



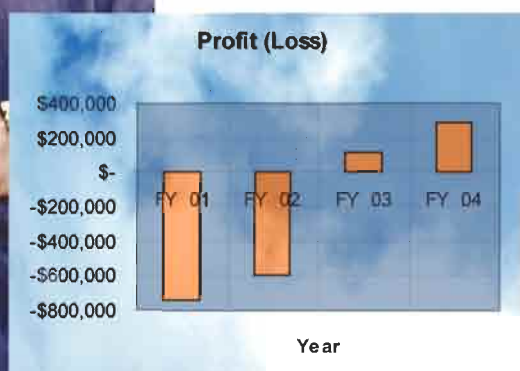
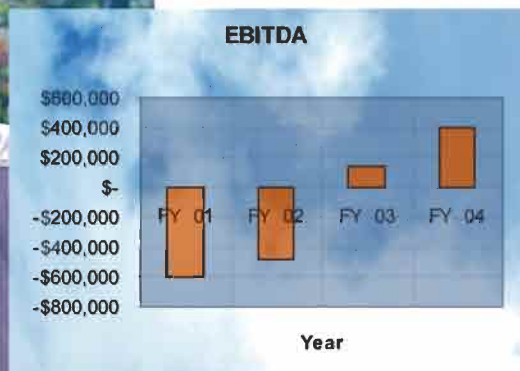
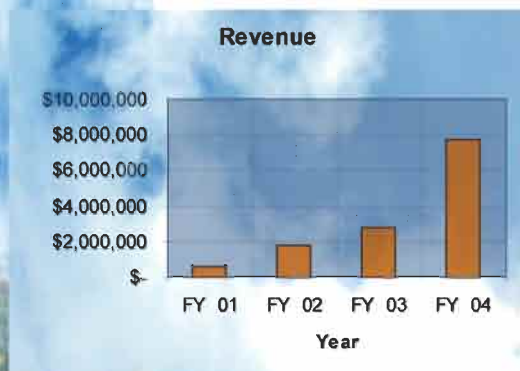
Jumbo Corporation Ltd

ACN 009 189 128

Annual Financial Report
for the year ended 30 June 2004

"2nd straight profit increase together with 5 financial periods of increasing revenues has established Jumbo as a leading ecommerce and online retailing company"

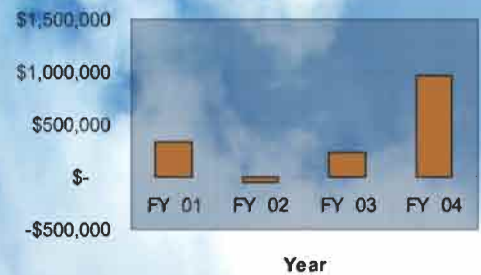
"Revenues and Profits have more than doubled as online shopping continued its rise in popularity"



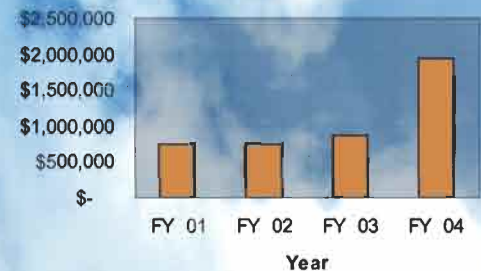
"Over the past year Jumbo has succeeded in making more sales and attracting more new customers than the previous 3 years combined"

"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"

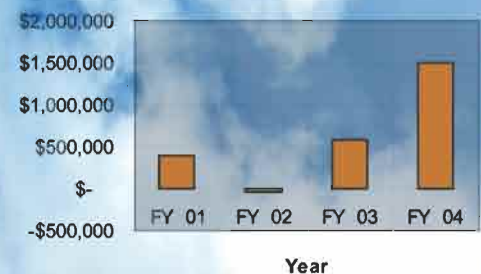
Net Tangible Assets



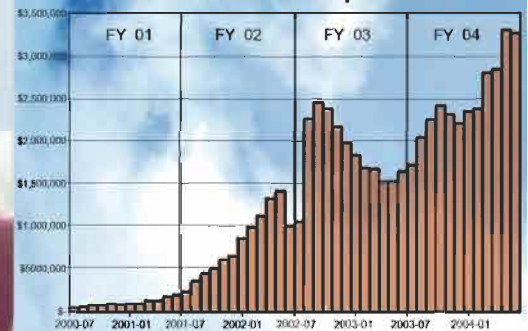
Cash at Bank



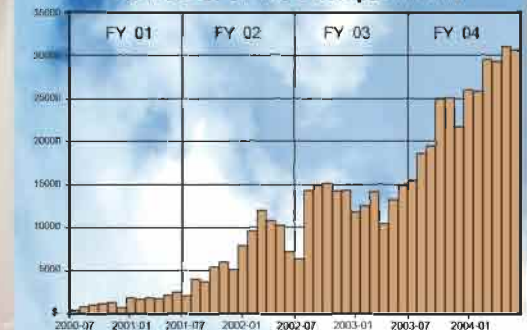
Net Assets



Value of online sales per month



Number of online sales per month



CONTENTS

CORPORATE DIRECTORY	2
DIRECTORS' REPORT	3
CORPORATE GOVERNANCE STATEMENT	8
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004	15
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004.....	16
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004	17
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004	18
NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	18
NOTE 2: REVENUE	23
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES	24
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES	25
NOTE 4: INCOME TAX EXPENSE	26
NOTE 5: DIRECTORS AND EXECUTIVE REMUNERATION	27
NOTE 6: AUDITORS' REMUNERATION	28
NOTE 7: DIVIDENDS	28
NOTE 8: EARNINGS PER SHARE	28
NOTE 9: CASH ASSETS.....	29
NOTE 10: RECEIVABLES.....	29
NOTE 11: INVENTORIES	30
NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	30
NOTE 13: OTHER FINANCIAL ASSETS	30
NOTE 14: CONTROLLED ENTITIES.....	30
NOTE 15: PROPERTY, PLANT AND EQUIPMENT	31
NOTE 16: INTANGIBLE ASSETS	32
NOTE 17: OTHER ASSETS.....	32
NOTE 18: PAYABLES	32
NOTE 19: PROVISIONS	32
NOTE 20: CONTRIBUTED EQUITY	33
NOTE 21: ACCUMULATED LOSSES.....	34
NOTE 22: OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES.....	34
NOTE 23: CAPITAL AND LEASING COMMITMENTS	35
NOTE 24: SEGMENT REPORTING	36
NOTE 25: CASH FLOW INFORMATION	38
NOTE 26: EMPLOYEE BENEFITS	39
NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE	39
NOTE 28: RELATED PARTY TRANSACTIONS	40
NOTE 29: FINANCIAL INSTRUMENTS.....	41
NOTE 30: COMPANY DETAILS	44
DIRECTORS' DECLARATION.....	45
INDEPENDENT AUDIT REPORT TO THE MEMBERS OF JUMBO CORPORATION LIMITED	46
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES	47

CORPORATE DIRECTORY

DIRECTORS

Alan Phillips (Chairman)
Mike Veverka (Chief Executive Officer)
Earl Evans (Non Executive Director)

COMPANY SECRETARY

Garry James Clark

REGISTERED OFFICE

Level 8, Riverside Centre
123 Eagle Street
Brisbane QLD 4000
Telephone: 07 3831 3705
Facsimile: 07 3831 9720

BANKERS

Commonwealth Bank of Australia
ANZ Banking Group
St George Bank

SHARE REGISTRAR

Computershare Investor Services Pty Limited
Level 27, Central Plaza 1
345 Queen Street
Brisbane QLD 4001
Telephone: 07 3237 2173
Facsimile: 07 3229 9860

AUDITORS

BDO Kendalls
Level 18, 300 Queen Street
GPO Box 457
Brisbane QLD 4000

INTERNET ADDRESS

www.jumbocorporation.com

AUSTRALIAN BUSINESS NUMBER

66 009 189 128

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2004.

Directors

The names of directors in office at any time during or since the end of the year are:

Alan Phillips – Chairman

Mike Veverka – Chief Executive Officer

Earl Evans – Non-executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the economic entity during the financial year were:

- **Benon Technologies Pty Limited** (100% owned by Jumbo Corporation Limited). This company is the main operational entity for the online retailing activity described in the Business Overview section of this report.
- **Online Computing Australia Pty Limited** and **Dealer Dan Pty Limited** (both 100% owned by Jumbo Corporation Limited). These companies were involved in online retailing of computer hardware. Jumbo Corporation Limited acquired the remaining 25% of both these companies that it did not already own on the 29th December 2003 for \$1 each and scaled back the operations. The “Bozzo Brown Computer Wholesalers” business was sold in November 2003 for \$24,000.
- **Building Site Services (Aust) Pty Limited** (70% owned by Jumbo Corporation Limited). This company ceased operations during the year and is in the process of being liquidated.

The following significant changes in the nature of the principal activities occurred during the financial year:

- The economic entity ceased its activities in the online database division (Building Site Services (Aust) Pty Limited) to focus on the core retailing business.

There were no other significant changes in the nature of the economic entity's principal activities during the financial year.

Operating Results

The consolidated profit and extraordinary items of the economic entity after providing for income tax and eliminating outside equity interests amounted to \$289,705.

Dividends Paid or Recommended

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

DIRECTORS' REPORT Cont'd

Review of Operations

Second Year of Profit Growth

Jumbo Corporation Limited recorded its second year of profit growth for the 12 months ending June 2004. This is a result of improved online marketing techniques, growth of the customer database and improvements made to the core secure ecommerce software.

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 \$1.24 million.

Summarized operating results are as follows:

	2004	2003
Revenue	\$7.7 million	\$2.75 million
EBITDA (Earnings before Interest, Tax, Depreciation and Amortization)	\$400,033	\$131,759
Operating Profit / (Loss) after income tax attributable to members of the company.	\$289,705	\$101,677

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.

	2003	2004	Total
Number of Customers	69,845	127,205	250,889
Number of Purchases	156,472	297,406	555,415
Average Purchase Price	\$141	\$109	\$112

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 Statement of Financial Position.

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.

DIRECTORS' REPORT Cont'd

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.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- i. On August 14, 2003 the company issued 10,000,000 ordinary shares at 1.3c to sophisticated investors to enable the company to complete the acquisition of shares in Global Approach Limited.
- ii. On September 26, 2003 the company issued 15,000,000 ordinary shares at 1.6c to sophisticated investors to enable the company to complete the acquisition of shares in Global Approach Limited. The company also issued 250,000 convertible notes at \$1 each to raise a further \$250,000 to assist with the Global Approach acquisition. These notes are convertible into shares at an issue price of 2.8 cents per share or 80% of the weighted average sale price of shares sold through ASX in the last 5 days on which the shares traded immediately prior to the conversion date, whichever is lower. If the noteholders elects to convert after 12 months from the date of issue, a bonus 1 for 1 option exercisable at the same price at which the shares were issued. The maturity date is 24 months from date of issue and yield is 11%.

Changes in controlled entities and divisions:

- i. Purchase the remaining 20% of Benon Technologies Pty Limited which is the core business for Jumbo Corporation Limited.
- i. Purchase the remaining 25% of Online Computing Australia Pty Limited for \$1 and 25% of Dealer Dan Pty Limited for \$1 to bring the ownership up to 100%.

After Balance Date Events

There have been no materially significant events after the Balance Date.

Future Developments

The directors foresee that the 2005 financial year will be a period of further steady growth due to more improvements in online marketing techniques and the continued commercialization of the technology for online retailing.

The consolidated entity is in a stable position at the date of this report with adequate cash reserves and sufficient controls on costs to enable directors to grow the existing business and to look for further opportunities to benefit shareholders.

DIRECTORS' REPORT Cont'd

Information on Directors

Alan Phillips	—	Chairman (Non-executive)
Qualifications and Experience	—	<p>Alan Phillips is the non-executive chairman of Jumbo Corporation Ltd. He has been a director, executive director and chairman of ASX listed public companies covering a period of 30 years, specialising in startup and turn-around companies across a broad range of industries, but predominantly in the mining exploration and technology industries.</p> <p>Alan's current directorships include Crescent Gold Limited (Chairman), Internickel Limited, Verus Investments Limited and Sur American Gold Corporation (a Canadian company listed on the Toronto Exchange). Alan was appointed a director of Jumbo Corporation Limited on 10 May 2000. Prior to his current appointment, Mr. Phillips was a director from 30 October 1997 to 8 September 1999 of Windsor Resources NL (now Jumbo Corporation Limited).</p>
Interest in Shares	—	4,000,000 Ordinary Shares in Jumbo Corporation Limited.
Mike Veverka	—	Chief Executive Officer
Qualifications and Experience	—	<p>Mike Veverka has been chief executive officer and a director of Jumbo Corporation Limited since the restructuring of the Company in September 1999. Mike was instrumental in the development of the e-commerce software that is the foundation to the various Jumbo operations. He was the original founder of Benon Technologies in 1995 when development of the software began.</p> <p>Mike also established a leading Internet Service Provider in Queensland which operated successfully for 3 years before being sold. Mike is regarded as a pioneer in the Australian Internet Industry with many successful Internet endeavours to his name. Mike graduated with an honours degree in engineering in 1987.</p>
Interest in Shares	—	74,198,572 Ordinary Shares in Jumbo Corporation Limited.
Earl Evans	—	Non-executive Director
Qualifications and Experience	—	<p>Earl Evans is a senior executive of Macquarie Bank and has been instrumental in the capital raisings by the Company. He was appointed a non-executive director of Jumbo Corporation Limited on 10 May 2000.</p>
Interest in Shares	—	5,000,000 Ordinary Shares in Jumbo Corporation Limited.

Directors' and Executive Officers' Emoluments

Disclosure relating to directors' and executive officers' emoluments has been included in Note 5 of the financial report.

DIRECTORS' REPORT Cont'd

Meetings of Directors

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each director during the year were:

	Directors' Meetings	
	Number eligible to attend	Number attended
Alan Phillips	11	11
Mike Veverka	11	11
Earl Evans	11	11

The company is not of a sufficient size nor are its financial affairs of such complexity to justify a separate Audit Committee, Nomination Committee or Remuneration Committee. All matters were handled directly at the board level.

Indemnifying Officers or Auditor

During or since the end of the financial year the company has not given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums to indemnify officers.

Options

No options were granted in the 12 months ending June 30, 2004.

No further options were granted under the Employee Option Plan in the 12 months ending June 30, 2004.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors.



Mike Veverka

Director

Dated this 29th day of September 2004

CORPORATE GOVERNANCE STATEMENT

Introduction

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX Best Practice Recommendations in the reporting period. These recommendations are guidelines designed to produce an efficiency, quality or integrity outcome. The recommendations are not prescriptive so that if a company considers that a recommendation is inappropriate having regard to its own circumstances, the company has the flexibility not to follow it. Where a company has not followed all the recommendations, the annual report must identify which recommendations that have not been followed and give reasons for not following them.

A table has been included at the end of this statement which sets out the ASX Best Practice Recommendations and states whether the Company has complied with each recommendation in the reporting period. Where the Company considered it was not appropriate to comply with a particular recommendation the reasons are set out in the notes referenced in the table.

Role of the Board

The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of shareholders which it accomplishes by:

- establishing corporate governance, and ethical, business standards;
- setting objectives, goals and strategic direction with a view to maximise shareholder value;
- approving and monitoring budgets and major investments;
- ensuring adequate internal controls exist and are appropriately monitored;
- ensuring significant business risks are identified and appropriately managed;
- appointing the CEO and monitoring the CEO's performance;
- ensuring the composition of the Board is appropriate, selecting directors for appointment to the Board and reviewing the performance of the Board and the contributions of individual directors.

The Board has delegated responsibilities and authorities to management to enable management to conduct the Company's day to day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits, require Board approval.

Board Composition

The Board comprises two non-executive independent Directors and one executive director who is also the CEO.

The Directors are subject to re-election by shareholders. All Directors, apart from the Managing Director, are subject to re-election by rotation within every three years. The Company's Constitution provides that one-third of the Directors retire by rotation each AGM. Those Directors who are retiring may submit themselves for re-election by shareholders, including any Director appointed to fill a casual vacancy since the date of the last AGM. The composition of the Board will be reviewed annually to ensure the balance of skills and experience is appropriate. The current Directors have a broad range of qualifications, experience and expertise in managing micro and small capitalisation companies. The skills, experience and expertise of Directors are set out below.

The names of the Directors in office at the date of this Report, the date they were appointed, their status as non-executive, executive or independent Directors, whether they are retiring by rotation and seeking re-election by shareholders at the 2004 AGM, are set out in the table below:

Director	Appointed	Non-Executive	Independent	Retiring at 2004 AGM	Seeking re-election at 2004 AGM
Mike Veverka	8 September 1999	No	No	No	Not Applicable
Alan S Phillips	10 May 2000	Yes	Yes	Yes	Yes
Earl Evans	10 May 2000	Yes	Yes	No	No

CORPORATE GOVERNANCE Cont'd

Independence of Non-Executive Directors

The board considers an independent director to be a non-executive director who meets the criteria for independence included in the ASX Best Practice Recommendations. The Board considers that Alan S Phillips and Earl Evans meet these criteria.

Director Access to Independent Professional Advice

The Company acknowledges that Directors require high quality information and advice on which to base their decisions and considerations. All Directors have the right to seek advice and clarification from the Company's auditors, financial and legal advisers on any matter relating to the Company or Board performance.

Directors additionally have the right to seek independent professional advice to help them carry out their responsibilities. Expenses will need to be approved in advance by the Chairman. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient. Any costs incurred will be borne by the Company.

Board Committees

As at the date of this Report the Company does not have an Audit, Remuneration or Nomination Committee of the Board of Directors. The full Board of Directors undertake the role of these committees.

Given the composition of the Board, the size of the Company and the simple nature of its operations, it is felt individual audit, remuneration and nomination committees of the Board of Directors would not yet be warranted, being costly and an unnecessary duplication of effort.

Remuneration Policies

The Company endeavours that the remuneration offered to Directors, officers and employees are in accordance with prevailing market conditions. The end goal for the Company is to be able to attract and retain high quality people.

The Company believes that individuals should be rewarded for their individual contributions to the success of the Company (both financially and non-financially), measured primarily by the creation of value to shareholders. Incentives are therefore constructed with the goal of encouraging performance in an atmosphere of strong corporate governance.

Share Options

No share options were granted over unissued shares or interests by the Company during or since the end of the financial year to any director as part of their remuneration. As at the date of this Report the condition precedent under which the DEOP options were to be issued has not yet been fulfilled and therefore these options have not yet been issued.

No shares or interests in the Company were issued during or since the end of the financial year as a result of the exercise of any option and there are no unissued shares or interests under options at the date of this report.

CORPORATE GOVERNANCE Cont'd

Board Performance Evaluations

The evaluation of individual board members performance will be undertaken by the Chairperson, and in the Chairperson's case the Managing Director (or equivalent).

In the reporting period board performance evaluations of the current board have not been conducted due to the limited amount of activity of the Company. However, an evaluation criteria has been agreed upon and it is the intention of the Board to implement evaluations during the 2005 reporting period.

Managing Business Risk

The Company maintains policies and practices designed to identify and manage significant business risks, including:

- Identify, assess and monitor risk;
- Inform investors of material changes to the company's risk profile; and
- Enhance the environment for capitalising on value creation opportunities.

Responsibility for the implementation and ongoing review of business risks is the Managing Director of the Company. Duties in relation to risk management to be conducted by the Directors include but are not limited to:

- Initiate action to prevent or reduce the adverse effects of risk;
- Control further treatment of risks until the level of risk becomes acceptable;
- Identify and record any problems relating to the management of risk;
- Initiate recommend or provide solutions through designated channels;
- Verify the implementation of solutions; and
- Communicate and consult internally and externally as appropriate.

Ongoing review of the overall risk management program (inclusive of the review of adequacy of treatment plans) is to be conducted by external parties where appropriate.

Ethical Standards

In pursuit of acceptable ethical standards, the Company has adopted a Code of Conduct which establishes the standards of behaviour required of Directors and employees in the conduct of the Company's affairs.

The Code of Conduct is based on respect for the law and acting accordingly, dealing with conflicts of interest appropriately, acting with integrity, exercising due care and diligence in fulfilling duties, act in the best interests of the Company and respect the confidentiality of all confidential information.

Trading in the Company's Securities by Directors and Employees

The Board has adopted a policy in relation to dealings in securities of the Company which applies to all Directors and employees. Under this policy, Directors are prohibited from short term trading in the Company's securities and Directors and employees are prohibited from dealing in the Company's securities whilst in possession of price sensitive information. The Chairman must be notified of any proposed transaction and must give clearance for the transaction to proceed.

CORPORATE GOVERNANCE Cont'd

Information Disclosure

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market. In accordance with continuous disclosure requirements under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner.

Company Materiality Threshold

The Board acknowledges that assessment on materiality and subsequent appropriate thresholds are subjective and open to change.

The Board has considered quantitative, qualitative and cumulative factors when determining the materiality of a specific relationship of directors.

CORPORATE GOVERNANCE Cont'd

ASX Best Practice Recommendations

The table below contains each of the ASX Best Practice Recommendations. Where the Company has complied with a recommendation during the reporting period, this is indicated with a "Yes" in the appropriate column. Where the Company considered it was not appropriate to comply with a particular recommendation, this is indicated with a "No" and the Company's reasons are set out in the corresponding note appearing at the end of the table.

	Complied	Note
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	Yes	3
2.1 A majority of the Board should be independent directors.	Yes	
2.2 The Chairperson should be an independent director.	Yes	
2.3 The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.	Yes	
2.4 The Board should establish a Nomination Committee.	No	2
2.5 Provide the information indicated in the Guide to reporting on Principle 2.	No	3
3.1 Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent) and any other key executives as to:		
3.1.1 the practices necessary to maintain confidence in the Company's integrity.	Yes	
3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
3.2 Disclose the policy concerning trading in company securities by Directors, Officers and Employees.	No	3
3.3 Provide the information indicated in the Guide to reporting on Principle 3.	No	3

CORPORATE GOVERNANCE Cont'd

4.1	Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards.	Yes	
4.2	The Board should establish an Audit Committee.	No	2
4.3	Structure of the Audit Committee so that it consists of: <ul style="list-style-type: none"> only Non-Executive Directors a majority of Independent Directors an independent Chairperson, who is not chairperson of the Board at least three members. 	No	2
4.4	The Audit Committee should have a formal charter.	No	2
4.5	Provide the information indicated in the Guide to reporting on Principle 4	No	3
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements to ensure accountability at a senior management level for that compliance.	Yes	
5.2	Provide the information indicated in the Guide to reporting on Principal 5.	No	3
6.1	Design and disclose a communication strategy to promote effective communication with the shareholders and encourage effective participation at general meetings.	Yes	
6.2	Request the external auditor to attend the Annual General Meeting and be available to answer questions about the conduct of the audit and the preparation and content of the auditors report.	Yes	
7.1	The Board or appropriate Board Committee should establish policies on risk oversight and management.	Yes	
7.2	The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that: <ul style="list-style-type: none"> 7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. 7.2.2 the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. 	Yes	

CORPORATE GOVERNANCE Cont'd

7.3	Provide the information indicated in the Guide to reporting on Principal 7.	No	3
8.1	Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.	Yes	
9.1	Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to Directors and key executive and corporate performance.	Yes	
9.2	The Board should establish a Remuneration Committee.	No	2
9.3	Clearly distinguish the structure of Non-Executive Directors remuneration from that of Executives.	Yes	
9.4	Ensure that payment of equity-based Executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Yes	
9.5	Provide the information indicated in the Guide to reporting on Principle 9	No	3
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations.	Yes	

1. The Company's small size and limited operations has meant that the appointment of an independent Chairperson and separation of the Chairperson and Chief Executive Officer roles was an additional cost that has not been warranted. As the Company has recently raised more capital and intends to expand the operations in the 2005 reporting period an independent non-executive Chairperson will be sought to satisfy this criteria.
2. As at the date of this Report the Company does not have an Audit, Remuneration or Nomination Committee of the Board of Directors. The full Board of Directors undertake the role of these individual committees. Given the composition of the Board, the size of the Company and the simple nature of its operations, it is felt individual audit, remuneration and nomination committees of the Board of Directors would not yet be warranted, being costly and an unnecessary duplication of effort. The ASX corporate governance principles only make it mandatory for the top 300 companies to form an Audit Committee.
3. Given the size of the Company, its limited financial resources, the small number of shareholders and the simple nature of its operations the Board felt that the cost of a full website to relay this information to shareholders was not justified. As the Company has recently raised additional capital and intends to expand the operations of the Company in the 2005 reporting period an interactive website is now under development with the intention of being operational by the 31 December 2004. The Company has established a code of conduct which it will disclose on the website when operational.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

	Note	Economic Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
Revenues from ordinary activities	2	7,744,052	2,753,487	23,521	158,015
Cost of goods sold	3	(5,141,200)	(985,128)	-	-
Gross Profit		2,602,852	1,768,359	-	-
Depreciation expense	3	(14,179)	(17,517)	-	-
Amortisation expense	3	(68,837)	(1,841)	(79,500)	-
Borrowing costs expense	3	(27,312)	(10,880)	-	-
Salaries and employee benefits expense	3	(312,274)	(323,174)	-	-
Directors Remuneration	3	(199,443)	(181,600)	-	-
Consultancy fees	3	(496,671)	(89,678)	(25,801)	(37,826)
Marketing costs	3	(103,091)	(62,508)	-	-
Other expenses from ordinary activities	3	(1,067,896)	(954,799)	(148,223)	(77,507)
Loss on disposal of assets	3	(23,444)	-	-	-
Share of net losses of associates	3	-	(14,565)	-	(14,565)
Profit from ordinary activities before income tax expense		289,705	111,797	(230,003)	28,117
Income tax expense relating to ordinary activities	4	-	-	-	-
Profit from ordinary activities after related income tax expense		289,705	111,797	(230,003)	28,117
Net profit/ (loss) attributable to outside equity interests		-	(10,120)	-	-
Net profit attributable to members of Jumbo Corporation Limited		289,705	101,677	(230,003)	28,117
Basic earnings per share (cents per share)	8	0.13 c	0.06 c		
Diluted earnings per share (cents per share)	8	0.13 c	0.06 c		

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

	Note	Economic Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
CURRENT ASSETS					
Cash assets	9	1,928,239	865,083	113,856	82,865
Receivables	10	424,528	284,380	63,750	138,750
Inventories	11	5,100	12,665	-	-
TOTAL CURRENT ASSETS		2,357,867	1,162,128	177,606	221,615
NON-CURRENT ASSETS					
Receivables	10	-	-	-	75,600
Investments accounted for using the equity method	12	-	135,435	-	135,435
Other financial assets	13	62,300	54,056	62,300	54,056
Interests in controlled entities	14	-	-	270,000	349,500
Property, plant and equipment	15	31,934	36,548	-	-
Intangible assets	16	270,000	349,500	-	-
Other assets	17	705,549	-	705,549	-
TOTAL NON-CURRENT ASSETS		1,069,783	575,539	1,037,849	614,591
TOTAL ASSETS		3,427,650	1,737,667	1,215,455	836,206
CURRENT LIABILITIES					
Payables	18	2,170,687	1,088,328	281,794	42,542
Provisions	19	16,329	68,409	-	-
TOTAL CURRENT LIABILITIES		2,187,016	1,156,737	281,794	42,542
TOTAL LIABILITIES		2,187,016	1,156,737	281,794	42,542
NET ASSETS		1,240,634	580,930	933,661	793,664
EQUITY					
Contributed equity	20	21,094,592	20,724,592	21,094,592	20,724,592
Retained losses	21	(19,853,958)	(20,032,095)	(20,160,931)	(19,930,928)
Parent entity interest		1,240,634	692,497	933,661	793,664
Outside equity interest	22	-	(111,567)	-	-
TOTAL EQUITY		1,240,634	580,930	933,661	793,664

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

	Note	Economic Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		7,576,713	2,513,454	-	1,720
Payments to suppliers and employees		(6,575,947)	(2,426,012)	(34,172)	(162,055)
Interest received		10,339	10,703	8,956	7,971
Borrowing costs					
Net cash provided by (used in) operating activities	25	1,011,105	98,145	(25,216)	(152,364)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(3,866)	(29,229)	-	-
Purchase of investments		(555,549)	(150,000)	(555,549)	(150,000)
Funds placed on deposit		(8,244)	(2,355)	(8,244)	(2,355)
Loans to controlled entity					(75,600)
Net cash provided by (used in) investing activities		(567,659)	(181,584)	(563,793)	(227,955)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		620,000	172,669	620,000	172,669
Repayment of directors loan		(290)	19,976	-	-
Repayment of borrowings		-	(2,793)	-	-
Net cash provided by (used in) financing activities		619,710	189,852	620,000	172,669
Net increase in cash held		1,063,156	106,413	30,991	(207,650)
Cash at 1 July 2003		865,083	758,670	82,865	290,515
Effect of exchange rates on cash holdings in foreign currencies					
Cash at 30 June 2004	9	1,928,239	865,083	113,856	82,865

The accompanying notes form part of these financial statements.

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. Principles of Consolidation

A controlled entity is any entity controlled by Jumbo Corporation Limited. Control exists where Jumbo Corporation Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Jumbo Corporation Limited to achieve the objectives of Jumbo Corporation Limited. A list of controlled entities is contained in Note 16 to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b. Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c. Inventories

Inventories are measured at the lower of cost and net realisable value.

d. Property, Plant and Equipment

Each class of property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment

Plant and equipment are measured on the cost basis.

NOTES Cont'd

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their effective lives to the economic entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. The effective life of all asset categories is 3.75 years.

e. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

f. Investments

Shares in listed companies held as current assets are valued by directors at those shares' market value at each balance date. The gains or losses, whether realised or unrealised, are included in profit from ordinary activities before income tax.

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

g. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

h. Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 5 years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

Patents and Trademarks

NOTES Cont'd

Patents and Trademarks are valued in the accounts at cost of acquisition and are amortised over the period in which their benefits are expected to be realised.

i. **Foreign Currency Transactions and Balances**

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

j. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

The company operates an ownership-based remuneration scheme through the employee option plan and the employee share scheme, details of which are provided in Note 31 to the financial statements. Profits or losses incurred by employees — being the difference between the market value and the issue price of the shares acquired — are recognised as an employee benefit expense at the time the employees are entitled to the shares. In the statement of financial position, the shares are recognised at the market value at the time they are issued.

k. **Cash**

For the purpose of the statement of cash flows, cash includes:

- Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- Investments in money market instruments with less than 14 days to maturity.

l. **Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

m. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

NOTES Cont'd

n. **Comparative Figures**

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

o. **Adoption of Australian Equivalents to International Financial Reporting Standards**

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation.

The directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS are:

Impairment of Assets

The economic entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

Goodwill on Consolidation

Under the proposed changes to the IAS 22: Business Combinations, goodwill is to be capitalised to the statement of financial position and subjected to an annual impairment test. Amortisation of goodwill is to be prohibited. Current accounting policy of the entity is to amortise goodwill on a straight line basis over the period of 5 years.

Non-current Investments

Under the pending AASB 139: Financial instruments: Recognition and measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

Income Tax

Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the economic entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

Derivative Financial Instruments

Jumbo Corporation Limited does not currently recognise derivative financial instruments in the financial statements. Pending AASB 139: Financial Instruments: Recognition and measurement will require a change to the method of accounting for derivative financial instruments and hedging activities so that they are recorded in the financial statements.

NOTES Cont'd

p. **Change in Accounting Policy**

The economic entity changed its accounting policy in the financial year relating to accounting for associated companies. The equity method of accounting for investments has been discontinued. The directors believe that the economic entity's influence over Global Approach Ltd has reduced to the level where it is no longer significant. The investment is now accounted for using the cost method. The financial effect of this change in accounting policy has been to recognise the carrying value of the investment in Global Approach Ltd at cost in Other Assets. In the prior year it was shown as investments accounted for using the equity method. As the equity method has been discontinued there is no profit effect in the current year, in the prior year a share of losses of \$14,565 was brought to account.

NOTES Cont'd

NOTE 2: REVENUE

	Note	Economic Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
Operating activities					
—	Jumbo mall commissions	4,035,066	1,082,275	-	-
—	Other commissions	359,133	292,776	-	-
—	Revenue from sale of goods	494,596	1,015,576	-	-
—	Licensing Income	2,456,366	-	-	-
—	Revenue from services	281,283	158,727	-	-
		<u>7,626,444</u>	<u>2,549,354</u>	-	-
Non-operating activities					
—	Rental income	8,431	37,645	-	-
—	Interest Received – other persons/corporations	10,339	10,703	8,956	7,971
—	Revenue from sale of shares in Kringle Pty Ltd	-	138,750	-	138,750
—	Debts Forgiven	82,807	-	-	-
—	Other revenues	16,031	17,035	14,565	11,294
		<u>117,608</u>	<u>204,133</u>	<u>23,521</u>	<u>158,015</u>
Total Revenue		<u>7,744,052</u>	<u>2,753,487</u>	<u>23,521</u>	<u>158,015</u>

NOTES Cont'd

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

	Note	Economic Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
Other expenses from ordinary activities					
— Bad and doubtful debts		21,673	6,303	-	-
— Operating lease rental		95,214	121,918	-	-
— Auditors remuneration		62,834	41,030	62,804	41,030
— Accountancy fees		37,049	20,820	-	-
— Bank merchant fees		483,972	436,204	-	-
— ASX fees		23,212	-	23,212	-
— Capital raising costs		18,480	-	18,480	-
— Software licensing		118,897	-	-	-
— Other		206,565	328,524	43,727	36,477
Total costs:		7,430,903	2,627,125	253,524	115,333
b) Losses					
Share of losses from associate		-	14,565	-	14,565
Disposal of assets		23,444	-	-	-

NOTES Cont'd

NOTE 4: INCOME TAX EXPENSE

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
a. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2003: 30%)				
— economic entity	86,912	62,039	-	-
— Parent entity	-	-	(69,001)	20,815
Add:				
Tax effect of:				
— non-deductible depreciation and amortisation	23,850	552	23,850	-
— other non-allowable items	7,500	-	-	-
— write-downs to recoverable amounts	(5,284)	-	-	-
	112,978	-	(45,151)	-
Future income tax benefits not brought to account	(112,978)	(62,591)	-	(20,815)
Income tax expense attributable to profit from ordinary activities before income tax	-	-	-	-
b. Future income tax benefits not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1b occur				
— timing differences	777	777	-	-
— tax losses:				
— operating losses	964,272	1,077,250	263,101	217,950
	965,049	1,078,027	263,101	217,950

NOTES Cont'd

NOTE 5: DIRECTORS AND EXECUTIVE REMUNERATION

a. Parent Entity Directors Remuneration

2004

	Salary, Fees & Comm- issions	Super- annuation Contri- bution	Cash Bonus	Non-Cash Benefits	Options	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Alan Phillips	77,000	-	-	-	-	-	77,000
Mike Veverka	94,943	-	-	-	-	60,000	154,943
Earl Evans	27,500	-	-	-	-	-	27,500
	199,443	-	-	-	-	60,000	259,543

b. Shareholdings

	Balance 1.7.03	Net Change Other*	Balance 30.6.04
Parent Entity Directors			
Alan Phillips	2,000,000	2,000,000	4,000,000
Mike Veverka	77,798,572	(3,730,785)	74,067,787
Earl Evans	3,000,000	2,000,000	5,000,000

* Net Change other refers to shares purchased or sold throughout the financial year

c. Shares Issued on Exercise of Remuneration Options

Options Granted As Remuneration

No options were granted to directors as remuneration

d. Remuneration Practices

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and specified directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement specified directors and executives are paid employee benefit entitlements accrued to date of retirement. Any options not exercised before or on the date of termination lapse.

e. Names and positions held of Parent Entity and Specified Executives in office at any time during the financial year are:

Parent Entity Directors

Alan Phillips	Chairman – Non-Executive
Mike Veverka	Managing – Executive Director
Earl Evans	Director – Non-Executive

NOTES Cont'd

NOTE 6: AUDITORS' REMUNERATION

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report – Ernst Young	31,834	41,030	31,834	41,030
— auditing or reviewing the financial report – BDO Kendalls	31,000	-	31,000	-
— other services	-	-	-	-

NOTE 7: DIVIDENDS

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
No dividends have been paid or provided for on ordinary shares during the year ended 30 June 2004 (30 June 2003 – Nil)	-	-	-	-

NOTE 8: EARNINGS PER SHARE

	Economic Entity	
	2004	2003
	\$	\$
a. Reconciliation of earnings to net profit or loss		
Net profit	289,705	111,797
Net profit attributable to outside equity interest	-	(10,120)
Earnings used in the calculation of basic EPS	289,705	101,677
Dividends on converting preference shares	-	-
Earnings used in the calculation of dilutive EPS	289,705	101,677
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 ordinary shares outstanding during the year used in calculation of dilutive EPS	218,929,161	166,682,876

NOTES Cont'd

NOTE 9: CASH ASSETS

Note	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Cash at bank	1,928,239	865,083	113,856	82,865

NOTE 10: RECEIVABLES

	2004	2003	2004	2003
	\$	\$	\$	\$
CURRENT				
Trade debtors	16,372	84,233	-	-
Provision for doubtful debts		(6,303)	-	-
	16,372	77,930	-	-
Sundry debtors				
Receivable from sale of shares in Kringle Pty Ltd	63,750	138,750	63,750	138,750
Amounts receivable from:				
— other than related parties	330,757	54,341	-	-
— directors and related entities	13,649	13,359	-	-
	424,528	284,380	63,750	138,750
NON-CURRENT				
Amounts receivable from:				
other related parties	-	-	2,966,184	3,039,784
Less provision for non-recovery	-	-	(2,966,184)	(2,964,184)
	-	-	-	75,600

a. Specified Directors and Specified Executives' Loans

	Balance 1.7.03	Interest Charged	Interest Not Charged	Allowance for Doubtful Debts	Balance 30.6.04	Number of Individuals
	\$	\$	\$	\$	\$	
Mike Veverka						
2004	13,359	0	0	0	13,649	1

NOTES Cont'd

NOTE 11: INVENTORIES

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CURRENT					
Finished goods at cost		5,100	12,665	-	-

NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2004	2003	2004	2003
	\$	\$	\$	\$
Associated companies	-	135,435	-	135,435

NOTE 13: OTHER FINANCIAL ASSETS

	2004	2003	2004	2003
	\$	\$	\$	\$
NON-CURRENT				
Term Deposit	62,300	54,056	62,300	54,056

NOTE 14: CONTROLLED ENTITIES

a. Controlled Entities

	Country of Incorporation	Percentage Owned	
		2004	2003
Benon Technologies Pty Ltd	Australia	100%	100%
Editson Pty Ltd	Australia	100%	100%
Building Site Services (Aust) Pty Ltd	Australia	70%	70%
Dealer Dan Pty Ltd	Australia	100%	75%
Online Computing Australia Pty Ltd	Australia	100%	75%

b. Controlled Entities Acquired

On the 29th December 2003 the parent entity acquired 25% of Online Computing Australia Pty Limited and Dealer Dan Pty Limited, with Jumbo Corporation Limited entitled to all profits earned from the 29th December 2003, for a purchase consideration of \$2.

NOTES Cont'd

c. Building Site Services (Aust) Pty Limited

On 15 May 2004, the directors of Building Site Services (Aust) Pty Limited placed the company into liquidation. Jumbo Corporation Limited has a 70% interest the company and loans from Jumbo Corporation Limited and Benon Technologies Pty Limited have been fully provided for.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
PLANT AND EQUIPMENT				
Plant and equipment				
At cost	127,326	123,460	-	-
Accumulated depreciation	(99,727)	(92,585)	-	-
	27,599	30,875	-	-
Leasehold improvements				
Leased plant and equipment	21,600	21,601	-	-
Accumulated depreciation	(17,265)	(15,928)	-	-
	4,335	5,673	-	-
Total Property, Plant and Equipment	31,934	36,548	-	-

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Plant and Equipment	Leased Plant and Equipment	
		Equipment	Total
	\$	\$	\$
Economic Entity:			
Balance at the beginning of year	30,875	5,673	36,548
Additions	14,909	-	14,909
Disposals	(4,006)	-	(4,006)
Depreciation expense	(14,179)	(1,337)	(15,516)
Carrying amount at the end of year	27,599	4,335	31,934

NOTES Cont'd

NOTE 16: INTANGIBLE ASSETS

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Goodwill at cost	337,500	432,852	-	-
Accumulated amortisation	(67,500)	(83,352)	-	-
	270,000	349,500	-	-
Intellectual Property	20,090	20,090	-	-
Accumulated amortisation	(20,090)	(20,090)	-	-
	-	-	-	-
	270,000	349,500	-	-

NOTE 17: OTHER ASSETS

	2004	2003	2004	2003
	\$	\$	\$	\$
NON-CURRENT				
Shares in Listed companies at cost	705,549	-	705,549	-
Market value of listed shares	726,649	-	726,649	-

NOTE 18: PAYABLES

	2004	2003	2004	2003
	\$	\$	\$	\$
CURRENT				
Trade creditors	1,649,854	991,684	460	19,836
Payables to related parties	-	51,324	-	-
Convertible notes	250,000	-	250,000	-
Sundry creditors and accrued expenses	270,833	45,321	31,334	22,706
	2,170,687	1,088,329	281,794	42,542

NOTE 19: PROVISIONS

	2004	2003	2004	2003
	\$	\$	\$	\$
CURRENT				
Fringe benefits tax	-	40,770	-	-
Employee entitlements	16,329	27,639	-	-
	16,329	68,409	-	-
a. Number of employees at year-end	6	6	-	-

NOTES Cont'd

NOTE 20: CONTRIBUTED EQUITY

	Note	Economic Entity		Economic Entity	
		Number of shares		\$	
		2004	2003	2004	2003
223,765,227 (2003: 198,765,227) fully paid ordinary shares		223,765,227	198,765,227	21,094,592	20,724,592
a. Ordinary shares					
At the beginning of the reporting period		198,765,227	163,338,459	20,724,592	20,214,423
Shares issued during the year					
— On 23 August 2002 under shareholder share offer		-	2,426,768	-	60,669
— On 7 May 2003 as a private placement		-	8,000,000	-	112,000
— On 27 June 2003 in consideration for acquisition of balance of shares in Edison Pty Ltd		-	25,000,000	-	337,500
— On 14 August 2003 as a private placement		10,000,000	-	130,000	-
— On 26 September 2003 as a private placement		15,000,000	-	240,000	-
		<u>223,765,227</u>	<u>198,765,227</u>	<u>21,094,592</u>	<u>20,724,592</u>

b. Options

There were no options issued or exercised in the Financial year ending 30 June, 2004.

c. Employee share scheme

For information relating to the Jumbo Corporation Limited Employee Share Scheme, including details of shares issued during the financial year, refer to Note 26.

NOTES Cont'd

NOTE 21: ACCUMULATED LOSSES

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Accumulated losses at the beginning of the financial year		(20,032,095)	(19,587,010)	(19,930,928)	(19,959,045)
Outside equity interests purchased by parent		(111,567)	-	-	-
Outside equity interest in Editson Pty Ltd assumed by parent company upon acquisition of shares on 27 June 2003		-	(546,762)	-	-
Net profit/(loss) attributable to the members of the parent entity		289,705	101,677	(230,003)	28,117
Retained profits at the end of the financial year		<u>(19,853,958)</u>	<u>(20,032,095)</u>	<u>(20,160,931)</u>	<u>(19,930,928)</u>

NOTE 22: OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES

	2004	2003	2004	2003
	\$	\$	\$	\$
Outside equity interest comprises:				
Accumulated losses	-	(111,567)	-	-

NOTES Cont'd

NOTE 23: CAPITAL AND LEASING COMMITMENTS

	Economic Entity		Parent Entity		
	2004	2003	2004	2003	
	\$	\$	\$	\$	
b. Operating Lease Commitments					
Non-cancellable operating leases contracted for but not capitalised in the financial statements					
Payable					
—	Not later than 1 year	115,996	115,996	115,996	115,996
—	later than 1 year but not later than 3 years	231,992	347,988	231,992	347,988

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the lower of CPI or 7% per annum. The lease allows for subletting of all lease areas.

NOTES Cont'd

NOTE 24: SEGMENT REPORTING

Primary reporting - Business segments

	On-line Shopping Mall		On-line Retailing		Provision of IT Services		On-line Database		Other		Eliminations		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE														
External sales	7,374,218	1,872,234	192,349	539,334	55,554	97,139	4,323	32,495	-	-	-	-	7,626,444	2,541,202
Other segments	-	-	23,444	-	-	-	-	-	94,164	212,285	-	-	117,608	212,285
Total segment revenue	7,374,218	1,872,234	192,349	539,334	55,554	97,139	4,323	32,495	94,164	212,285	-	-	7,744,052	2,753,487
RESULTS														
Segment results	112,876	103,656	180,854	-100,303	11,705	105,808	214,273	-22,323	-230,003	24,959	-	-	289,705	111,797
ASSETS														
Segment assets	2,217,924	1,244,828	77,192	167,076	-	-	151	1,427	160	160	-83,232	-512,030	2,212,195	901,461
Unallocated assets	-	-	-	-	-	-	-	-	-	-	1,215,455	836,206	1,215,455	836,206
Total assets	2,217,924	1,244,828	77,192	167,076	-	-	151	1,427	160	160	1,132,223	324,176	3,427,650	1,737,667
LIABILITIES														
Segment liabilities	4,827,154	3,978,639	89,025	384,222	-	-	-	215,549	-	-	-3,010,957	-3,464,214	1,905,222	1,114,196
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	31,794	42,542	31,794	42,542
Total liabilities	4,827,154	3,978,639	89,025	384,222	-	-	-	215,549	-	-	-2,979,163	-3,421,672	1,937,016	1,156,738
OTHER														
Amortisation	-	1,841	-	-	-	-	-	-	67,500	-	-	-	67,500	1,841
Depreciation	14,759	14,520	1,750	1,917	-	-	-	1,080	-	-	-	-	15,516	17,517
Other non cash	17,548	9,560	-	-	-	-	4,125	6,303	-	-	-	-	21,673	15,863

NOTES Cont'd

NOTE 24: SEGMENT REPORTING

Business and Geographical Segments

Business Segments

The economic entity has the following four business segments:

- Online shopping mall.
- Online Retailing
- IT Services
- Online Database (This segment has been discontinued)

Geographical Segments

The economic entity's business segments are located predominantly in one geographic location, namely Australia. Purchases by customers on the Jumbomall shopping mall are substantially by overseas residents but are predominantly processed through the Australian banking system.

NOTES Cont'd

NOTE 25: CASH FLOW INFORMATION

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
a. Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax				
Profit from ordinary activities after income tax	289,705	111,797	(230,003)	28,117
Non-cash flows in profit from ordinary activities				
Amortisation	68,837	1,840	67,500	-
Depreciation	14,179	17,517	-	-
Provision for doubtful debts	-	6,303	-	-
Provision for employee entitlements	-	4,560	-	-
Share of associates losses	-	14,565	(14,565)	14,565
Unrealised gain on investments	-	-	-	-
Write-downs to recoverable amount	-	-	12,000	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
Decrease/(Increase) in trade receivables	67,861	(60,913)	75,000	-
Decrease/(Increase) in other receivables	(268,917)	(174,721)	75,600	(137,030)
Decrease/(Increase) in inventories	7,565	12,010	-	-
Increase/(decrease) in trade creditors	666,850	144,516	11,958	(80,722)
Increase/(decrease) in other creditors	216,833	45,321	(22,706)	22,706
Increase/(decrease) in other provisions	(51,808)	(29,650)	-	-
Cash flow from operations	<u>1,011,105</u>	<u>98,145</u>	<u>(25,216)</u>	<u>(152,364)</u>

NOTES Cont'd

NOTE 26: 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.

The closing share market price of an ordinary share of Jumbo Corporation Limited on the Australian Stock Exchange at 30th June 2004 was 1.8c (30th June 2003: 1.2c).

	Economic Entity		Parent Entity				
	2004	2003	2004	2003			
	No.	No.	No.	No.			
a. Details of share options outstanding as at end of year:							
	Grant Date	Expiry and Exercise Date	Exercise Price				
	6 June 2001	5 June 2006	5c	5,750,000	5,750,000	5,750,000	5,750,000
	29 Mar 2002	5 June 2006	5c	750,000	750,000	750,000	750,000
				<u>6,500,000</u>	<u>6,500,000</u>	<u>6,500,000</u>	<u>6,500,000</u>

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

After balance date, on 20th July 2004, the company announced its plans to launch a betting exchange service aimed at accelerating the companies growth via the emerging online betting exchange industry. These plans also include providing betting exchange software and services to clients wishing to develop their own betting exchange.

NOTES Cont'd

NOTE 28: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following related party transactions occurred during the financial year:

Ultimate Parent Company

During the financial year, Benon Technologies Pty Limited repaid \$75,800 to Jumbo Corporation Limited reducing the loan to Benon Technologies Pty Limited to \$2,927,725. The loan funds were made to assist Benon Technologies Pty Limited to carry out its operating activities.

Associated Companies

During the financial year Benon Technologies Pty Limited and Jumbo Corporation Limited advanced loan funds to controlled entities as set out below. The loan funds were made to assist the controlled entities to carry out their operating activities.

Advances by Benon Technologies Pty Limited

- To Online Computing Australia Pty Limited \$83,232 (2003: \$16,868)

Advances by Jumbo Corporation Limited

- To Building Site Services (Aust) Pty Limited \$38,459 (2003: \$36,459)
- To Online Computing Australia Pty Limited \$12,000 (2003: \$12,000)

Other Related Parties

There were no transactions with other related parties during the financial year.

Director-related Entities

Entities of which Mr Phillips is a director and shareholder occupy a portion of the office space leased by the consolidated entity and pay an agreed portion of the rental on normal commercial terms and conditions on an arm's length basis.

Entities of which Mr Veverka is a director and shareholder were paid licensing fees totalling \$60,000 in accordance with an agreement entered into at arm's length.

Benon Technologies Pty Limited has provided an unsecured and interest free loan of \$13,359 (2003: \$13,359) to Mr Veverka, a director of the company. These amounts are payable on demand.

NOTES Cont'd

NOTE 29: FINANCIAL INSTRUMENTS

(a) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

	Fixed Interest Rate Maturing					Total carrying amount as per balance sheet	Weighted average effective interest rate
	Floating Interest Rate	1 year or less	Over 1 to 5 years	More than 5 years	Non interest bearing		
	\$	\$	\$	\$	\$		
30 June 2004							
(i) Financial assets							
Cash	693,560	-	-	-	1,234,678	1,928,238	4.4
Trade receivables	-	-	-	-	410,879	410,879	
Sundry debtors	-	-	-	-	-	-	
Term deposits	62,300	-	-	-	-	62,300	5.4
Receivables							
- director related	-	-	-	-	13,649	13,649	
Listed shares	-	-	-	-	705,549	705,549	
Total Financial Assets	755,860	-	-	-	2,364,755	3,120,616	

	Fixed Interest Rate Maturing					Total carrying amount as per balance sheet	Weighted average effective interest rate
	Floating Interest Rate	1 year or less	Over 1 to 5 years	More than 5 years	Non interest bearing		
	\$	\$	\$	\$	\$		
30 June 2003							
(i) Financial assets							
Cash	865,083	-	-	-	-	865,083	4.5
Trade receivables	-	-	-	-	77,930	77,930	
Sundry debtors	-	-	-	-	193,091	193,091	
Term deposit	54,056	-	-	-	-	54,056	4.5
Receivables							
- director related	-	-	-	-	13,359	13,359	
Listed shares	-	-	-	-	-	-	
Total Financial Assets	919,139	-	-	-	284,380	1,203,519	

NOTES Cont'd

NOTE 29: FINANCIAL INSTRUMENTS Cont'd

	Fixed Interest Rate Maturing						Weighted average effective interest rate
	Floating Interest Rate	1 year or less	Over 1 to 5 years	More than 5 years	Non interest bearing	Total carrying amount as per balance sheet	
	\$	\$	\$	\$	\$	\$	
30 June 2004							
(ii) Financial liabilities							
a) current							
Trade creditors	-	-	-	-	1,649,854	1,649,854	
Other creditors	-	-	-	-	270,833	270,833	
Convertible notes	-	250,000	-	-	-	250,000	11.0
Loan from directors of a controlled entity	-	-	-	-	-	-	
b) non current	-	-	-	-	-	-	
Finance lease liability							
Total Financial Liabilities	-	250,000	-	-	1,920,687	2,170,687	

	Fixed Interest Rate Maturing						Weighted average effective interest rate
	Floating Interest Rate	1 year or less	Over 1 to 5 years	More than 5 years	Non interest bearing	Total carrying amount as per balance sheet	
	\$	\$	\$	\$	\$	\$	
30 June 2003							
(ii) Financial liabilities							
a) current							
Trade creditors	-	-	-	-	991,683	991,683	
Other creditors	-	-	-	-	45,321	45,321	
Finance lease liability	-	-	-	-	-	-	
Bank loans	-	-	-	-	-	-	
Loan from directors of a controlled entity							
b) non current	-	-	-	-	51,324	51,324	
Finance lease liability	-	-	-	-	-	-	
Total Financial Assets	-	-	-	-	1,088,328	1,088,328	

NOTES Cont'd

31. FINANCIAL INSTRUMENTS Cont'd

(b) Net Fair Values

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

All financial assets and liabilities have been recognised at the balance date at their net fair values.

Recognised financial instruments

Cash, cash equivalents and short-term investments: The carrying amount approximates fair value because of their short-term to maturity.

Trade receivables and trade creditors: The carrying amount approximates fair value.

Short-term borrowings: The carrying amount approximates fair value because of their short-term to maturity.

Long-term borrowings: The carrying amount approximates fair value because, though payable later than one year, they are short term.

(c) Credit risk exposures

The consolidated entity's maximum exposures to credit risk at balance date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet.

There are no derivative financial instruments, recognised or unrecognised.

Concentrations of credit risk

The company minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers within the specified industries. However, the majority of customers are concentrated in Australia.

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days;
- a risk assessment process is used for customers over \$50,000.

(d) Hedging instruments

The consolidated entity has not entered into any hedging activities.

Unrecognised Financial Instruments

There are no unrecognised financial instruments.

NOTES Cont'd

NOTE 30: COMPANY DETAILS

The registered office of the company is:

Jumbo Corporation limited

Level 8, Riverside Centre, 123 Eagle Street, Brisbane. Qld 4000

The principal places of business are:

— Level 8, Riverside Centre, 123 Eagle Street, Brisbane. Qld 4000

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 15 to 44 are in accordance with the *Corporations Act 2001*:
 - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 30 June 2004 and of the performance for the year ended on that date of the company and economic entity;
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 Board of Directors.

Director



Mike Veverka

Dated this 29 day of September 2004

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF JUMBO CORPORATION LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Jumbo Corporation Limited (the company) and Jumbo Corporation Limited (the consolidated entity), for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

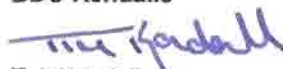
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit Opinion

In our opinion, the financial report of Jumbo Corporation Limited is in accordance with:

- a. the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - ii. complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- b. other mandatory professional reporting requirements in Australia.

BDO Kendalls
BDO Kendalls


T.J. Kendall

Partner

Brisbane 30/9/04

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1. Shareholding

a. Distribution of Shareholders Number at 21 September 2004

Category (size of Holding)	Ordinary Shares
1 – 1,000	30,421
1,001 – 5,000	1,069,280
5,001 – 10,000	3,081,588
10,001 – 100,000	23,522,948
100,001 – and over	196,060,990
	223,765,227

b. The number of shareholdings held in less than marketable parcels is 1117.

c. The names of the substantial shareholders listed in the holding company's register as at 31 August 2004 are:

Shareholder	Number Ordinary
VESTEON PTY LTD	74,078,572
ANZ NOMINEES LIMITED	39,685,466

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES Cont'd

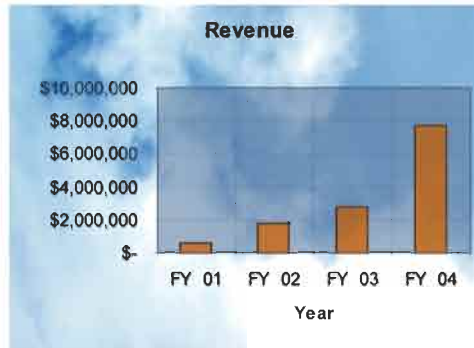
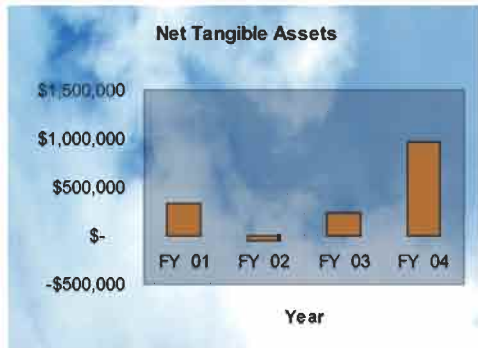
6. **Unquoted Securities**

Options over Unissued Shares

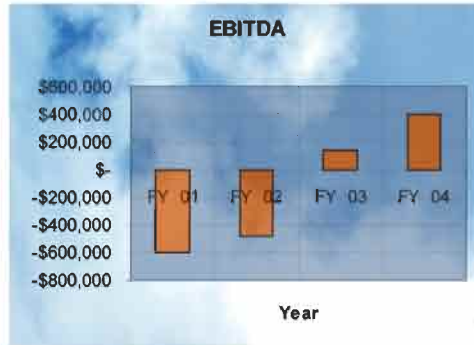
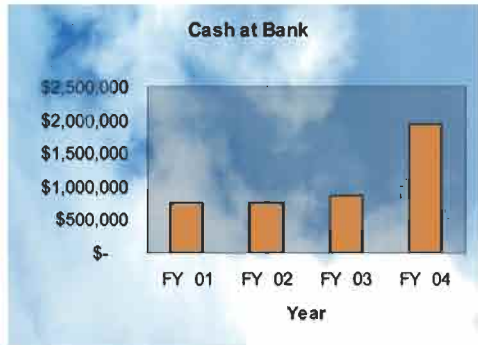
A total of 6,500,000 options are on issue. 6,500,000 options are on issue to 7 employees under the Jumbo Corporation Limited employee option plan.

7. **Other Disclosures**

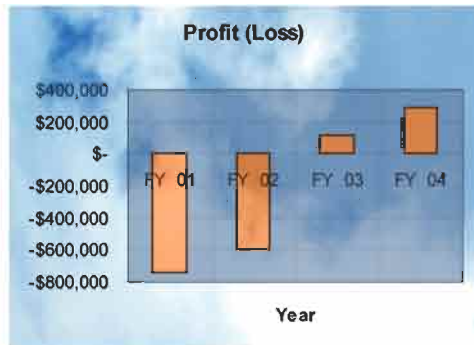
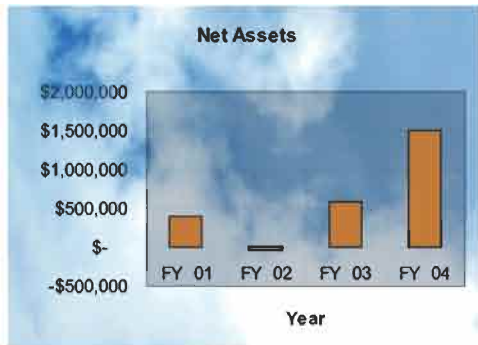
There are no other disclosures.



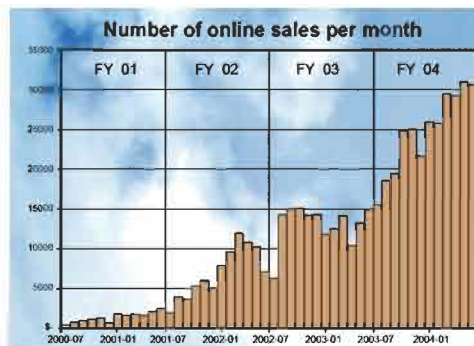
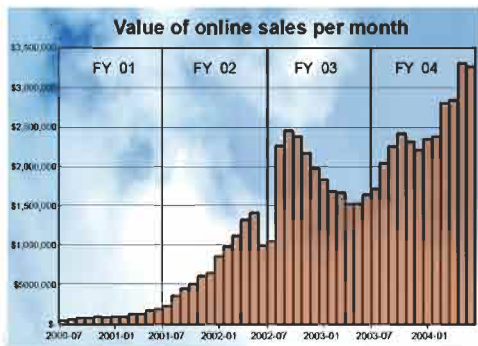
"Revenues and Profits have more than doubled as online shopping continued its rise in popularity"



"2nd straight profit increase together with 5 financial periods of increasing revenues has established Jumbo as a leading ecommerce and online retailing company"



"Over the past year Jumbo has succeeded in making more sales and attracting more new customers than the previous 3 years combined"



"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"

Jumbo Corporation Ltd

Level 8 Riverside Centre
123 Eagle Street,
Brisbane QLD 4000
Australia

Ph: +61 7 3831 3705
Fx: +61 7 3831 9720
Web: www.jumbocorporation.com