options are exercisable on or before 5 June 2006.