

**ASX RELEASE – Wednesday 13<sup>th</sup> September 2006**

## **JUMBO ANNOUNCES 4<sup>th</sup> RECORD FULL YEAR PROFIT**



Australian online lottery and ecommerce company, Jumbo Corporation Limited, today announced it's 4<sup>th</sup> straight record profit of \$783,000 and EBITDA of \$870,000. This represents a significant increase over the previous year and was driven by the success of its online lottery business.

ASX Code:	JUM
Shares on Issue:	370 million
Options on Issue:	16.25 million
Share price (8 Sep 2006)	3.6c
Market Cap:	\$13 million
Top 20 hold:	48%
Annual Share Volume	390 million
Last Month Share Volume	7 million

Jumbo also reported total revenues of \$16.5 million – up 129% on the previous year.

Jumbo has consistently reported increasing profits for the last 4 years with a compound annual growth rate (CAGR) of 91% per annum.

“Jumbo’s 4<sup>th</sup> straight record profit is a direct result of bringing together the TMS lottery business and Jumbo’s online business to produce one of Australia’s more popular lottery web sites – ozlotteries.com”, said Mr Mike Veverka, Chief Executive Officer of Jumbo Corporation.

### **RESTRUCTURING AND NEW PRODUCT DEVELOPMENT**

The past year was a settling-in period as the new lottery business and the existing Jumbo online business were restructured. In addition a number of new games and web sites that are due for release in the months ahead have been in development.

“Both the TMS lottery business and the Jumbo e-commerce business required restructuring to allow the online lottery business to maximize its potential”, said Mr Veverka.

As a result of the restructuring, the ozlotteries.com web site reported solid full year growth compared to the previous full year. The key factors tracking improving year-on-year performance include:

- Unique web site visitors increased 154%
- New customers to sign up to the site increased 36%
- Total customer signups increased 86% and
- Active customers making repeat purchases increased 118%

The TMS lottery business unit also operates a private network of lottery outlets in a number of Pacific Islands, including Fiji, the Cook Islands and Norfolk Island. This network was also restructured with the best performing outlets retained and further developed.

“After substantial investment in restructuring and new product development over the past year, the company reported its 4th consecutive record full year record profit and continued its impressive growth”, said Mr Veverka.

## **STRENGTHENING BALANCE SHEET**

The companies cash reserves have been used to reduce current liabilities from \$5.7 million in June 2005 to \$3.5 million in June 2006 as well as meet restructuring and product development costs. The cash reserves at June 2006 are \$6.2 million, Net Assets are \$7.8 million and Net Tangible Assets are \$4.8 million. Jumbo plans to utilise its balance sheet to continue with the growth strategy that has proven to be effective over the past 4 years.

## 4 YEAR GROWTH

Jumbo has demonstrated consistent and impressive growth over the past 4 years as summarised below:

### 4 Year Profit Growth

Year	FY 06	FY 05	FY 04	FY 03	3 year CAGR
Revenue	\$16.5 million	\$7.2 million	\$7.7 million	\$2.7 million	82%
EBITDA	\$870,089	\$720,083	\$400,033	\$142,035	83%
PROFIT - NPAT	\$783,097	\$630,371	\$289,705	\$111,797	91%

### 4 Year Asset Growth

Year	FY 06	FY 05	FY 04	FY 03	3 year CAGR
Cash at Bank	\$6.2 million	\$6.9 million	\$1.9 million	\$0.9 million	93%
Net Assets	\$7.8 million	\$3.9 million	\$1.2 million	\$0.6 million	137%
NTA	\$4.8 million	\$1.1 million	\$1.0 million	\$0.2 million	175%

### 4 Year Share Price Analysis

Year	FY 06	FY 05	FY 04	FY 03	3 year CAGR
PROFIT (NPAT)	\$783,097	\$630,371	\$289,705	\$111,797	91%
EPS	0.23c	0.24c	0.13c	0.06c	57%
Share Price	3.4c	5.8c	1.8c	1.2c	42%
Shares on Issue	370 million	321 million	223 million	199 million	23%
Market Cap	\$12.6 million	\$18.6 million	\$4.0 million	\$2.4 million	74%

## **ABOUT JUMBO**

Jumbo Corporation Limited is a successful online retailer and e-commerce provider. Since listing on the ASX in 1999, the company has been at the forefront of online retailing with its popular [www.jumbomall.com](http://www.jumbomall.com) and [www.jumbostore.com](http://www.jumbostore.com) web sites.

In May 2005, Jumbo acquired TMS Global Services Pty Ltd, a wholesaler and online reseller of Australian lottery products through agreements with Tattersall's (Victoria) and the NSW Lotteries Corporation. The company resells popular Australian lotteries such as Saturday Lotto, Powerball and OzLotto via its web site at [www.ozlotteries.com](http://www.ozlotteries.com).

In July 2006, Jumbo signed an exclusive Internet based reseller agreement with the Mater Foundation, a respected charity and lottery operator. The web sites have been redeveloped and rereleased at [www.materprizehome.com.au](http://www.materprizehome.com.au) and [www.carsforcancer.com.au](http://www.carsforcancer.com.au).

Jumbo has a strong balance sheet for a company its size and growing maintainable earnings. The company has the necessary financial and management resources to continue with its successful growth strategy based on the following 4 key principles:

1. New product development.
2. Customer acquisition via online marketing techniques.
3. Partnerships with select organisations.
4. Acquisitions of companies with synergies with Jumbo's skills and experience.

Jumbo plans to utilise its balance sheet and growing income base to continue with the growth strategy that has proven to be effective over the past 4 years.

For further information, please contact:

**Mike Veverka**  
**Chief Executive Officer**  
**Jumbo Corporation**  
**(07) 3831 3705**

# APPENDIX 4E

## PRELIMINARY FINAL REPORT

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**JUMBO CORPORATION LIMITED**  
**ABN 66 009 189 128**

**Reporting period: Financial year ended 30 June 2006**

**Corresponding period: Financial year ended 30 June 2005**

### **RESULTS FOR ANNOUNCEMENT TO THE MARKET IN ACCORDANCE WITH AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (A-IFRS)**

	<b>2006</b>	<b>2005<sup>1</sup></b>	<b>Change</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Sales and other income	16,559,542	7,229,007	9,330,535	129%
Profit for period	783,097	626,421	156,676	25%

<sup>1</sup> 2005 comparative numbers have been restated and presented under A-IFRS

### **DIVIDENDS**

No dividends have been paid or provided for on ordinary shares during the year ended 30 June 2006 - (30 June 2005 - nil).

### **EXPLANATION OF RESULTS**

Please refer to the attached announcement for an explanation of the Result.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

Note: The accounts are in the process of being audited or reviewed.

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE  
 FOR THE YEAR ENDED 30 JUNE 2006**

	<b>Note</b>	<b>2006</b>	<b>2005</b>
		<b>\$</b>	<b>\$</b>
Revenue	2	16,559,542	7,229,007
Cost of goods sold	3	(11,930,580)	(4,193,958)
Gross Profit	3	4,628,962	3,035,049
Depreciation expense	3	(58,169)	(27,024)
Amortisation expense	3	(58,292)	(989)
Borrowing costs expense	3	(193,699)	(48,455)
Salaries and employee benefits expense	3	(1,041,554)	(383,124)
Directors Remuneration	3	(275,818)	(287,592)
Consultancy fees	3	(396,838)	(163,996)
Marketing costs	3	(391,323)	(254,840)
Other expenses	3	(1,430,172)	(1,237,608)
Carrying value of assets disposed	3		(5,000)
Profit before income tax expense	3	783,097	626,421
Income tax expense relating to ordinary activities			
Profit after income tax expense		783,097	626,421
Net profit attributable to members of Jumbo Corporation Limited		783,097	626,421
Basic earnings per share (cents per share)	4	0.23	0.24
Diluted earnings per share (cents per share)	4	0.23	0.24

The Income Statement is to be read in conjunction with the Notes to the Financial Statements set out in this report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
Cash assets		5,262,440	5,483,633
Receivables		293,762	582,413
Inventories		880,345	10,306
<b>TOTAL CURRENT ASSETS</b>		<b>6,436,547</b>	<b>6,076,352</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets		969,900	1,500,000
Property, plant and equipment		676,024	407,049
Intangible assets		2,949,065	2,838,288
Other assets		1,162,882	717,705
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,757,870</b>	<b>5,463,042</b>
<b>TOTAL ASSETS</b>		<b>12,194,418</b>	<b>11,539,394</b>
<b>CURRENT LIABILITIES</b>			
Payables		2,593,530	4,701,817
Interest-bearing liabilities		830,000	826,666
Provisions		51,949	173,421
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,475,479</b>	<b>5,701,904</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables		107,368	175,000
Interest-bearing liabilities		830,000	1,673,334
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>937,368</b>	<b>1,848,334</b>
<b>TOTAL LIABILITIES</b>		<b>4,412,847</b>	<b>7,550,238</b>
<b>NET ASSETS</b>		<b>7,781,566</b>	<b>3,989,156</b>
<b>EQUITY</b>			
Contributed equity	5	25,995,221	23,182,343
Retained losses	6	(18,213,655)	(19,193,187)
<b>TOTAL EQUITY</b>		<b>7,781,566</b>	<b>3,989,156</b>

The Income Statement is to be read in conjunction with the Notes to the Financial Statements set out in this report.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED 30 JUNE 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	17,063,256	7,270,739
Payments to suppliers and employees	(19,209,425)	(5,151,887)
Interest received	223,168	45,487
Borrowing costs	(140,294)	(43,066)
Net cash provided by (used in) operating activities	(2,063,295)	2,121,273
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(415,339)	(39,895)
Purchase of investments	(300,396)	-
Cash acquired on acquisition of subsidiary	-	131,916
Funds placed on deposit	530,100	(1,437,700)
Proceeds from sale of assets	112,770	35,000
Purchase of website	(46,910)	-
Other	64,000	-
Net cash provided by (used in) investing activities	(55,775)	(1,310,679)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	2,920,696	231,151
Repayment of borrowings	(915,000)	13,649
Proceeds from borrowings	-	2,500,000
Capital raising costs	(107,818)	-
Net cash provided by (used in) financing activities	1,897,878	2,744,800
Net increase in cash held	(221,193)	3,555,394
Cash at 1 July 2005	5,483,633	1,928,239
Cash at 30 June 2006	5,262,440	5,483,633

The Income Statement is to be read in conjunction with the Notes to the Financial Statements set out in this report.



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

### **Note1: Basis for preparation of Preliminary Final Report**

The Preliminary Final Report has been prepared in accordance with ASX listing rule 4.3A and has been derived from the unaudited management accounts. The Financial Report has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act.

The Financial Report covers the economic entity of Jumbo Corporation Limited and its controlled entities.

Jumbo Corporation Limited is required to report under A-IFRS from 1 July 2005. The Financial Report as at 30 June 2006 will be the first annual report including a full set of note disclosures prepared under A-IFRS.

An explanation of how the transition to A-IFRS has impacted the reported Income Statement, Balance Sheet and cash flows of Jumbo Corporation Limited was reported in the condensed consolidated interim Financial Report for the half-year ended 31 December 2005.

The Preliminary Final Report is presented in Australian dollars and has been prepared on the basis of historical costs except in accordance with relevant accounting policies where assets and liabilities are stated at their values in accordance with relevant accounting policies. The accounting policies adopted in this report are the same as those disclosed in the condensed consolidated interim financial report for the half-year ended 31 December 2005.

The accounting policies adopted in this report have been consistently applied by each entity in the consolidated entity and, other than noted above, are consistent with those of the previous year.

This Report is based on the Financial Report which is in the process of being audited.

**Note 2: Revenue**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Operating activities		
— Revenue from online retailing	801,616	6,214,833
— Revenue from online lottery	15,457,940	928,581
	<b>16,259,557</b>	<b>7,143,414</b>
Non-operating activities		
— Interest Received – other persons/corporations	223,168	45,487
— Revenue from sale of shares	49,020	35,000
— Other revenues	27,798	5,106
	<b>299,985</b>	<b>85,593</b>
Total Revenue	<b>16,559,542</b>	<b>7,229,007</b>

**Note 3: Profit from Ordinary Activities**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Profit from ordinary activities before income tax has been determined after		
Cost of sales	11,930,580	4,193,958
Borrowing costs expensed	193,699	48,455
Depreciation of non-current assets:	58,169	27,024
Amortisation of non-current assets:	58,292	989
Salaries and employee benefits expense	1,041,554	383,124
Consultancy Fees	396,838	163,996
Directors remuneration	275,818	287,592
Marketing costs	391,323	254,840
Other Expenses from ordinary activities	1,430,172	1,242,608
	<b>15,776,445</b>	<b>6,602,586</b>

**Note 4: Earnings per share**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
a. Reconciliation of earnings to net profit or loss		
Net profit	783,097	626,421
Earnings used in the calculation of basic EPS	783,097	626,421
Earnings used in the calculation of dilutive EPS	783,097	626,421
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	341,145,415	258,601,189
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	341,145,415	258,601,189

**Note 5: Contributed Equity**

	Number of Shares		\$	
	2006	2005	2006	2005
<b>Ordinary Shares</b>				
At the beginning of the reporting period	321,337,408	223,765,227	23,182,343	21,094,592
Shares issued during the year				
— 5 October 2004		17,993,523		250,100
— 22 October 2004		17,993,523		250,101
— 29 October 2004				
— 13 May 2005		1,000,000		16,000
— 19 May 2005		135,135		5,000
— 3 June 2005		59,700,000		1,552,000
— 4 November 2005		750,000		30,000
— 11 November 2005	200,000		10,000	
— 16 November 2005	400,000		20,000	
— 28 November 2005	400,000		20,000	
— 20 December 2005	300,000		15,000	
— 11 January 2006	300,000		15,000	
— 31 January 2006	150,000		7,500	
Acquisition costs	46,983,702		2,833,197	(15,450)
At the end of the reporting period	370,071,110	321,337,408	26,103,039	23,182,343

**Note 6: Accumulated Losses**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	(19,159,589)	(19,853,958)
Net profit/(loss) attributable to the members of the parent entity	783,097	626,421
Retained profits at the end of the financial year	(18,376,492)	(19,227,537)

**Note 7: Share Based Payments**

	<b>2006</b>		<b>2005</b>	
	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
		<b>\$</b>		<b>\$</b>
Outstanding at the beginning of the year	6,750,000	0.04	6,500,000	0.05
Granted	-	-	6,250,000	0.04
Forfeited	-	-	-	-
Exercised	(1,450,000)	0.05	-	-
Expired	(300,000)	0.05	(6,000,000)	0.05
Outstanding at year-end	5,000,000	0.04	6,750,000	0.04
Exercisable at year-end	5,000,000	0.04	6,750,000	0.04

**Note 8: Controlled Entities**

<b>Controlled Entity</b>	<b>Country of Incorporation</b>	<b>Percentage Ownership</b>		<b>Contribution to net profit</b>	
		<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
				<b>\$</b>	<b>\$</b>
Benon Technologies Pty Ltd	Australia	100%	100%	(95,110)	795,693
Editson Pty Ltd	Australia	100%	100%	-	-
TMS Global Services Pty Ltd	Australia	100%	100%	1,015,582	40,502
Building Site Services (Aust) Pty Ltd	Australia	70%	70%	-	-
Dealer Dan Pty Ltd	Australia	100%	100%	(447)	(1,840)
Online Computing Australia Pty Ltd	Australia	100%	100%	(2,070)	(4,361)
<b>Total</b>				<b>917,954</b>	<b>829,994</b>

**Note 9: Investments in Associates**

Investment in Associated Entity	Country of Incorporation	Percentage Ownership		Contribution to net profit	
		2006	2005	2006 \$	2005 \$
Global Approach Limited	Australia	5%	16%	-	-

**Note 10: Net Tangible Assets per Security**

	2006 cents	2005 cents
Net Tangible Assets per ordinary share	1.31	0.36

**Note 11: Segment Reporting**

	Primary Reporting – Business Segments									
	On-line Shopping Mall		On-line Lottery		Other		Eliminations		Total	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
<b>REVENUE</b>										
External sales	801,616	6,216,106	15,457,940	927,308	-	-	-	-	16,259,557	7,143,414
Other segments	-	-	-	-	299,985	85,593	-	-	299,985	85,593
Total segment revenue	801,616	6,216,106	15,457,940	927,308	299,985	85,593	-	-	16,559,542	7,229,007
<b>RESULTS</b>										
Segment results	(97,628)	789,341	1,015,582	46,032	(1,360,394)	1,281,751	1,225,536	(1,490,703)	783,097	626,421
<b>ASSETS</b>										
Segment assets	1,128,169	1,987,230	6,100,984	4,599,248	160	160	(3,029,531)	(2,293,287)	4,199,782	4,293,351
Unallocated assets	-	-	-	-	-	-	7,994,634	7,246,043	7,994,634	7,246,043
Total assets	1,128,169	1,987,230	6,100,984	4,599,248	160	160	4,965,103	4,952,756	12,194,416	11,539,394
<b>LIABILITIES</b>										
Segment liabilities	3,063,169	3,818,803	3,229,137	2,793,826	-	-	(3,947,031)	(1,965,391)	2,345,275	4,647,238
Unallocated liabilities	-	-	-	-	-	-	2,067,574	2,903,000	2,067,574	2,903,000
Total liabilities	3,063,169	3,818,803	3,229,137	2,793,826	-	-	(1,879,457)	937,609	4,412,849	7,550,238
<b>OTHER</b>										
Amortisation	-	-	-	-	(33,750)	-	-	-	(33,750)	39,280
Depreciation	13,793	13,367	44,376	14,646	-	-	-	-	58,169	28,013
Other non cash	-	-	-	-	-	-	0	-	-	-

**Note 12: Contingent Liabilities**

There are no contingent liabilities.

**Note 13: Events Subsequent to Reporting Date**

Jumbo Corporation Limited issued 16,250,000 options under the Employee Share Option Plan on 4 July 2006. The exercise price is 10 cents per share and the expiry date is 4 July 2009.