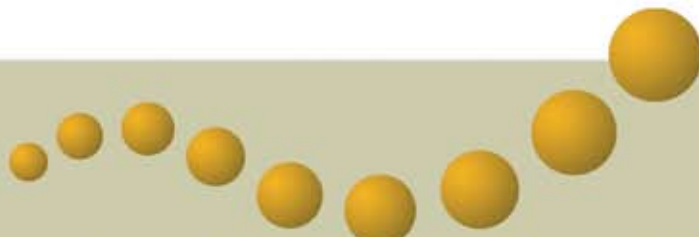


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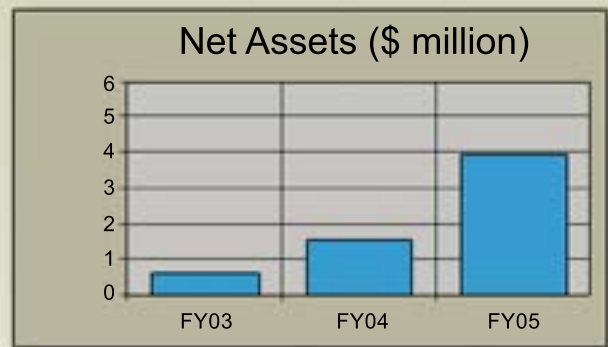
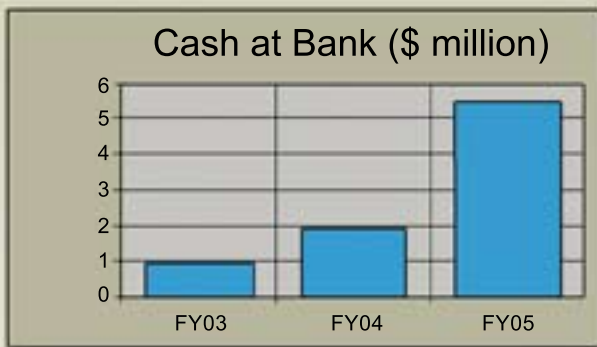
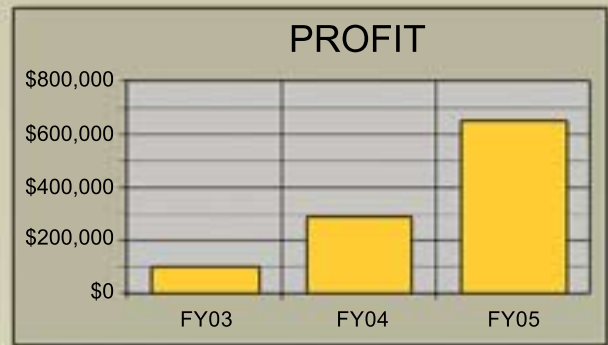
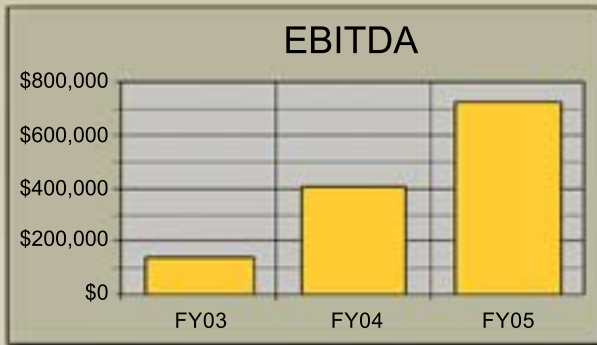
Annual Financial Report

For the year ended 30 June 2005



Jumbo Corporation Ltd

ABN 66 009 189 128



"The acquisition of TMS launches Jumbo into a new high growth industry - **Online Lotteries**.

This is an opportunity for Jumbo to apply its technical skill, customer database and 10 years online retailing experience".

Mike Veverka CEO



CORPORATE DIRECTORY

DIRECTORS

Alan Phillips (Chairman)
Mike Veverka (Chief Executive Officer)
David DeCampo (Executive Director of Gaming Activities)
Earl Evans (Non Executive Director)

COMPANY SECRETARY

Garry James Clark

REGISTERED OFFICE

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123 Eagle Street
Brisbane QLD 4000
Telephone: 07 3831 3705
Facsimile: 07 3831 9720

BANKERS

Westpac Banking Corporation
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

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BUSINESS OVERVIEW

What does Jumbo do?

Jumbo sells a variety of products online to customers around the world. The Internet has greatly improved many aspects of retailing and Jumbo has spent the last 10 years refining its product lines, software tools and marketing skills to convert these advances into profit. From the companies headquarters in the Brisbane CBD, the team of online retail marketing specialists, computer engineers and administration staff operate the various web sites (including www.jumbomall.com) used to market a line of goods that includes software, pharmacy goods and a variety of luxury items.

A key ingredient to Jumbo's success has been its proprietary "JumboStore" software (www.jumbostore.com). This software is continually enhanced to provide the necessary tools to stay ahead of competition. While many other online retailers rely on other software vendors to upgrade their software, Jumbo is able to enhance its systems in-house at any time.

Expansion into Online Lottery Retailing

In May 2005, Jumbo concluded a 9 month acquisition of TMS Global Services Pty Limited. This strategic move was the culmination of a 3 year search for a suitable company that could benefit from Jumbo's software and 10 years online retailing experience, as well as launch the company into a new high growth industry – online lotteries.

Jumbo already has 5 years experience in marketing smaller online lotteries and had developed the software and marketing experience necessary to be successful in this market. TMS now gives Jumbo access to the large and popular Australian weekly lottery games such as Powerball and Saturday Lotto with first division prizes up to \$30 million.

Online Lottery Retailing

TMS has signed 5 year agreements (expiring in 2010) with 2 key government-licensed lottery operators – the NSW Lotteries Corporation and Tattersalls' Limited. The NSW Lotteries Corporation is a government owned lottery operator in the state of New South Wales and Tattersalls' Limited is an Australian public company with a license to operate lotteries in the state of Victoria.

These agreements encourage TMS to sell popular Australian lottery products around the world. Lotteries are specifically permitted under the Australian Interactive Gaming Act which bans other forms of online gaming such as online casinos.

How does Jumbo market lotteries?

Jumbo currently sells Australian lottery products via its popular web site at www.ozlotteries.com as well as through a network of pacific islands. The www.ozlotteries.com web site was established in 2003 and is one of only a few web sites in the world selling government-licensed lotteries.

Customers are able to purchase tickets via the web sites' secure online payment system. The software is able to automate repeat purchases in upcoming draws according to the customers' wishes. Results are emailed to customers together with promotions for other products.

With the acquisition of TMS, Jumbo also acquired a network of traditional lottery retailing agents throughout a number of Pacific Islands including Fiji, the Cook Islands and Norfolk Island. Over the last 10 years, TMS has developed a proprietary software system and computer network that provides over 40 agents with terminals to sell the lottery games.

BUSINESS OVERVIEW Cont'd

Growth Strategy

The www.ozlotteries.com web site represents the greatest potential for growth in the years ahead as there are currently very few online lottery web sites selling government-licensed lottery products. The company has begun vigorously promoting this site to overseas customers.

Over the past 10 years, Jumbo's online retailing activities have accumulated over 300,000 paying online customers, 90% of which are overseas. This is an ideal base to cross-promote and marketing activities have commenced in this area.



Lottery	Jackpot	Next draw	Time until entries close
Daily Keno	AUD \$2,000,000.00	Mon 19th Sep 7:00pm*	7 hours, 12 minutes
Monday Lotto	AUD \$1,000,000.00	Mon 19th Sep 8:30pm*	7 hours, 12 minutes
Tuesday OzLotto	AUD \$1,000,000.00	Tue 20th Sep 8:30pm*	1 day, 7 hours
Wednesday Lotto	AUD \$500,000.00	Wed 21st Sep 8:30pm*	2 days, 7 hours
Thursday Powerball	AUD \$22,000,000.00	Thu 22nd Sep 8:30pm*	3 days, 8 hours
Saturday Lotto	AUD \$3,000,000.00	Sat 24th Sep 8:30pm*	5 days, 8 hours

* All times displayed in Australian Eastern Standard Time (AEST is GMT+10)

The OzLotteries web site at www.ozlotteries.com

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2005.

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

David DeCampo – Executive Director of Gaming Activities (appointed 27 June 2005)

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.

The Company Secretary is Mr Garry James Clark.

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.
- **TMS Global Services Pty Limited** (100% owned by Jumbo Corporation Limited). This company and its 100% owned subsidiaries are the main operational entities for the lottery retailing activity described in the Business Overview section of this report. The 100% owned subsidiaries include TMS Global Services (NSW) Pty Limited (ACN 104 546 885) and TMS Global Services (VIC) PTY Limited (ACN 113 337 358).
- **Dealer Dan Pty Limited** (100% owned by Jumbo Corporation Limited). This company was involved in online retailing of computer hardware but is currently not operational.
- **Building Site Services (Aust) Pty Limited** (70% owned by Jumbo Corporation Limited). This company ceased operations in 2004 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 purchased 100% of TMS Global Services Pty Limited to focus on online lottery retailing as described in the Business Overview.

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 amounted to \$630,371.

Dividends Paid or Recommended

No dividends have been paid or provided for on ordinary shares during the year ended 30 June 2005 (30 June 2004 – Nil)

DIRECTORS' REPORT Cont'd

REVIEW OF OPERATIONS

Third Year of Profit Growth

Jumbo Corporation Limited recorded its third year of profit growth for the 12 months ending June 2005. This is a result of improved online marketing techniques, growth of the customer database and improvements made to the core secure ecommerce software. The acquisition of TMS Global Services Pty Limited in May 2005 also contributed 1 month of revenue and profit to the consolidated group.

Revenues decreased 6.5% to \$7.2 million and EBITDA increased 94% to \$720,083 in the 12 months to June 30, 2005. The financial position has strengthened with cash levels at \$5.4 million and net assets at \$3.9 million. The small decrease in revenue is attributable to an intentionally higher average sale price resulting in a higher profit margin.

Summarized operating results are as follows:

	FY05	FY04
Revenue	\$7.2 million	\$7.7 million
EBITDA (Earnings before Interest, Tax, Depreciation and Amortization)	\$720,083	\$400,033
Operating Profit / (Loss) after income tax attributable to members of the company.	\$630,371	\$289,705

Financial Position

The following table highlights the strengthening financial position over the last 3 years.

	FY05	FY04	FY03
Cash	\$5.4 million	\$1.9 million	\$0.9 million
Total Assets	\$11.5 million	\$3.4 million	\$1.7 million
Total Liabilities	\$7.6 million	\$2.1 million	\$1.1 million
Net Assets	\$3.9 million	\$1.2 million	\$0.6 million

DIRECTORS' REPORT Cont'd

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 October 5, 2004 the company issued 17,993,523 ordinary shares at 1.389c, each with a bonus option with a conversion price of 1.389c to sophisticated investors in satisfaction of the 250,000 convertible notes at \$1 each that raised \$250,000 to assist with the Global Approach acquisition in the prior year.
- ii. On October 22, 2004 the company issued a further 17,993,523 ordinary shares at 1.389c to sophisticated investors following the conversion of the bonus options. This resulted in an additional \$250,000 of capital to the company.
- iii. On October 29, 2004 the company issued 1,000,000 ordinary shares in satisfaction of debts.
- iv. On May 19, 2005 the company issued 59,700,000 ordinary shares at 2.6c and 5,000,000 options exercisable at 4c per share on or before 19 May 2007 to vendors of TMS Global Services Pty Limited as part consideration for the acquisition of that company.
- v. On May 13, 2005 the company issued 135,135 ordinary shares in satisfaction of debts.
- vi. On June 3, 2005 the company issued 750,000 ordinary shares as a sign-on bonus to new TMS employees.

Changes in controlled entities and divisions:

- i. Purchase of 100% of TMS Global Services Pty Limited.
- i. Sale of 100% of Online Computing Australia Pty Limited Corporate Trading Co Pty Ltd for \$100. This entity was not operational.

After Balance Date Events

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

Future Developments

The directors foresee that the 2006 financial year will be a period of consolidation and integration of the newly acquired TMS Global Services Pty Limited. Efforts will be made to capitalise on the opportunities that the acquisition brings and to derive cost savings from the combined entities.

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 Limited (Chairman), Intercoast 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	—	73,748,572 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	—	1,000,000 Ordinary Shares in Jumbo Corporation Limited.
David DeCampo	—	Executive Director of Gaming Activities
Qualifications and Experience	—	<p>David DeCampo is the current CEO of TMS Global Services Pty Limited which was recently acquired by Jumbo. Mr DeCampo is formerly a Chairman and Director of Canbet (ASX:CBT) for 4 years as well as several other directorships of public and private companies. Prior to that, he has held senior management roles in large telecommunications companies including Lucent, Hewlett Packard and Telstra.</p>
Interest in Shares	—	2,000,000 Ordinary Shares in Jumbo Corporation Limited.

DIRECTORS' REPORT Cont'd

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Jumbo Corporation Limited and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Jumbo Corporation Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entity's financial results. The board of Jumbo Corporation Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board after seeking professional advice from independent external consultants. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives. The board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the economic entity's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Performance Based Remuneration

As part of each executive director and executives remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with directors/executives to ensure buy-in. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. The KPIs target areas the board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

DIRECTORS' REPORT Cont'd

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Jumbo Corporation Limited bases the assessment on audited figures, however, where the KPI involves comparison of the group or a division within the group to the market, independent reports are obtained from organisations such as Standard & Poors.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. There have been two methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy to have been effective in increasing shareholder wealth over the past four years.

The following table shows the gross revenue and profits for the last 3 years for the listed entity, as well as the share price at the end of the respective financial years. The improvement in the company's performance over the last three years has been reflected in the company's share price with an increase each year. The board is of the opinion that these results can be attributed in part to the previously described remuneration policy and is satisfied that this continued improvement has led to increased shareholder wealth over the past 3 years.

	FY03	FY04	FY05
Revenue	\$2.8 mil	\$7.7 mil	\$7.2 mil
Net Profit	\$101,677	\$289,705	\$630,371
Share Price at Year-end	1.2c	1.8c	5.8c

Details of Remuneration for Year Ended 30 June 2005

The remuneration for each director of the consolidated entity was as follows:

	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Options	Total
	\$	\$	\$	\$	\$	\$
Directors						
Mike Veverka	155,398	nil	nil	nil	nil	155,398
Alan Phillips	93,000	nil	nil	nil	nil	93,000
Earl Evans	30,000	nil	nil	nil	nil	30,000
David DeCampo (1 month)	9,194	nil	nil	nil	nil	9,194
	287,592	nil	nil	nil	nil	287,592

DIRECTORS' REPORT Cont'd

Shareholdings

	Balance 1.7.04	Net Change Other*	Balance 30.6.05
Parent Entity Directors			
Alan Phillips	4,000,000	-	4,000,000
Mike Veverka	74,067,787	(319,215)	73,748,572
Earl Evans	3,000,000	(2,000,000)	1,000,000
David DeCampo	-	2,000,000	2,000,000

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
David De Campo	1	1

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.

DIRECTORS' REPORT Cont'd

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

During the year, 5,000,000 options exercisable at 4.0c expiring 18/05/07 were issued to vendors of TMS Global Services Pty Limited as part payment for the 100% acquisition of that company.

During the year, then number of options granted under the Employee Option Plan was reduced to 1,750,000 options exercisable at 5.0c expiring 5th June 2006.

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.

Auditors' Independence

The auditor's independence declaration for the year ended 30 June 2005 has been received and can be found on page 12 of the Directors' report.

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



Mike Veverka

Director

Dated this 29th day of September 2005

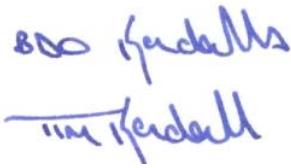
AUDIT INDEPENDENCE DECLARATION

To the best of my knowledge and belief, there have been no contraventions of:

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

BDO Kendalls

Chartered Accountants



T. KENDALL

Partner

Brisbane, Australia

29 September 2005

CORPORATE GOVERNANCE STATEMENT

Introduction

The ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period.

This statement summarises our corporate governance practices. It is structured along the same lines as the Council's guidelines, with sections dealing in turn with each of the Council's 10 corporate governance principles. The various codes, policies and charters referred to in this statement are all posted on the Jumbo website, www.jumbocorporation.com, and shareholders and other interested readers are welcome to refer to them. The Board will keep its corporate governance practices under review.

1. Lay solid foundations for management and oversight

The ASX Corporate Governance Council states that a Company should "Recognise and publish the respective roles and responsibilities of board and management." Jumbo has adopted a formal Board Charter that sets out the functions reserved to the board and those delegated to the CEO.

Specifically the board is responsible for:

- Oversight of the Company, including its control and accountability systems;
- Appointing, monitoring, managing the performance of, and if necessary terminating (the employment of) the Chief Executive Officer;
- Ratifying the appointment and, if necessary, terminating (the employment) of the chief financial officer and the Company secretary;
- Input, assessment, appraisal and final approval of management's development of corporate strategy and performance objectives;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- Monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available to undertake those strategies;
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- Approving and monitoring financial and other reporting (including audit matters); and
- Recruitment, remuneration, performance review and succession plans for the Company Board.

The Board has delegated responsibilities and authorities to management to enable management to conduct the Company's day to day activities. Matters which exceed certain defined authority limits require Board approval.

2. Structure the Board to add Value

The ASX Corporate Governance Council states that a Company should "Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties." Jumbo's board is so structured, and its directors have adequately discharged their responsibilities and duties to the benefit of shareholders.

The Board comprises two non-executive Directors and two executive directors, including the CEO. A fundamental requirement for the Jumbo board is a deep understanding of business management and financial markets. All board members meet this requirement, and bring a diverse range of skills, and backgrounds. The experience and qualifications of each Board member and their terms of office are set out on page 8. All Directors, apart from the CEO, are subject to re-election by rotation within every three years.

Independence

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 Earl Evans meets this criteria. Mike Veverka is considered not to be independent because he is a substantial shareholder in Jumbo Corporation Limited (i.e. holds more than 5% as defined in Section 9 of the Corporations Act 2001). Alan Phillips and David DeCampo are considered not to be independent because they consult to the Company.

CORPORATE GOVERNANCE STATEMENT Cont'd

Director Access to Independent Professional Advice

Jumbo Directors may also seek external professional advice at the expense of the Company on matters relating to their role as directors of Jumbo. However, they must first request approval from the Chairman, which must not be reasonably withheld. If withheld then it becomes a matter for the whole board.

Board Committees

The Jumbo Board has not established an Audit, Remuneration or Nomination Committee. The full Board consists of only 4 Directors and has formed the view that it is more efficient for the board as whole to deal with these functions. To ensure the integrity of these functions the board has included reference to these in the board charter and put in place measures discussed below.

3. Promote ethical and responsible decision making

The ASX Corporate Governance Council states that a Company should, "Actively promote ethical and responsible decision making". Jumbo has formally adopted a Code of Conduct. The Code of Conduct is based on respect for the law and acting accordingly, dealing with conflicts of interest appropriately, and ethical matters such as acting with integrity, exercising due care and diligence in fulfilling duties, acting in the best interests of the Company and respecting the confidentiality of all confidential information.

Jumbo also has documented share trading policy for Directors and Executives. The policy prohibits 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. It specifies periods for transactions which broadly includes within one month of results announcements, reports and general meetings and any period where a prospectus has been issued.

4. Safeguard integrity in financial reporting

The ASX Corporate Governance Council states that a Company should, "Have a structure to independently verify and safeguard the integrity of the Company's financial reporting." Jumbo believes that it has appropriate measures in place which includes the management accounts being prepared by an external firm (which is independent of the Company and the external auditor), the CEO and Company Secretary providing letters of assurance to the board for the accounts, engagement of an external auditor, rotation of the engagement audit partner, and a Company risk management plan in place.

5. Make timely and balanced disclosure

The ASX Corporate Governance Council states that a Company should, "Promote timely and balanced disclosure of all material matters concerning the Company." Jumbo is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an informed market. In accordance with continuous disclosure requirements under the ASX Listing Rules, the Company has documented procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner, in addition to changes in Directors' interests in the Company.

6. Respect the rights of shareholders

The ASX Corporate Governance Council states that a Company should, "Respect the rights of shareholders and facilitate the effective exercise of those rights". In addition to a documented procedure for continuous disclosure, Jumbo has a website which provides access to all recent ASX announcements, recent disclosure documents (e.g. prospectuses, notice of meeting explanatory memorandums, annual reports) and key contact details. Shareholders meetings also represent a good opportunity for shareholders to meet with the board of Jumbo.

7. Recognise and manage risk

The ASX Corporate Governance Council states that a Company should, "Establish a sound system of risk and oversight and management and internal control". Jumbo maintains documented policies for identifying, assessing and monitoring risk. The Company operates from one location and maintains a dynamic matrix of key risks, ranked for their likelihood and impact, and risk control measures. Some of these measures include a formal authority limits document for management to operate within, a compliance table setting out the company's

CORPORATE GOVERNANCE STATEMENT Cont'd

obligations and how they are executed, and an IT plan. The CEO and the Company Secretary state in writing annually to the board that to the best of their knowledge the integrity of the risk and compliance systems is in place in all material respects.

8. Encourage enhanced performance

The ASX Corporate Governance Council states that a Company should, "Fairly review and actively encourage enhanced board and management effectiveness." Jumbo provides new directors with a comprehensive letter on appointment which provides clear guidance on what input is required, and includes materials to assist with an induction to the Company. The performance of the Jumbo board is reviewed periodically in a written format. Each Director is asked to complete a prepared evaluation form ranking performance against relevant agreed competencies.

9. Remunerate fairly and responsibly

The ASX Corporate Governance Council states that a Company should, "Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined". A discussion about the Jumbo policy, along with all remuneration for Directors and executives can be found in the Directors' report on page 9.

10. Recognise the legitimate interests of stakeholders

The ASX Corporate Governance Council states that a Company should, "Recognise legal and other obligations to legitimate stakeholders". Jumbo has a responsibility to shareholders and the wider financial community. Jumbo has a variety of measures in place to support this principle, including the Code of Conduct for compliance (with ethical and legal responsibilities), a compliance plan, a continuous disclosure policy, and a share trading policy.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Note	Economic Entity		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Revenues from ordinary activities	2	7,229,007	7,744,052	1,539,540	23,521
Cost of goods sold	3	(4,193,958)	(5,141,200)	-	-
Gross Profit		3,035,049	2,602,852	-	-
Depreciation expense	3	(27,024)	(14,179)	-	-
Amortisation expense	3	(40,269)	(68,837)	(33,750)	(79,500)
Borrowing costs expense	3	(22,419)	(27,312)	(16,774)	-
Salaries and employee benefits expense	3	(383,124)	(312,274)	-	-
Directors Remuneration	3	(287,592)	(199,443)	-	-
Consultancy fees	3	(163,996)	(496,671)	(3,898)	(25,801)
Marketing costs	3	(254,840)	(103,091)	-	-
Other expenses from ordinary activities	3	(1,220,414)	(1,067,896)	(193,887)	(148,223)
Carrying value of assets disposed	3	(5,000)	(23,444)	-	-
Profit from ordinary activities before income tax expense		630,371	289,705	1,291,231	(230,003)
Income tax expense relating to ordinary activities	4	-	-	-	-
Profit from ordinary activities after related income tax expense		630,371	289,705	1,291,231	(230,003)
Net profit attributable to members of Jumbo Corporation Limited		630,371	289,705	1,291,231	(230,003)
Basic earnings per share (cents per share)	7	0.24 c	0.13 c		
Diluted earnings per share (cents per share)	7	0.24 c	0.13 c		

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Note	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
CURRENT ASSETS					
Cash assets	8	5,483,633	1,928,239	419,383	113,856
Receivables	9	582,413	424,528	106,025	63,750
Inventories	10	10,306	5,100	-	-
TOTAL CURRENT ASSETS		6,076,352	2,357,867	525,408	177,606
NON-CURRENT ASSETS					
Other financial assets	11	1,500,000	62,300	1,500,000	62,300
Receivable from related party	9	-	-	366,819	-
Interests in controlled entities	12	-	-	3,860,581	-
Property, plant and equipment	13	407,049	31,934	-	-
Intangible assets	14	2,825,044	270,000	262,286	270,000
Other assets	15	700,549	705,549	700,549	705,549
TOTAL NON-CURRENT ASSETS		5,432,642	1,069,783	6,690,235	1,037,849
TOTAL ASSETS		11,508,994	3,427,650	7,215,643	1,215,455
CURRENT LIABILITIES					
Payables	16	4,701,817	2,170,687	228,000	281,794
Interest-bearing liabilities	17	826,666	-	826,666	-
Provisions	18	173,421	16,329	-	-
TOTAL CURRENT LIABILITIES		5,701,904	2,187,016	1,054,666	281,794
NON-CURRENT LIABILITIES					
Payables	16	175,000	-	175,000	-
Interest-bearing liabilities	17	1,673,334	-	1,673,334	-
TOTAL NON-CURRENT LIABILITIES		1,848,334	-	1,848,334	-
TOTAL LIABILITIES		7,550,238	2,187,016	2,903,000	281,794
NET ASSETS		3,958,756	1,240,634	4,312,643	933,661
EQUITY					
Contributed equity	19	23,182,343	21,094,592	23,182,343	21,094,592
Retained losses	20	(19,223,587)	(19,853,958)	(18,869,700)	(20,160,931)
TOTAL EQUITY		3,958,756	1,240,634	4,312,643	933,661

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Note	Economic Entity		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		7,270,739	7,576,713	(173,356)	-
Payments to suppliers and employees		(5,167,337)	(6,575,947)	-	(34,172)
Interest received		45,487	10,339	13,837	8,956
Borrowing costs		(43,066)	-	(72,758)	-
Net cash provided by (used in) operating activities	23	2,105,823	1,011,105	(232,277)	(25,216)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(39,895)	(3,866)	-	-
Purchase of investments		-	(555,549)	(2,300,400)	(555,549)
Cash acquired on acquisition of subsidiary		131,916	-	-	-
Funds placed on deposit		(1,437,700)	(8,244)	(1,437,700)	(8,244)
Advances from related parties		-	-	1,490,703	-
Proceeds from sale of assets		35,000	-	35,000	-
Net cash provided by (used in) investing activities		(1,310,679)	(567,659)	(2,212,397)	(563,793)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		250,201	620,000	250,201	620,000
Repayment of directors loan		13,649	(290)	-	-
Proceeds from borrowings		2,500,000	-	2,500,000	-
Advancement of loan		(3,600)	-	-	-
Net cash provided by (used in) financing activities		2,760,250	619,710	2,750,201	620,000
Net increase in cash held		3,555,394	1,063,156	305,527	30,991
Cash at 1 July 2004		1,928,239	865,083	113,856	82,865
Cash at 30 June 2005	8	5,483,633	1,928,239	419,383	113,856

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

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 12 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.

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. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	40%
Leased plant and equipment	30%

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. 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.

h. 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.

i. 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 24 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.

j. 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.

k. 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).

l. 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

m. **Comparative Figures**

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

n. **Impact of Adoption of Australian Equivalents to International Financial Reporting Standards**

The company is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the economic entity's and the parent entity's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The economic entity's management, with the assistance of external consultants, has assessed the significance of the expected changes and is preparing for their implementation. An AIFRS committee is overseeing and managing the economic entity's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the economic entity's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements changes from the continuing work of the economic entity's AIFRS committee.

i. **Impairment of Assets**

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

The economic entity has reassessed its impairment testing policy and tested all assets for impairment as at 1 July 2005. The impact of the change is estimated to be \$0 (parent: \$0), being a reduction in property, plant and equipment, partly offset by a \$0 reduction in deferred tax liabilities. The resulting net adjustment to retained earnings at 30 June 2005 is \$0 (parent: \$0). The resulting adjustment to property, plant and equipment is due to lower expected growth in the market for certain products lines relating to economic entity's manufacturing business segment.

ii. **Goodwill on Consolidation**

Under AASB 3: Business Combinations, goodwill is capitalised to the statement of financial position and subjected to an annual impairment test. Amortisation of goodwill is prohibited. Current accounting policy of the entity is to amortise goodwill on a straight-line basis over a period of 20 years.

NOTES Cont'd

Impairment testing as at 1 July 2005 confirmed no impairment of the \$3,686,355 goodwill less accumulated amortisation of \$888,555 as disclosed in the economic entity's financial statements at 30 June 2005. The previously amortised goodwill of \$106,780 will, therefore, be reversed resulting in a corresponding increase of \$67,500 in retained earnings at 1 July 2004 and an increase in profit amounting to \$39,280 for the year ended 30 June 2005.

iii. 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 AASB 112: Income Taxes, the 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. The impact is not expected to be material.

iv. Website Development Costs

Under AIFRS, the economic entity's website development assets will be reclassified from property, plant and equipment to intangible assets. This will not result in any change to the reported results however, intangibles will increase by \$304,436 and property, plant and equipment will decrease by \$304,436.

	Economic Entity 2005 \$000	Parent Entity 2005 \$000
Reconciliation of Net Profit		
Net profit reported under Australian Accounting Standards	630,371	1,291,231
Key transitional adjustments:		
— Recognition of impairment loss (i)	-	-
— Reversal of amortisation of goodwill (ii)	39,280	33,750
Total transitional adjustments	39,280	33,750
Net profit under AIFRS	669,651	1,324,981
Reconciliation of Equity		
Total equity reported under Australian Accounting Standards	3,958,756	4,312,643
Retrospective adjustments to equity at 1 July 2004:		
— Reversal of amortisation of goodwill (i)	67,500	67,500
	67,500	67,500
Increase in current year profit resulting from transition to AIFRS	39,280	33,750
Total equity under AIFRS	4,065,536	4,413,893

NOTES Cont'd

NOTE 2: REVENUE

	Note	Economic Entity		Parent Entity		
		2005 \$	2004 \$	2005 \$	2004 \$	
Operating activities						
—		Jumbo mall commissions	2,170,099	4,035,066	-	-
—		Other commissions	449,386	359,133	-	-
—		Revenue from sale of goods	55,003	494,596	-	-
—		Licensing Income	3,485,192	2,456,366	-	-
—		Revenue from services	55,153	281,283	-	-
—		Revenue from online lottery	928,581	-	-	-
			<u>7,143,414</u>	<u>7,626,444</u>	-	-
Non-operating activities						
—		Rental income	-	8,431	-	-
—		Interest Received – other persons/corporations	45,487	10,339	13,837	8,956
—		Revenue from sale of shares	35,000	-	35,000	-
—		Debts Forgiven	-	82,807	1,490,703	-
—		Other revenues	5,106	16,031	-	14,565
			<u>85,593</u>	<u>117,608</u>	<u>1,539,540</u>	<u>23,521</u>
Total Revenue			<u>7,229,007</u>	<u>7,744,052</u>	<u>1,539,540</u>	<u>23,521</u>

NOTES Cont'd

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

	Note	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
Profit from ordinary activities before income tax has been determined after					
a. Expenses					
Cost of sales					
—		1,509,240	472,358	-	-
—		2,684,718	4,668,842	-	-
Borrowing costs expensed					
—		17,030	27,312	17,030	-
—		5,389	-	5,389	-
Depreciation of non-current assets:					
—		27,024	14,179	-	-
Amortisation of non-current assets:					
—		989	1,337	-	-
—		39,280	67,500	33,750	79,500
Salaries and employee benefits expense					
—		342,748	290,664	-	-
—		26,941	23,007	-	-
—		13,435	(1,397)	-	-
Consultancy Fees					
—		26,941	27,870	3,898	25,801
—		137,055	468,801	-	-
Directors remuneration					
		287,592	199,443	-	-
Marketing costs					
—		38,668	73,318	-	-
—		6,703	29,773	-	-
—		209,469	-	-	-

NOTES Cont'd

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

	Note	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
Other expenses from ordinary activities					
— Bad and doubtful debts		304	21,673	-	-
— Operating lease rental		117,168	95,214	-	-
— Auditors remuneration		29,350	62,834	29,000	62,804
— Accountancy fees		48,934	37,049	6,455	-
— Bank merchant fees		613,564	483,972	-	-
— ASX fees		46,625	23,212	46,625	23,212
— Capital raising costs		15,000	18,480	15,000	18,480
— Software licensing		29,075	118,897	-	-
— Other		325,394	206,565	96,807	43,727
Total costs:		6,598,636	7,430,903	248,309	253,524
b) Losses					
Disposal of assets		-	23,444	-	-

NOTES Cont'd

NOTE 4: INCOME TAX EXPENSE

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
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% (2004: 30%)				
— economic entity	189,111	86,912	-	-
— Parent entity	-	-	387,369	(69,001)
Add:				
Tax effect of:				
— non-deductible depreciation and amortisation	11,784	23,850	10,125	23,850
— other non-allowable items	8,536	7,500	-	-
Less: Tax effects of:				
— write-downs to recoverable amounts	-	(5,284)	(447,211)	-
	209,431	112,978	(49,717)	(45,151)
Recoupment of prior year tax losses not previously brought to account	(209,431)	(112,978)	-	-
Future income tax benefits not brought to account	-	-	49,717	45,151
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	754,841	964,272	312,818	263,101
	755,618	965,049	312,818	263,101

NOTES Cont'd

NOTE 5: AUDITORS' REMUNERATION

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report – Ernst Young	-	31,834	-	31,834
— auditing or reviewing the financial report – BDO Kendalls	29,350	31,000	29,000	31,000
— other services	-	-	-	-

NOTE 6: DIVIDENDS

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
No dividends have been paid or provided for on ordinary shares during the year ended 30 June 2005 (30 June 2004 – Nil)	-	-	-	-

NOTE 7: EARNINGS PER SHARE

	Economic Entity	
	2005	2004
	\$	\$
a. Reconciliation of earnings to net profit or loss		
Net profit	630,371	289,705
Net profit attributable to outside equity interest	-	-
Earnings used in the calculation of basic EPS	630,371	289,705
Dividends on converting preference shares	-	-
Earnings used in the calculation of dilutive EPS	630,371	289,705
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	258,601,189	218,929,161
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	258,601,189	218,929,161

NOTES Cont'd

NOTE 8: CASH ASSETS

	Note	Economic Entity		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Cash at bank		5,483,633	1,928,239	419,383	113,856

NOTE 9: RECEIVABLES

		2005	2004	2005	2004
		\$	\$	\$	\$
CURRENT					
Trade debtors		229,314	16,372	-	-
Provision for doubtful debts		-	-	-	-
		<u>229,314</u>	<u>16,372</u>	<u>-</u>	<u>-</u>
Sundry debtors		22,259	-	-	-
Receivable from sale of shares in Kringle Pty Ltd		63,750	63,750	63,750	63,750
Amounts receivable from:					
— other than related parties		267,090	330,757	42,275	-
— directors and related entities	9a	-	13,649	-	-
		<u>582,413</u>	<u>424,528</u>	<u>106,025</u>	<u>63,750</u>
NON-CURRENT					
Amounts receivable from:					
Related parties					
		-	-	1,803,841	2,966,184
Less provision for non-recovery					
		-	-	(1,437,022)	(2,966,184)
		<u>-</u>	<u>-</u>	<u>366,819</u>	<u>-</u>

a. Specified Directors and Specified Executives' Loans

	Balance 1.7.04	Interest Charged	Interest Not Charged	Allowance for Doubtful Debts	Balance 30.6.05	Number of Individuals
	\$	\$	\$	\$	\$	
Mike Veverka						
2005	13,649	0	0	0	0	1

NOTES Cont'd

NOTE 10: INVENTORIES

	Note	Economic Entity		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
CURRENT					
Finished goods at cost		10,306	5,100	-	-

NOTE 11: OTHER FINANCIAL ASSETS

	2005	2004	2005	2004
	\$	\$	\$	\$
NON-CURRENT				
Term Deposit	1,500,000	62,300	1,500,000	62,300

NOTE 12: CONTROLLED ENTITIES

a. Controlled Entities

	Country of Incorporation	Percentage Ownership		Carrying Value of Investment	
		2005	2004	2005	2004
				\$	\$
Benon Technologies Pty Ltd	Australia	100%	100%	10,400,000	10,400,000
Provision for write down				(10,400,000)	(10,400,000)
Editson Pty Ltd	Australia	100%	100%	160,000	160,000
Provision for write down				(160,000)	(160,000)
TMS Global Services Pty Ltd	Australia	100%	0%	3,860,581	-
Provision for write down				-	-
Building Site Services (Aust) Pty Ltd	Australia	70%	70%	160,150	160,000
Provision for write down				(160,150)	(160,000)
Dealer Dan Pty Ltd	Australia	100%	100%	6	6
Provision for write down				(6)	(6)
Online Computing Australia Pty Ltd	Australia	100%	100%	12,000	12,000
Provision for write down				(12,000)	(12,000)
Total carrying value of investment in controlled entities				3,860,581	-

b. Controlled Entities Acquired

On the 1st June 2005 the parent entity acquired 100% of TMS Global Services Pty Ltd for a purchase consideration of \$3,860,581.

NOTES Cont'd
NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
PLANT AND EQUIPMENT				
Plant and equipment				
At cost	1,269,668	127,326	-	-
Accumulated depreciation	(865,965)	(99,727)	-	-
	403,703	27,599	-	-
Leasehold improvements				
Leased plant and equipment	21,600	21,600	-	-
Accumulated depreciation	(18,254)	(17,265)	-	-
	3,346	4,335	-	-
Total Property, Plant and Equipment	407,049	31,934	-	-

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	Leased Plant	Total
	Equipment	and Equipment	
	\$	\$	\$
Economic Entity:			
Balance at the beginning of year	27,599	4,335	31,934
Additions	39,895	-	39,895
Additions through acquisitions	363,233	-	363,233
Depreciation expense	(27,024)	(989)	(28,013)
Carrying amount at the end of year	403,703	3,346	407,049

NOTES Cont'd

NOTE 14: INTANGIBLE ASSETS

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Borrowing Costs	27,244	-	26,036	-
Goodwill at cost	3,686,355	337,500	337,500	337,500
Accumulated amortisation	(888,555)	(67,500)	(101,250)	(67,500)
	<u>2,825,044</u>	<u>270,000</u>	<u>262,286</u>	<u>270,000</u>
Intellectual Property	20,090	20,090	-	-
Accumulated amortisation	(20,090)	(20,090)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,825,044</u>	<u>270,000</u>	<u>262,286</u>	<u>270,000</u>

NOTE 15: OTHER ASSETS

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
NON-CURRENT				
Shares in Listed companies at cost	700,549	705,549	700,549	705,549
Market value of listed shares	603,500	726,649	603,500	726,649

NOTE 16: PAYABLES

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
CURRENT				
Trade creditors	4,207,288	1,649,854	-	460
Payables - other	196,400	-	200,000	-
Convertible notes	-	250,000	-	250,000
Sundry creditors and accrued expenses	298,129	270,833	28,000	31,334
	<u>4,701,817</u>	<u>2,170,687</u>	<u>228,000</u>	<u>281,794</u>
NON-CURRENT				
Payables to director related parties	75,000	-	75,000	-
Payable - other	100,000	-	100,000	-
	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>-</u>

NOTES Cont'd

NOTE 17: INTEREST BEARING LIABILITIES

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
CURRENT				
Bank loans	826,666	-	826,666	-
	<u>826,666</u>	<u>-</u>	<u>826,666</u>	<u>-</u>
NON-CURRENT				
Bank loans	1,673,334	-	1,673,334	-
	<u>1,673,334</u>	<u>-</u>	<u>1,673,334</u>	<u>-</u>

NOTE 18: PROVISIONS

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
CURRENT				
Fringe benefits tax	(59)	-	-	-
Employee entitlements	113,480	16,329	-	-
Other	60,000	-	-	-
	<u>173,421</u>	<u>16,329</u>	<u>-</u>	<u>-</u>
a. Number of employees at year-end	20	6	-	-

NOTE 19: CONTRIBUTED EQUITY

Note	Economic Entity		Economic Entity	
	Number of shares		\$	
	2005	2004	2005	2004
321,337,408 (2004:223,765,227) fully paid ordinary shares	321,337,408	223,765,227	23,182,343	21,094,592

NOTES Cont'd

a. Ordinary shares

At the beginning of the reporting period

	223,765,227	198,765,227	21,094,592	20,724,592
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Shares issued during the year

— 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
— On 5 October 2004 as a private placement for the Global Approach acquisition	17,993,523	-	250,100	
— On 22 October 2004 as a private placement for the Global Approach acquisition	17,993,523	-	250,101	-
— On 29 October 2004 as satisfaction of debts	1,000,000	-	16,000	-
— On 13 May 2005 as satisfaction of debts	135,135	-	5,000	-
— On 19 May 2005 as a private placement for the TMS acquisition	59,700,000	-	1,552,000	-
— On 3 June 2005 as a private placement for TMS employees	750,000	-	30,000	-
Acquisition costs	-	-	(15,450)	-
	<u>321,337,408</u>	<u>223,765,227</u>	<u>23,182,343</u>	<u>21,094,592</u>

b. Options

On 19 May 2005, 5,000,000 options were issued for the acquisition of TMS Global Services Pty Ltd. These options have a conversion price of 4.0c and an expiry date of 19 May 2007 and are unlisted.

On 13 May 2005, 6,000,000 employee options lapsed and 1,250,000 employee options were granted. These options have a conversion price of 5.0c and an expiry date of 5 June 2006.

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 24.

NOTES Cont'd

NOTE 20: ACCUMULATED LOSSES

Note	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Accumulated losses at the beginning of the financial year	(19,853,958)	(20,032,095)	(20,160,931)	(19,930,928)
Outside equity interests purchased by parent	-	(111,567)	-	-
Net profit/(loss) attributable to the members of the parent entity	630,371	289,705	1,291,231	(230,003)
Retained profits at the end of the financial year	(19,223,587)	(19,853,958)	(18,869,700)	(20,160,931)

NOTE 21: CAPITAL AND LEASING COMMITMENTS

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
b. Operating Lease Commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable				
— Not later than 1 year	126,324	115,996	126,324	115,996
— Later than 1 year but not later than 3 years	252,648	231,992	252,648	231,992
	378,972	347,988	378,972	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 22: SEGMENT REPORTING

Primary Reporting – Business Segments										
	On-line Shopping Mall		On-line Lottery		Other		Eliminations		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
External sales	6,216,106	7,626,444	927,308	-	-	-	-	-	7,143,414	7,626,444
Other segments	-	23,444	-	-	85,593	94,164	-	-	85,593	117,608
Total segment revenue	6,216,106	7,649,888	927,308	-	85,593	94,164	-	-	7,229,007	7,744,052
RESULTS										
Segment results	789,341	544,167	40,502	-	1,291,231	(230,003)	(1,490,703)	-	630,371	289,705
ASSETS										
Segment assets	1,987,230	2,295,267	4,599,248	-	160	160	(2,293,287)	(83,232)	4,293,351	2,212,195
Unallocated assets	-	-	-	-	-	-	7,215,643	1,215,455	7,215,643	1,215,455
Total assets	1,987,230	2,295,267	4,599,248	-	160	160	4,922,356	1,132,223	11,508,994	3,427,650
LIABILITIES										
Segment liabilities	3,818,803	4,916,179	2,793,826	-	-	-	(1,965,391)	(3,010,957)	4,647,238	1,905,222
Unallocated liabilities	-	-	-	-	-	-	2,903,000	31,794	2,903,000	281,794
Total liabilities	3,818,803	4,916,179	2,793,826	-	-	-	937,609	(2,979,163)	7,550,238	2,187,016
OTHER										
Amortisation	-	1,841	5,530	-	33,750	67,500	-	-	39,280	67,500
Depreciation	13,367	16,509	14,646	-	-	-	-	-	28,013	15,516
Other non cash	-	21,673	-	-	-	-	-	-	-	21,673

NOTES Cont'd

NOTE 22: SEGMENT REPORTING

Business and Geographical Segments

Business Segments

The economic entity has the following four business segments:

- Online shopping mall, including online retailing, IT Services and Online Database.
- Online Lottery

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 23: CASH FLOW INFORMATION

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
a. Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax				
Profit from ordinary activities after income tax	630,371	289,705	1,291,231	(230,003)
Non-cash flows in profit from ordinary activities				
Amortisation	39,280	68,837	33,750	67,500
Depreciation	28,013	14,179	-	-
Write back of provision	-	-	(1,490,703)	-
Issue of shares with no cash consideration	51,000	-	51,000	-
Provision for employee entitlements	-	-	-	-
Share of associates losses	-	-	-	(14,565)
Gain on sale of non-current assets	(30,000)	-	(30,000)	-
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 acquisition costs	(15,450)	-	(15,450)	-
Decrease/(Increase) in trade receivables	122,218	67,861	-	75,000
Decrease/(Increase) in other receivables	(11,496)	(268,917)	(42,275)	75,600
Decrease/(Increase) in inventories	11,314	7,565	-	-
Increase/(decrease) in trade creditors	-	666,850	(3,794)	11,958
Increase/(decrease) in other creditors	-	216,833	-	(22,706)
Increase/(decrease) in borrowing costs	(26,036)	-	(26,036)	-
Increase/(decrease) in Payables	1,294,480	-	-	-
Increase/(decrease) in other provisions	12,129	(51,808)	-	-
Cash flow from operations	<u>2,105,823</u>	<u>1,011,105</u>	<u>(232,277)</u>	<u>(25,216)</u>

NOTES Cont'd

NOTE 23: CASH FLOW INFORMATION Cont'd

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
b. Acquisition of Entities				
During the year 100% of the controlled entity TMS Global Services Pty Ltd was acquired. Details of this transaction are:				
Purchase consideration	4,227,400	-	4,227,400	-
Cash consideration	2,675,400	-	2,675,400	-
Cash acquired on acquisition	(2,432,316)	-	-	-
Amount due under contract of sale	(375,000)	-	(375,000)	-
Cash outflow/(inflow)	(131,916)	-	2,300,400	-
Assets and liabilities held at acquisition date:				
Cash	2,432,316	-	-	-
Receivables	364,956	-	-	-
Acquired Goodwill	451,558	-	-	-
Inventories	16,519	-	-	-
Other Assets	1,208	-	-	-
Property, plant and equipment	363,234	-	-	-
Creditors	(1,372,917)	-	-	-
Provisions	(144,996)	-	-	-
	2,111,878	-	-	-
Goodwill on consolidation	2,115,522	-	-	-
	4,227,400	-	-	-

c. Non-cash Financing & Investing Activities

(i) Share Issue

59,700,000 ordinary shares were issued at 2.6c as part of the consideration for the purchase of TMS Global Services Pty Ltd.

(ii) Option Issue

5,000,000 options as part of the consideration for the purchase of TMS Global Services Pty Ltd.

NOTES Cont'd

NOTE 24: EMPLOYEE BENEFITS

Employees Share Option Arrangement

- i. On 13 May 2005, 6,000,000 share options were cancelled and 1,250,000 share options were granted to employees under the Jumbo Corporation Limited employee option plan resulting in a balance of 1,750,000 options granted. The options have an exercise price of 5.0c and 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 2005 was 5.8c (30th June 2004: 1.8c).

	Economic Entity		Parent Entity	
	2005 No.	2004 No.	2005 No.	2004 No.
a. Movement in the number of share options are as follows:				
Opening balance	6,500,000	6,500,000	6,500,000	6,500,000
Granted during year	6,250,000	-	6,250,000	-
Lapsed during year	(6,000,000)	-	(6,000,000)	-
Closing balance	6,750,000	6,500,000	6,750,000	6,500,000
b. Details of share options outstanding as at end of year:				
Grant Date	Expiry and Exercise Date	Exercise Price		
6 Jun 2001	5 June 2006	5c	-	5,750,000
29 Mar 2002	5 June 2006	5c	500,000	750,000
13 May 2005	5 June 2006	5c	1,250,000	-
19 May 2005	19 May 2007	4c	5,000,000	-
			6,750,000	6,500,000

NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events subsequent to the reporting date.

NOTES Cont'd

NOTE 26: 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 \$1,490,703 to Jumbo Corporation Limited reducing the loan to Benon Technologies Pty Limited to \$1,437,022. 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 \$77,216 (2004: \$83,232)

Advances by Jumbo Corporation Limited

- To Building Site Services (Aust) Pty Limited \$ - (2004: \$38,459)
- To Online Computing Australia Pty Limited \$16,000 (2004: \$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 \$96,758 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 Mr Veverka, a director of the company. This amount was repaid in 2005.

Parent Entity Directors

Alan Phillips	Chairman – Non-Executive
Mike Veverka	Chief Executive Officer
Earl Evans	Director – Non-Executive
David DeCampo	Executive Director of Gaming Activities

NOTES Cont'd
NOTE 27: 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						
	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	Weighted average effective interest rate
	\$	\$	\$	\$	\$	\$	%
30 June 2005							
(i) Financial assets							
Cash	5,483,633	-	-	-	-	5,483,633	4.4
Trade receivables	-	-	-	-	582,413	582,413	
Term deposits	-	-	1,500,000	-	-	1,500,000	5.55
Listed shares	-	-	-	-	700,549	700,549	
Total Financial Assets	5,483,633	-	1,500,000	-	1,282,962	8,266,595	
30 June 2004							
(i) Financial assets							
Cash	693,560	-	-	-	1,234,678	1,928,238	4.4
Trade receivables	-	-	-	-	410,879	410,879	
Term deposit	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	3,120,615	

NOTES Cont'd
NOTE 27: FINANCIAL INSTRUMENTS Cont'd

	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 2005							
(ii) Financial liabilities							
a) Current							
Payables	-	-	-	-	4,701,817	4,701,817	
Interest bearing liability	826,666	-	-	-	-	826,666	8.4
b) Non current							
Payables	175,000	-	-	-	-	175,000	
Interest bearing liability	1,673,334	-	-	-	-	1,673,334	8.5
Total Financial Liabilities	2,675,000	-	-	-	4,701,817	7,376,817	

	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							
(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						51,324	
Total Financial Assets	-	250,000	-	-	1,920,687	2,170,687	

NOTES Cont'd

27. 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 28: COMPANY DETAILS

The registered office of the company is:

Jumbo Corporation limited

Level 19, Riverside Centre, 123 Eagle Street, Brisbane. Qld 4000

The principal places of business are:

— Level 19, Riverside Centre, 123 Eagle Street, Brisbane. Qld 4000

— Level 1, 351 William Street, Melbourne. Vic 3000

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the Statements of Financial Performance, Position and Cash Flows, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (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 2005 and of the performance for the year ended on that date of the company and the consolidated 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.
3. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Director



Mike Veverka

Director



Alan Phillips

Dated this

29th day of September 2005

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*. The declaration set out in the Directors Report would be in the same terms if it had been given to the relevant Directors at the time that this audit report was made.

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
 T.J. Kendall

29/9/08
Partner
 Brisbane

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 30 June 2005

Category (size of Holding)	Ordinary Shares
1 – 1,000	9,105
1,001 – 5,000	321,930
5,001 – 10,000	2,948,524
10,001 – 100,000	42,916,466
100,001 – and over	275,141,383
	321,337,408

b. The number of shareholdings held in less than marketable parcels is 219.

c. The names of the substantial shareholders listed in the holding company's register as at 16 September 2005 are:

Shareholder	Number	
	Ordinary	
VESTEON PTY LTD	73,628,572	22.91%
ANZ NOMINEES LIMITED	36,543,216	11.37%
BALLINDINE LIMITED	23,750,000	7.39%
HARROGATE LIMITED	23,750,000	7.39%

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 6,750,000 options are on issue. 1,750,000 options are on issue to employees under the Jumbo Corporation Limited employee option plan and 5,000,000 options are on issue to Vendors of TMS Global Services Pty Limited.

7. **Other Disclosures**

There are no other disclosures.

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