

**ASX RELEASE – Thursday 28<sup>th</sup> September 2006**

## **EXPANSION INTO PROPRIETARY LOTTERY GAMES**



Directors are pleased to announce the first details of a growth strategy to branch out into proprietary online lottery games. Currently the lottery division resells Australian lottery games such as OzLotto and Powerball and has recorded strong growth in these activities. The new additional strategy focuses on becoming an owner/operator as well as a reseller to accelerate overall growth.

ASX Code:	JUM
Shares on Issue:	370 million
Options on Issue:	16.25 million
Share price (27 Sep 2006)	3.2c
Market Cap:	\$12 million
Top 20 hold:	48%
Annual Share Volume	390 million
Last Month Share Volume	12 million

“The lottery division will expand its range of games to also include a suite of wholly owned and operated online lottery games directed to international markets”, said Mr Mike Veverka.

“The company regards this strategic direction as an important catalyst for the company’s growth and development as it builds a new branch to the successful Australian lottery games division”, he said.

“The Australian lottery games division will also benefit from the increased number of International customers brought in from the new games”, he said

“Over the past year the lottery division has been building software, hardware and system infrastructure needed to conduct its own lottery games, with the first game scheduled for official release in the next few weeks”, he said.

## GROWTH STRATEGY

- Australian Market Growth.** The sale of Australian lottery games will continue to be the main focus for growth with continuing development of the [Ozlotteries.com](http://Ozlotteries.com) website. A significant upgrade to the website has been in development last year with the scheduled release before the end of 2006. The new website will be more vibrant and include new features designed to improve customer conversion and retention. Australian customers will be encouraged to play Australian lotto games and new International customers will be promoted Australian lotto games.
- International Expansion.** The new games are being designed primarily to accelerate expansion into international markets. With complete creative control the games can be tailor-made for cultural tastes in specific target markets. The acquisition of new international customers will also provide an opportunity to further grow sales in Australian lotto games which are currently sold domestically and internationally.
- Game Development.** The lottery division is developing the software and hardware needed for the proprietary games and will own the Intellectual Property. This approach avoids payment of ongoing license fees, provides a competitive differentiation and facilitates licensing of the games to partners.
- Partnering.** Owning the full rights to the lottery games improves flexibility with licensing the games to partners that wish to have lottery games on their own web sites. Games can be customised to meet a partners needs and target market.
- Prizes.** The lottery division will offer prizes to be competitive with other games around the world. Initial prizes will be as high as \$1 million with scope to increase over time. The lottery division is seeking insurance support to defray risks and permit higher prize values.
- Foreign Licensing.** The lottery division has been seeking licenses and agreements with foreign jurisdictions to operate additional online lotteries.
- Acquisitions.** The company will be reviewing acquisition opportunities to accelerate its growth in the international market.

## **BACKGROUND**

In May 2005, Jumbo acquired TMS Global Services Pty Ltd for \$4.2 million. TMS is a wholesaler and online retailer of Australian lottery products through agreements with Tattersall's (Victoria) and the NSW Lotteries Corporation. The company retails popular lotteries such as Saturday Lotto, Powerball and OzLotto via its website at [www.ozlotteries.com](http://www.ozlotteries.com). As well as the online lottery business TMS supports a private network of lottery outlets in various Pacific Islands including Fiji, Cook Islands and Norfolk Island. This network was established in the 1990's and allows traditional retailers to sell Australian lottery products.

## **ABOUT JUMBO**

Jumbo Corporation Limited is a successful online retailer and e-commerce provider. Profitable for the last 4 years, the company has accumulated significant online retailing experience with products such as lotteries, pharmacy goods, software, fragrances and cosmetics. The company has recently restructured and refocused its efforts towards lotteries which directors believe to be the area for the company's growth in the future.

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