

ASX RELEASE – Tuesday, 1 March 2011

Subsidiary Deed of Company Arrangement



- \$500,000 CASH CONTRIBUTION OFFERED TO CREDITORS OF SUBSIDIARY (MANACCOM PTY LTD) IN A DEED OF COMPANY ARRANGEMENT.
- RETURN OF UP TO 100c IN THE DOLLAR EXPECTED TO CREDITORS.
- ADMINISTRATOR RECOMMENDS CREDITORS ACCEPT DEED OF COMPANY ARRANGEMENT.
- 7 MARCH 2011 CREDITORS VOTE
- NO EFFECT ON INTERNET LOTTERY BUSINESS

As part of the process to close its underperforming division and increase the focus on its successful Internet Lottery business, Jumbo Interactive Limited (ASX: "JIN") has offered a cash contribution of \$500,000 to a fund to pay the unsecured creditors of its subsidiary (Manaccom Pty Ltd) that was placed into Voluntary Administration on 31 January 2011. To reduce the demands on this fund, and increase the return to independent creditors, related entities have agreed to stand aside from making claims on the fund for their debts.

If accepted at a creditors meeting on 7 March 2011, this proposal will bring to an end the process of closing its underperforming division.

Operations of the Internet Lotteries business are not affected.

This proposal is expected to provide all creditors a return of up to 100c in the dollar, and at worst 43c in the dollar, depending on the final outcome of the sale of assets and the final assessment of creditor claims.

Administrators for the subsidiary Company (Deloitte) have recommended that creditors accept this proposal at a creditors meeting to be held on 7 March 2011.

A further announcement will be made following the outcome of this creditors meeting.

The Company Section 439A Report to Creditors is available at the following link:

http://www.deloitte.com/view/en_AU/au/services/corporatereorganisation/businessesunderadmin/index.htm

Half-year results to December 2010

Jumbo Interactive has recently released its half-year results to December 2010 with the following highlights.

- 11% growth in Revenue to \$40 million
- 185% growth in Net Profit After Tax to \$3.3 million
- Strong balance sheet with \$10.2 million Cash At Bank.

The underperforming Software distribution business (Manacom Pty Ltd) that was placed in Voluntary Administration in January contributed a loss after tax of \$700,000 during the half-year period.

The sale of Star System Solutions in November 2010 contributed a once-off profit after tax of \$1.7 million in the half-year period.

The continuing Internet Lottery business contributed a net profit after tax of \$2.3 million from revenues of \$36 million for the half-year.

About Jumbo Interactive

In 2000, the Company sold its first lottery ticket on the Internet. In 2005 it made the leap into national lotteries with the acquisition of TMS Global Services Pty Ltd

and subsequently developed the successful OzLotteries.com website that is the backbone of the business today.

Thousands of Australians each day play their lucky numbers in their favourite lottery games using this safe, secure and innovative website based on technology that has been in constant development for over 10 years.

Just as travel, accommodation and car sales have made successful transitions to the Internet, lotteries are also going through an online transition and customers are finding the benefits offered by OzLotteries.com to be a very convenient way to purchase their regular lottery tickets.

Lottery sales have grown from strength to strength rising from \$25 million in 2008 to \$42 million in 2009 and \$66 million in 2010. This is driven by continuous website improvements in addition to various marketing initiatives that have opened up new Internet markets for lotteries.

OzLotteries.com plays an important role in the Australian lottery industry with over \$15 million in additional State Government revenue raised from sales in 2010.

As well as continuing its growth in Australia, the Company is actively pursuing opportunities overseas, in particular the AUD\$70 billion North American market and the AUD\$110 billion UK and European markets.

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