

APPENDIX 4D

Half Year Report

JUMBO INTERACTIVE LIMITED

ABN 66 009 189 128

And its Controlled Subsidiaries

Reporting period: Half year ended 31 December 2011

Previous corresponding period: Half year ended 31 December 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2011	2010	Change	Change
	\$	\$	\$	%
Revenue from ordinary activities – Note 2	48,085,888	36,320,375	11,765,513	32.4
Profit from ordinary activities after tax attributable to the owners of Jumbo Interactive Limited	3,512,254	3,276,028	236,226	7.2
Total comprehensive income for the period attributable to the owners of Jumbo Interactive Limited	3,528,205	3,278,134	250,071	7.6

DIVIDENDS

A fully franked final dividend of 0.5 cent (a half cent) per ordinary share for the financial year ended 30 June 2011 was paid on ordinary shares during the half year ended 31 December 2011 (2010: nil).

Proposed interim fully franked ordinary dividend of 1.0 cent (one cent) per share with a record date of 16 March 2012 and payment date of 30 March 2012.

The Dividend Reinvestment Plan (“DRP”) will operate for the proposed interim fully franked dividend as follows:

- **DRP election date:** Up to 16 March 2012, for those shareholders who have not already registered for the DRP or who are changing their previous instructions to participate under the DRP
- **Record date:** 16 March 2012
- **Payment date:** 30 March 2012
- **Discount rate:** 10% of the share price based on the weighted average market price on the first day on which the shares are quoted ex dividend and the following four business days (refer to the DRP for full details)
- **DRP shares will rank equally with all other ordinary fully paid shares in the Company from the issue date 30 March 2012.**

EXPLANATION OF RESULTS

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

DIRECTORS' REPORT

The Directors of Jumbo Interactive Limited present their report on the consolidated entity (Group), consisting of Jumbo Interactive Limited and the entities it controlled at the end of, and during, the half year ended 31 December 2011.

DIRECTORS

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

- David K Barwick (non-executive Chairman)
- Mike Veverka (Chief Executive Officer)
- Bill Lyne (non-executive Director)

COMPANY SECRETARY

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

OPERATING RESULTS AND REVIEW OF CONTINUING OPERATIONS FOR THE HALF YEAR

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

For the consolidated Group, the increase in revenues by 32.4% from \$36,320,365 to \$48,085,888 has resulted in an increase in net profit before tax of 57.6% from \$2,903,282 to \$4,574,885. Fixed costs increased for the structure that supported this increased growth, while the utilisation of the Group's carried forward tax losses has resulted in an increase in the income tax expense.

The contribution from discontinued operations reduced by \$764,902 from \$973,551 to \$208,649 (see note 3 for details).

Group earnings before interest, tax, depreciation and amortisation increased by \$1,893,548 (56.2%) from \$3,368,841 to \$5,262,389.

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

	Note	Segment Revenues		Segment Results - NPBT	
		2011	2010	2011	2010
		\$	\$	\$	\$
Internet lotteries	7	48,128,221	36,337,236	5,142,019	2,115,261
		48,128,221	36,337,236	5,142,019	2,115,261
		48,128,221	36,337,236	5,142,019	2,115,261

(a) Internet Lotteries

The Internet Lotteries division continues to show strong growth with a 32% increase in revenues to \$48.1m and a 46% increase in profits before tax to \$5.1m from \$3.5m (excluding the \$1,410,062 inter-company bad debt provision for the discontinued software publishing and distribution division).

Revenues increased due to growth in the size of the ozlotteries.com customer database through successful marketing initiatives including the advent of social media marketing, and seasonality and irregular trends (see note 9 for details).

International expansion, notably in the USA, is a major priority particularly with the internet lottery market opening up as announced by the Company 17 January 2012. Efforts are directed towards those states that operate a lottery to move to the internet.

An agreement was signed 29 December 2011 with South Australian Lotteries as announced by the Company on the same date, to supply their lottery products to customers, and this is expected to be operational during April 2012.

(b) Software Publishing and Distribution (discontinued 31 January 2011)

The Star business included in this division was sold 12 November 2010 as announced by the Company on 4 November 2010. The Company decided to sell the business as it was determined that it was a non-core asset and the Company was refocusing its efforts on its successful internet lottery business (see note 3 for details).

The continuing Manacomm business in this division faced increasingly tough market conditions, in particular in its main market segment of "over-the-counter" software security. Intense competition resulted in a significant decline in revenues.

The Manacomm business was placed into Voluntary Administration on 31 January 2011 as announced by the Company on the same date (see note 3 for details).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this report.

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

A handwritten signature in black ink, appearing to read "Mike Veverka". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Mike Veverka

Director

Brisbane

21 February 2012

AUDITOR'S INDEPENDENCE DECLARATION



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

The Directors
Jumbo Interactive Limited
PO Box 824
TOOWONG BC
QLD 4066

Dear Directors,

DECLARATION OF INDEPENDENCE BY TIMOTHY KENDALL TO THE DIRECTORS OF JUMBO INTERACTIVE LIMITED

As lead auditor for the review of Jumbo Interactive Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink that reads 'Tim Kendall'.

Timothy Kendall
Director

BDO Audit (QLD) Pty Ltd

Brisbane, 21 February 2012

Statement of Comprehensive Income

Jumbo Interactive Limited and its Controlled Subsidiaries STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2011

	Note	Consolidated Group Half year	
		2011 \$	2010 \$
Revenue from continuing operations	2	48,085,888	36,320,375
Cost of sales		(38,394,350)	(29,136,949)
Gross profit		9,691,538	7,183,426
Other income/ revenue	2	366,664	204,123
Distribution expenses		(14,359)	(34,884)
Marketing costs		(575,702)	(347,984)
Occupancy expenses		(349,536)	(352,640)
Administrative expenses		(4,480,929)	(3,655,485)
Impairment of intangible assets		-	(17,447)
Finance costs		(62,791)	(75,827)
Profit before income tax expense		4,574,885	2,903,282
Income tax expense		(1,271,280)	(600,805)
Profit after income tax expense from continuing operations		3,303,605	2,302,477
Profit from discontinued operations	3	208,649	973,551
Profit/(loss) for the half year		3,512,254	3,276,028
Other comprehensive income			
Foreign currency translation differences		15,951	2,106
Total comprehensive income for the half year attributable to the owners of Jumbo Interactive Limited		3,528,205	3,278,134
Earnings Per Share (cents per share)			
Overall operations			
Basic and diluted earnings per share (cents per share)		8.87	8.09
Continuing operations			
Basic and diluted earnings per share (cents per share)		8.34	5.69
Discontinued operations			
Basic and diluted earnings per share (cents per share)		0.53	2.40

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

Statement of Financial Position

Jumbo Interactive Limited and its Controlled Subsidiaries

STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	Consolidated Group	
		31 December	30 June
		2011	2011
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	15,941,150	11,770,674
Trade and other receivables		342,537	276,647
Current tax assets		1,055,590	576,016
Inventories		59,411	39,894
TOTAL CURRENT ASSETS		<u>17,398,688</u>	<u>12,663,231</u>
NON-CURRENT ASSETS			
Property, plant and equipment		409,674	460,368
Intangible assets		5,696,650	5,708,356
Deferred tax assets		370,865	696,586
TOTAL NON-CURRENT ASSETS		<u>6,477,189</u>	<u>6,865,310</u>
TOTAL ASSETS		<u>23,875,877</u>	<u>19,528,541</u>
CURRENT LIABILITIES			
Trade and other payables	5	8,399,192	6,949,524
Interest-bearing liabilities		702,882	811,475
Provisions		321,525	299,419
TOTAL CURRENT LIABILITIES		<u>9,423,599</u>	<u>8,060,418</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		717,865	1,069,680
Provisions		75,672	68,114
Deferred tax liabilities		260,008	248,355
TOTAL NON-CURRENT LIABILITIES		<u>1,053,545</u>	<u>1,386,149</u>
TOTAL LIABILITIES		<u>10,477,144</u>	<u>9,446,567</u>
NET ASSETS		<u>13,398,733</u>	<u>10,081,974</u>
EQUITY			
Issued capital	10	27,059,477	27,113,586
Accumulated losses		(14,084,258)	(17,398,827)
Reserves		423,514	367,215
TOTAL EQUITY		<u>13,398,733</u>	<u>10,081,974</u>

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

Statement of Changes in Equity

Jumbo Interactive Limited and its Controlled Subsidiaries STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2011

	Issued capital	Accumulated losses	Share- based payment reserve	Foreign currency translation reserve	Total equity
	\$	\$	\$	\$	\$
CONSOLIDATED GROUP					
Balance at 1 July 2010	28,156,064	(22,036,016)	330,111	(69,834)	6,380,325
Total comprehensive income for the half year					
Profit for the half year	-	3,276,028	-	-	3,276,028
<i>Other comprehensive income</i>					
Foreign currency translation reserve differences	-	-	-	2,106	2,106
Total comprehensive income for the half year	-	3,276,028	-	2,106	3,278,134
Transactions with owners in their capacity as owners					
Share buy back	(1,073,422)	-	-	-	(1,073,422)
Share-based payments	-	-	93,000	-	93,000
	(1,073,422)	-	93,000	-	(980,422)
Balance at 31 December 2010	27,082,642	(18,759,988)	423,111	(67,728)	8,678,037
Total comprehensive income for the half year					
Profit for the half year	-	1,558,427	-	-	1,558,427
<i>Other comprehensive income</i>					
Foreign currency translation reserve differences	-	-	-	24,981	24,981
Total comprehensive income for the half year	-	1,558,427	-	24,981	1,583,408
Transactions with owners in their capacity as owners					
Dividends paid	-	(197,266)	-	-	(197,266)
Issue of shares	30,944	-	-	-	30,944
Share-based payments	-	-	(13,149)	-	(13,149)
	30,944	(197,266)	(13,149)	-	(179,471)
Balance at 30 June 2011	27,113,586	(17,398,827)	409,962	(42,747)	10,081,974
Total comprehensive income for the half year					
Profit for the half year	-	3,512,254	-	-	3,512,254
<i>Other comprehensive income</i>					
Foreign currency translation reserve differences	-	-	-	15,951	15,951
Total comprehensive income for the half year	-	3,512,254	-	15,951	3,528,205

Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY (cont'd)

	Issued capital	Accumulated losses	Share- based payment reserve	Foreign currency translation reserve	Total equity
	\$	\$	\$	\$	\$
CONSOLIDATED GROUP					
Transactions with owners in their capacity as owners					
Adjustment	5	-	-	-	5
Dividends paid	-	(197,685)	-	-	(197,685)
Issue of shares	37,633	-	-	-	37,633
Share buy back	(91,747)	-	-	-	(91,747)
Share-based payments	-	-	40,348	-	40,348
	(54,109)	(197,685)	40,348	-	(211,446)
Balance at 31 December 2011	27,059,477	(14,084,258)	450,310	(26,796)	13,398,733

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

Jumbo Interactive Limited and its Controlled Subsidiaries

STATEMENT OF CASH FLOWS

For the half year ended 31 December 2011

	Note	Consolidated Group	
		Half year	
		2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		51,227,974	41,954,410
Payments to suppliers and employees		(44,494,996)	(38,739,999)
Interest received		323,239	178,957
Interest and other costs of finance paid		(62,791)	(107,907)
Income tax paid		(1,204,831)	(258,214)
Net cash provided by (used in) operating activities		<u>5,788,595</u>	<u>3,027,247</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(30,740)	(115,761)
Payments for intangibles		(875,949)	(768,616)
Proceeds from sale of plant and equipment		774	-
Net cash provided by (used in) investing activities		<u>(905,915)</u>	<u>(884,377)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for buyback of shares		(91,747)	(1,073,422)
Repayment of borrowings		(460,405)	(335,488)
Dividends paid	6	(160,052)	-
Net cash provided by (used in) financing activities		<u>(712,204)</u>	<u>(1,408,910)</u>
Net increase/(decrease) in cash and cash equivalents		<u>4,170,476</u>	<u>733,960</u>
Cash and cash equivalents at beginning of half year		<u>11,770,674</u>	<u>9,461,658</u>
Cash and cash equivalents at end of half year		<u><u>15,941,150</u></u>	<u><u>10,195,618</u></u>

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

Jumbo Interactive Limited and its Controlled Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2011

NOTE 1: BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS

These general purpose financial statements for the half year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

These half year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated Group as the full financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2011 and any public announcements made by Jumbo Interactive Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Group	
	Half year	
	2011	2010
	\$	\$
Revenue		
From continuing operations:		
— Revenue from sale of goods	48,085,888	36,320,375
— Revenue from rendering services	-	-
Revenue from continuing operations	<u>48,085,888</u>	<u>36,320,375</u>
From discontinued operations:		
— Revenue from sale of goods	-	3,625,092
	<u>-</u>	<u>3,625,092</u>
Other income/ revenue		
From continued operations:		
— Interest received		
- Cash	323,239	177,304
— Other revenues		
- Foreign exchange gains	11,248	9,958
- Other	32,177	16,861
	<u>366,664</u>	<u>204,123</u>
From discontinued operations		
— Interest received		
- Cash	-	1,653
	<u>-</u>	<u>1,653</u>
Total	<u>48,452,552</u>	<u>40,151,243</u>

NOTE 3: DISCONTINUED OPERATIONS*i. Description*

As disclosed in the 2010 Half Year Report, subsequent to approval by the Company's executive management committee on 4 November 2010, the Company announced on 4 November 2010 its decision to dispose of the Star System Solutions Pty Ltd software business. The business was sold on 12 November 2010.

As announced by the Company on 31 January 2011, the Manacom software publishing and distribution business was placed into voluntary administration on 31 January 2011 due to adverse market conditions in the over-the-counter software security market. As at 31 January 2011 the entity ceased to be controlled by Jumbo Interactive Limited and became subject to the control of the appointed administrators. As a result, Jumbo has treated the loss of control as a disposal of a subsidiary in accordance with AASB 127.

Both the Star System Solutions business and Manacom Pty Ltd formed the Software Publishing and Distribution operating segment which consequently ceased operations as a result of the above.

ii. Financial performance and cash flow information

Financial information relating to the discontinued operations for the half year ended 31 December 2010 and for the half year ended 31 December 2011 is set out below. Further information is set out in Note 7: Segment Reporting.

2011

There were no revenues, expenses or cash flows attributable to discontinued operations in the 31 December 2011 half year period. Only an income tax benefit of \$208,649 was attributable to discontinued operations for the half year period.

2010	Star System Solutions Pty Ltd \$	Manacom Pty Ltd \$	Total \$
Revenue (note 2)	451,085	3,175,660	3,626,745
Expenses	(561,350)	(4,294,244)	(4,855,594)
Loss on sale of business	(6,007)	-	(6,007)
Reversal of impairment of intangible assets	1,258,354	-	1,258,354
Profit/(loss) before tax from discontinued operations	1,142,082	(1,118,584)	23,498
Income tax benefit	616,571	333,482	950,053
Profit/(loss) after income tax from discontinued operations	1,758,653	(785,102)	973,551
Profit/(loss) attributable to owners of the parent entity relates to:			
Profit/(loss) from continuing operations			2,302,477
Profit/(loss) from discontinued operations			973,551
			<u>3,276,028</u>
Net cash inflow/(outflow) from operating activities	(280,697)	(822,422)	(1,103,119)
Net cash inflow/(outflow) from investing activities	298,480	734,340	1,032,820
Net cash inflow/(outflow) from financing activities	(159,345)	(67,051)	(226,396)
Net increase/(decrease) in cash generated by the discontinued operations	(141,562)	(155,133)	(296,695)

Notes to the Financial Statements

iii. Details of the sale of the Star business (12 November 2010)

	\$
Sale consideration	1,529,790
Consisting of:	
Cash	-
Consideration offset against outstanding deferred consideration payable under the 14 November 2008 purchase agreement	1,529,790
Total disposal consideration	1,529,790
Carrying amount of net assets sold	(1,535,797)
Loss on sale before income tax	(6,007)
Income tax benefit	-
Loss on sale after income tax	(6,007)

The carrying amounts of the assets and liabilities as at the date of sale (12 November 2010) were:

	\$
Property, plant and equipment	16,007
Intellectual property	1,519,790
Total assets	1,535,797
Total liabilities	-
Net Assets	1,535,797

NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	31 December 2011	30 June 2011
	\$	\$
Cash at bank and in hand	7,278,922	5,251,071
Short term bank deposits	8,662,228	6,519,603
	<u>15,941,150</u>	<u>11,770,674</u>
Online lottery customer account balances included in cash at bank and short term bank deposits	5,427,487	4,285,102
	<u>5,427,487</u>	<u>4,285,102</u>

Customer account balances included in cash at bank and short term bank deposits being deposits and prize winnings earmarked for payment to customers on demand.

NOTE 5: TRADE AND OTHER PAYABLES

	Consolidated Group	
	31 December 2011	30 June 2011
	\$	\$
Trade creditors and other payables	2,971,704	2,664,421
Customer account balances payable	5,427,487	4,285,102
	<u>8,399,191</u>	<u>6,949,523</u>

NOTE 6: DIVIDENDS

	Consolidated Group	
	Half year	
	2011	2010
Ordinary shares	\$	\$
Dividends paid during the half year	197,685	-
	<u>197,685</u>	<u>-</u>
Dividends paid in cash or satisfied by the issue of shares under the Dividend Reinvestment Plan during the half years ended 31 December 2011 and 31 December 2010 were as follows:		
Paid in cash	160,052	-
Satisfied by issue of shares	37,633	-
	<u>197,685</u>	<u>-</u>

NOTE 7: SEGMENT REPORTING

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions). Comparatives for 2010 were stated on this basis.

Accounting policies

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

Segment information

(a) Description of segments

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

The committee considered the business from both a product and a geographic perspective and has identified the reportable segments. The only continuing operations segment is Internet Lotteries.

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

The former Software Publishing and Distribution segment consisted of publishing and distribution of third party software programmes, and the design, development, sale and maintenance of proprietary software programmes for accounting systems. This segment was reclassified as discontinued operations during the 30 June 2011 financial year (refer Note 3: Discontinued Operations for further details). Accordingly, the Group has restated its segment information to disclose such information for continuing operations as required by AASB 8.

(b) Segment information provided to the executive management committee

The segment information provided to the executive management committee for the reportable segments for the half year ended 31 December 2011 is as follows:

Half year ended 31 December 2011	Internet Lotteries
	\$
Total segment revenue/income	48,128,221
Revenue from external customers	<u>48,128,221</u>
Net profit before tax	<u>5,142,019</u>

NOTE 7: SEGMENT REPORTING cont'd

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

Half year ended 31 December 2010	Internet Lotteries
	\$
Total segment revenue/income	36,337,236
Revenue from external customers	<u>36,337,236</u>
Net profit before tax	<u>2,115,261</u>

(c) Other segment information

i. Segment revenue

The revenue from external parties reported to the executive management committee is measured in a manner consistent with that in the profit or loss.

Revenues from external customers are derived from the sale of lottery tickets and provision of related services.

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

	Consolidated Group	
	Half year	
	2011	2010
	\$	\$
Total segment revenue	48,128,221	36,337,236
Interest revenue	323,239	177,304
Other	1,092	9,958
Total revenue from continuing operations (note 2)	<u>48,452,552</u>	<u>36,524,498</u>

ii. Net profit before tax (NPBT)

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

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

	Consolidated Group	
	Half year	
	2011	2010
	\$	\$
Adjusted NPBT	5,142,019	2,115,261
Other	1,092	-
Intersegment eliminations ¹	-	1,410,062
Interest revenue	323,239	177,304
Corporate expenses		
Finance costs expense	(60,478)	(75,827)
Share based payments expense	(40,348)	(93,000)
Directors' remuneration	(65,400)	(85,156)
Salaries and wages	(466,228)	(281,975)
Other	(259,011)	(263,387)
Profit before income tax from continuing operations	<u>4,574,885</u>	<u>2,903,282</u>

NOTE 7: SEGMENT REPORTING cont'd

	Consolidated Group	
	Half year	
	2011	2010
	\$	\$
¹ The key items of the intersegment eliminations are :		
Provision for non-recovery of inter-company loan	-	1,410,062
	<u> </u>	<u> </u>

NOTE 8: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There have been no changes in contingent liabilities or contingent assets since the end of the previous annual reporting period (30 June 2011).

NOTE 9: SEASONALITY AND IRREGULAR TRENDS

Sales in the Internet lotteries segment for the half year periods comprising sales of lottery tickets are affected by the timing of the annual New Year's Eve Superdraw and the extent of jackpots of the various games. There was no difference between the December 2011 and December 2010 half years with the New Year's Eve Superdraw taking place on the 31 December in both periods. The \$5 Lucky Lottery jackpot peaked at \$34m in November 2011 compared to a peak of \$7.8m in the comparative 2010 half year period which contributed to increased sales in 2011 compared to 2010.

NOTE 10: ISSUED CAPITAL

	Half Year		Half Year	
	2011	2010	2011	2010
	Shares	Shares	\$	\$
At the beginning of the reporting period	39,536,805	43,031,525	27,113,586	28,156,064
Adjustment	-	-	5	-
Shares issued during the half year	¹ 158,921	-	¹ 37,633	-
Shares bought back during the half year	³ (330,024)	² (3,578,057)	³ (91,747)	² (1,073,422)
	<u>39,365,702</u>	<u>39,453,468</u>	<u>27,059,477</u>	<u>27,082,642</u>

¹ As announced by the Company on 23 August 2011, the Company declared a fully franked final dividend of 0.5 cent per ordinary share in which shareholders were invited to participate in the Company's Dividend Reinvestment Plan. Shares were issued under the DRP on the payment date of 30 September 2011.

² As announced by the Company 23 June 2010, the Company proposed buying back shares owned by a previous director Mr Ian McKay subject to shareholder approval. This was approved by shareholders at an Extraordinary General Meeting held on 19 August 2010 and transacted 23 August 2010.

³ As announced by the Company 27 October 2011, the Company proposed the sale and buyback of unmarketable parcels of shares. This process was completed as announced by the Company 16 December 2011.

NOTE 11: EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no material events after the balance sheet date. The expected increased competition in the NSW online lottery market as announced by the Company 1 June 2011 has not yet transpired, but this is still expected during the current financial year. At this stage, it is impossible to quantify any possible negative impact on revenues and profits.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Mike Veverka

Director

Brisbane

21 February 2012



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Jumbo Interactive Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Jumbo Interactive Limited, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Jumbo Interactive Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independent Auditor's Review Report

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (QLD) Pty Ltd

BDO


T J KENDALL

Director

Brisbane, 21 February 2012