Jumbo Corporation Ltd

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PROFIT WARNING

In a follow up to a previous announcement on 27 July 2007, Jumbo Corporation Limited today announced a further profit guidance for the full year ended 30 June 2007.

	FY 2006	FY 2007 Guidance
Revenue	$16.6 million	$17.6 to $18.6 million
Gross Profit	$4,643,137	$4.3 to $4.7 million
EBITDA	$869,970	($150,000) to $150,000
Net Profit	$786,973	($600,000) to ($900,000) Loss

The Board expects to report a loss for the Group for the full year ended 30 June 2007 due mainly to impairment of investments, network upgrade and development costs. It is estimated the Net Loss will be between $600,000 and $900,000 and EBITDA between ($150,000) and $150,000. The guidance is based on unaudited management accounts and is subject to further review and audit.

The loss is due primarily to the following reasons:

1. Impairment of Global Approach Limited (GLO) Investment. GLO was adversely affected by changes in US legislation relating to online gaming. Jumbo recently sold its entire holding in GLO raising $1.09 million (less brokerage costs) in additional working capital but resulting in a one-time loss.

2. Impairment of Proprietary Online Games. As announced between September 2006 and December 2006, Jumbo developed and launched a range of proprietary online lottery games that included scratchprizes.com and pinballkeno.com. A decision was made to close these games due to low sales resulting in a one-time loss.
3. Network Upgrade Costs. As announced on 8 June 2007, improvements and new additions were made throughout the year to both Internet (Ozlotteries.com) and non-Internet (Pacific Island Network) sales channels to build a platform for future growth. These improvements and new additions were required to build a system capable of sustaining higher sales levels and to take advantage of new marketing initiatives.
4. The forecast Net Loss has been revised downwards following internal controls discovering that COGS (Cost of Goods Sold) have been understated for 2007 affecting gross profit. The understatement relates to COGS that were previously recognised in trade creditors being now expensed. This understatement of COGS has been confirmed by the auditor during the end of year audit, which is currently being undertaken. The effect of this revision is evident in the Gross Profit Margin which is reduced to 25% from 27%.

Manaccom Acquisition Update

As announced on 25 June 2007, Jumbo has entered into a conditional Heads of Agreement to acquire Manaccom, a specialist software publishing and distribution business that supplies major retail chains including Harvey Norman, Dick Smith, JB Hi-Fi and Officeworks.

The purchase consideration of $5.1 million comprises of $2.5 million cash on settlement (bank finance) and 80 million JUM shares (at 3.25c).

Manaccom has provided audited accounts for the 12 month period ended 30 June 2006 that include:

- $11 million in Revenue
- $1.6 million in EBITDA

The results for Manaccom for the 2007 financial year are expected to exceed these results.

A Notice of General Meeting was announced for 23 August 2007 with a settlement planned shortly afterwards. Due Diligence and negotiations for Finance have commenced and are progressing well.

For further Information:

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