



JUMBO INTERACTIVE LIMITED AND ITS CONTROLLED SUBSIDIARIES

(ABN 66 009 189 128)

APPENDIX 4E PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

Current period:	1 July 2016 to 30 June 2017
Prior corresponding period:	1 July 2015 to 30 June 2016

ROUNDING OF AMOUNTS

The company satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission in relation to rounding of amounts in the directors' report and the financial statements to the nearest thousand dollars. Amounts have been rounded off in the Appendix 4E Preliminary Final Report in accordance with that Legislative Instrument.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2017	2016	Change	Change
Continuing operations	\$'000	\$'000	\$'000	%
Revenue from continuing operations	32,429	34,083	(1,654)	(4.9)
Profit after tax attributable to members	5,640	4,670	970	20.8
Total comprehensive income for the period attributable to members	6,135	4,568	1,567	34.3

DIVIDENDS

Directors are pleased to declare a final fully franked ordinary dividend of **5.0** (five) **cents per share** making a total fully franked ordinary dividend of **8.5** (eight and a half) **cents per share** (2016: 7.0), with a franking percentage of 100% (2016: 100%) as follows:

- Record date: 1 September 2017
- Payment date: 22 September 2017

The conduit foreign income component of the dividend is nil.

The Dividend Reinvestment Plan will be suspended for the proposed final fully franked dividend.

ANNUAL GENERAL MEETING

Date: Wednesday, 25 October 2017
Time: 6:00pm
Venue: The River Room
Customs House
399 Queen Street
Brisbane, QLD, 4000

EXPLANATION OF RESULTS

The Company reports revenue on a net revenue inflow basis where it considers that it acts more as an Agent than as a Principal such as with the sale of lottery tickets. The gross amount received for the sale of goods and rendering of services is advised as Total Transaction Value ("TTV") for information purposes.

Both TTV and Revenue decreased and Profit increased compared to the same period last year. The lower level of large jackpot activity in Australia in the financial year was the main reason for the decreased TTV and Revenue. Large jackpot activity is an important driver of sales and can randomly fluctuate over time. During the financial year, the large jackpot activity was 31 (2016: 41) large jackpots with an aggregate value of \$750 million (2016: \$1,295 million). This is 31% lower in number and 42% lower in aggregate value compared to the previous period. The continued focus on cost management, together with lower impairment/share of losses in an associate company, has resulted in the increased Profit, notwithstanding the decreased Revenue.

A focus on the management of costs resulted in a decrease of 8.3% in total expenses compared to the previous financial year.

The business in Germany was discontinued 31 March 2017 due to adverse market conditions. With contributing losses subsequently ceasing, there is a positive impact on overall profits of the Group.

Consolidated results

TTV and Revenue reduced largely due to the lower jackpot activity, and a focus on management of costs resulted in an increase in profits.

The Company continues to invest in the three main pillars that support the ongoing growth of the Company with \$4,448,000 (2016: \$4,795,000) on its proprietary software platform (intangible assets), \$3,566,000 (2016: \$4,486,000) in marketing activities primarily to acquire new and retain existing customers, and \$7,178,000 (2016: \$6,972,000) on employees who provide the software development and marketing skills, customer support services, and management.

Continuing operations	2017	2016	Change	Change
	\$'000	\$'000	\$'000	%
TTV	145,322	153,302	(7,980)	(5.2)
Revenue	32,429	34,083	(1,654)	(4.9)
Gross profit	29,964	31,280	(1,316)	(4.2)
Other revenue	1,064	1,197	(133)	(11.1)
Expenses	(19,960)	(21,760)	(1,800)	(8.3)
EBITDA	14,128	13,753	375	2.7
NPBT	11,068	10,717	351	3.3
NPAT	7,597	7,323	274	3.7
Discontinued operation	(1,957)	(2,653)	(696)	(26.2)
Profit after tax attributable to members	5,640	4,670	970	20.8

TTV decreased largely due to a decrease in the Australia Lotteries segment resulting mainly from lower large jackpot activity.

This decrease in TTV resulted in a decrease in Revenue, at a slightly lower percentage due to an edge better margin compared to the previous period.

Expenses reduced primarily due to decreases in the Australia Lotteries segment, in marketing and merchant fees associated with the lower level of large jackpot activity, and the Corporate segment with no impairment/share of losses in an associate company.

The above has resulted in the decrease in earnings and an increase in profits.

The number of large jackpots is a significant driver of sales. The sales trend over the last three financial year periods in the context of such jackpots in Australia is summarised as follows:

	FY 2017	FY 2016	FY 2015
TTV	\$145.3 million	\$153.3 million	\$128.5 million
Reported Revenue	\$32.4 million	\$34.1 million	\$29.1 million
OZ Lotto/ Powerball Division 1 of \$15 million or more			
Number of jackpots of \$15 million or more	31	45	34
Average Division 1 jackpot of \$15 million or more	\$24.2 million	\$28.8 million	\$25.3 million
Peak Division 1 jackpot during the financial year period	\$55 million	\$70 million	\$70 million
Aggregate Division 1 jackpots on offer during the financial year period	\$750 million	\$1,295 million	\$860 million

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

	Note	Segment Revenue and Other Income		Segment Results - NPBT	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Internet lotteries					
Australia		32,443	34,188	12,340	12,367
Internet lotteries segment		32,443	34,188	12,340	12,367
All other segments		843	844	407	393
Corporate		207	248	(1,679)	(2,043)
	2	33,493	35,280	11,068	10,717

For a reconciliation between these segment results and the results per the Statement of Profit or Loss and Other Comprehensive Income, refer to Note 2 of the financial statements.

Mexico was removed as a reportable segment in the 2016 financial year as it effectively became dormant in July 2015. The NLBT of \$32,000 for the 2017 financial year (2016: \$45,000) is included in the Australia results.

Germany was scaled down in November 2016 and was placed in voluntary administration by the board on 31 March 2017 when it became a discontinued operation (see note 6 for details).

Financial position

The net assets of the Group have increased by \$18,204,000 from 30 June 2016 to \$42,900,000.

The Group's working capital, being current assets less current liabilities, has increased from \$12,719,000 in 2016 to \$30,444,000 in 2017 mainly as a result of increased cash and cash equivalents. \$15,665,000 of this increase was from the issue of shares.

Non-current assets increased by \$527,000 to \$12,823,000 due mainly to the investment in the new software code of www.ozlotteries.com.

The Directors believe the Group is in a sound financial position to expand and grow its current operations.

Significant changes in State of Affairs

Significant changes in the state of affairs of the Group for the financial year were as follows:

(a) Increase in contributed equity of \$15,665,000 resulting from:

	\$'000
– Issue of 6,609,686 shares as a result of an issue to Tatts at \$2.37 per share (see note 13)	15,665
	<u>15,665</u>

(b) Increase in cash of \$18,014,000 resulting from:

	\$'000
– Cash raised from the issue of contributed equity in (a) above	15,665
– Other activities (see Cash Flow Statement for details)	2,349
	<u>18,014</u>

(c) Increase in non-current assets of \$527,000 resulting from:

	\$'000
– investment in website development costs net of amortisation	891
– Changes in other non-current assets	(364)
	<u>527</u>

Review of Operations

(a) Online Lottery Segment

With the operation in Germany discontinued March 2017, this segment now consists of Australia and Mexico, and Mexico's results are included in those of Australia due to the minimal activity and no meaningful opportunities in the foreseeable future.

Australia

Improvements continue to be made to online marketing and player experience, but the lower level of large jackpot activity, which was 31% lower in number and 42% lower in aggregate value compared to FY2016, resulted in a 5.0% decrease in revenue to \$31,586,000 (2016: \$33,239,000). Other income reduced by \$92,000 or 9.7%. Net profit before tax decreased by 0.2% to \$12,340,000 (2016: \$12,367,000) due to the lower jackpot activity notwithstanding a reduction in expenses of 7.3%.

TTV for the financial year decreased by 5.2% to \$144,479,000 (2016: \$152,459,000),

Jumbo invests extensively in online marketing to grow and activate the customer database whom transact via its website (www.ozlotteries.com) and associated mobile apps (iOS & Android). The following key performance indicators (KPIs) are used to track the effectiveness of these campaigns:

1. CPL: Cost per Lead (new online accounts) defined as total cost to acquire these new accounts divided by the number of new accounts in a given period. New accounts potentially become active customers after the account has been established.
2. Number of Active Online Customers defined as customers who have spent money on tickets in a given period.
3. Average spend per active online customer defined as the total spent by active online customers divided by the number of active online customers in a given period.

The following table summarizes the Marketing KPI's:

<u>www.ozlotteries.com</u> and mobile apps	FY 2017	FY 2016
Number of new online accounts	160,698	206,858
CPL	\$17.09	\$15.13
Number of active online customers	354,113	375,988
Average spend per active online customer	\$348.40	\$335.27

The 22.3% decrease in new online accounts and 5.8% decrease in active online customers are due mainly to the decrease in large jackpot activity (31% decrease in number and 42% decrease in aggregate value). The 3.9% increase in average spend is largely due to an increase in charity lottery sales and marketing initiatives. The 13.0% increase in CPL is mostly due to trying other marketing channels to acquire customers.

(b) All Other Segments

This segment consists of the sale of non-lottery products and services. TTV and Revenue and other income increased to \$843,000 (2016: \$844,000) and net profit before tax increased to \$407,000 (2016: \$393,000).

(c) Corporate

The net loss reduced 17.8% or \$364,000 to NLBT \$1,679,000 (2016: NLBT \$2,043,000) mainly due to no impairments in investments or share of associate company losses.

Other

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

Status of Audit

The accounts are in the process of being audited.

Jumbo Interactive Limited and its Controlled Subsidiaries

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Revenue continuing operations	3	32,429	34,083
Cost of sales		(2,465)	(2,803)
Gross profit		29,964	31,280
Other revenue/income	3	1,064	1,197
Expenses			
Distribution expenses		(24)	(34)
Marketing costs		(3,566)	(4,486)
Occupancy expenses		(959)	(879)
Administrative expenses	4	(15,405)	(15,728)
Impairment of investments		-	(454)
Finance costs		(6)	(6)
Share of losses of associates/joint venture(s) accounted for using the equity method		-	(173)
Profit before income tax expense		11,068	10,717
Income tax expense	5	(3,471)	(3,394)
Profit after income tax expense continuing operations		7,597	7,323
Discontinued operations	6	(1,957)	(2,653)
Profit after income tax expense for the year attributable to the owners of Jumbo Interactive Limited		5,640	4,670
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		(68)	(102)
Reclassification of foreign exchange differences on loss of control of subsidiary		563	-
Other comprehensive income for the half year, net of tax		495	(102)
Total comprehensive income for the half year attributable to the owners of Jumbo Interactive Limited		6,135	4,568
Earnings per share (cents per share)		Cents	Cents
From continuing and discontinued operations			
Basic earnings per share	7	12.6	10.6
Diluted earnings per share	7	12.3	10.6
From continuing operations			
Basic earnings per share	7	16.9	16.6
Diluted earnings per share	7	16.5	16.6
From discontinued operations			
Basic earnings per share	7	(4.3)	(6.0)
Diluted earnings per share	7	(4.2)	(6.0)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Jumbo Interactive Limited and its Controlled Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current Assets			
Cash and cash equivalents	8	43,320	25,306
Trade and other receivables		548	568
Inventories		62	62
Total current assets		<u>43,930</u>	<u>25,936</u>
Non-current assets			
Receivables	9	-	100
Property, plant and equipment		341	401
Intangible assets		11,574	10,719
Deferred tax assets		908	1,076
Total non-current assets		<u>12,823</u>	<u>12,296</u>
Total assets		<u>56,753</u>	<u>38,232</u>
Current liabilities			
Trade and other payables	12	13,009	12,239
Current tax liabilities		184	697
Employee benefit obligations		293	281
Total current liabilities		<u>13,486</u>	<u>13,217</u>
Non-current liabilities			
Employee benefit obligations		277	271
Make good provision		24	-
Deferred tax liabilities		66	48
Total non-current liabilities		<u>367</u>	<u>319</u>
Total liabilities		<u>13,853</u>	<u>13,536</u>
Net assets		<u>42,900</u>	<u>24,696</u>
Equity			
Contributed equity	13	45,492	29,827
Accumulated losses		(17,399)	(17,399)
Profits appropriation reserve		15,745	13,850
Other reserves		(938)	(1,582)
Total equity		<u>42,900</u>	<u>24,696</u>

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

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

For the year ended 30 June 2017

	Contributed equity \$'000	Accumulated losses \$'000	Profits appropriati on reserve restated \$'000	Share- based payments reserve \$'000	Foreign currency translatio n reserve \$'000	Financial assets revaluation reserve \$'000	Total equity restated \$'000
CONSOLIDATED GROUP							
Balance at 1 July 2015	29,970	(17,399)	10,724	777	(89)	(2,302)	21,681
Total comprehensive income for the year							
Profit for the year	-	-	4,670	-	-	-	4,670
Other comprehensive income	-	-	-	-	(102)	-	(102)
Total comprehensive income for the year	-	-	4,670	-	(102)	-	4,568
Transactions with owners in their capacity as owners							
Share buy back	(143)	-	-	-	-	-	(143)
Dividends paid	-	-	(1,544)	-	-	-	(1,544)
Share-based payments	-	-	-	134	-	-	134
	(143)	-	(1,544)	134	-	-	(1,553)
Balance at 30 June 2016	29,827	(17,399)	13,850	911	(191)	(2,302)	24,696
Total comprehensive income for the year							
Profit for the year	-	-	5,640	-	-	-	5,640
Other comprehensive income	-	-	-	-	495	-	495
Total comprehensive income for the year	-	-	5,640	-	495	-	6,135
Transactions with owners in their capacity as owners							
Issue of shares	15,665	-	-	-	-	-	15,655
Dividends paid	-	-	(3,745)	-	-	-	(3,745)
Share-based payments	-	-	-	149	-	-	149
	15,665	-	(3,745)	149	-	-	12,069
Balance at 30 June 2017	45,492	(17,399)	15,745	1,060	304	(2,302)	42,900

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

Jumbo Interactive Limited and its Controlled Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		35,888	37,220
Payments to suppliers and employees		(21,781)	(24,976)
Interest received		564	611
Interest and other costs of finance paid		(6)	(6)
Income tax paid		(3,799)	(4,502)
Net cash provided by (used in) operating activities	8	10,866	8,347
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets		-	(84)
Loan to related party		-	(100)
Payments for plant and equipment		(162)	(164)
Payments for intangibles		(4,448)	(4,791)
Proceeds from sale of plant and equipment		-	8
Payment on loss of control of subsidiary	6	(159)	-
Net cash provided by (used in) investing activities		(4,769)	(5,131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	13	15,665	-
Payments for share buybacks	13	-	(143)
Dividends paid	14	(3,745)	(1,544)
Net cash provided by (used in) financing activities		11,920	(1,687)
Net increase in cash and cash equivalents		18,017	1,529
Net foreign exchange differences		(3)	(1)
Cash and cash equivalents at beginning of year		25,306	23,778
Cash and cash equivalents at end of year		43,320	25,306

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 PRELIMINARY FINAL REPORT

For the year ended 30 June 2017

NOTE 1: 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 based on the Annual Financial Report which is in the process of being audited. There are no known likely disputes or qualifications at this time. The Financial Report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Preliminary Final Report has been prepared on an accruals basis and is based on historical costs, including available-for-sale financial assets.

NOTE 2: SEGMENT REPORTING

Jumbo determines and presents operating segments on a product and a geographic basis as this is how the results are reported internally to the Board (chief operating decision maker) and how the business is managed. The Board assesses the performance of the Group based on the net profit before tax (NPBT). Comparatives for 2016 are stated on this basis.

During the 2017 financial year, the Internet Lotteries Germany segment was reclassified as a discontinued operation – refer note 6 for details.

Segment information

(a) Description of segments

The following summary describes the operations in each of the Group's reportable segments:

Internet Lotteries Australia

Retail of Australian lottery tickets sold in Australia and eligible international jurisdictions, and internet database management/marketing. The dormant Mexico Internet Lotteries business is also included due to its similar characteristics.

Other

Business activities which are not reportable in terms of AASB 8, which are currently the online sale of an internally developed proprietary payroll software system.

Corporate

Corporate costs include costs in respect of the Directors, CEO, CFO, corporate advertising, promotion and marketing, corporate investment and finance, tax, audit, risk, governance, and strategic projects.

NOTE 2: SEGMENT REPORTING CONT'D

(b) Segment information provided to the Board

The segment information provided to the Board for the operative segments for the year ended 30 June 2017 is as follows:

2017	Internet Lotteries Australia \$'000	Other \$'000	Corporate \$'000	Total continuing operations \$'000
Total segment sales revenue	31,586	843	-	32,429
Intersegment revenue	-	-	-	-
Total sales revenue from external customers	31,586	843	-	32,429
Other revenue/income from external customers	857	-	207	1,064
Total revenue and other income from external customers (note 3)	32,443	843	207	33,493
Net profit before tax	12,340	407	(1,679)	11,068
Income tax expense				(3,471)
Net profit after tax				7,597
Profit/(loss) from discontinued operations				(1,967)
Profit for the year per P&L				5,640
Interest revenue	470	-	135	605
Depreciation and amortisation	(3,513)	(118)	-	(3,631)
Foreign exchange gain/(loss)	263	-	-	263
Impairment of assets	(62)	-	-	(62)

There was no other significant non-cash item recognised in 2017 relating to the segments.

NOTE 2: SEGMENT REPORTING CONT'D

The segment information provided to the Board for the operative segments for the year ended 30 June 2016 is as follows:

2016	Internet Lotteries Australia \$'000	Other \$'000	Corporate \$'000	Total continuing operations \$'000
Total segment sales revenue	33,239	844	-	34,083
Intersegment revenue	-	-	-	-
Total sales revenue from external customers	33,239	844	-	34,083
Other revenue/income from external customers	949	-	248	1,197
Total revenue and other income from external customers (note 3)	34,188	844	248	35,280
Net profit before tax	12,367	393	(2,043)	10,717
Income tax expense				(3,394)
Net profit after tax				7,323
Profit/(loss) from discontinued operations				(2,653)
Profit for the year per P&L				4,670
Interest revenue	496	-	148	644
Depreciation and amortisation	(3,493)	(151)	-	(3,644)
Foreign exchange gain/(loss)	247	-	20	267
Impairment of investments	-	-	(454)	(454)
Share of losses of associate company	-	-	(173)	(173)

There was no impairment charge or other significant non-cash item recognised in 2016 relating to the segments.

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group	
	2017	2016
	\$'000	\$'000
Revenue		
— Revenue from sale of goods	2,510	2,575
— Revenue from rendering services	29,919	31,508
Revenue from continuing operations	<u>32,429</u>	<u>34,083</u>
Other income/ revenue		
— Interest received		
- Cash	605	644
— Other revenues		
- Foreign exchange gains	263	267
- Other	196	286
	<u>1,064</u>	<u>1,197</u>
Total	<u>33,493</u>	<u>35,280</u>

NOTE 4: PROFIT FOR THE YEAR

	Consolidated Group	
	2017	2016
	\$'000	\$'000
Profit before income tax from continuing operations includes the following specific expenses:		
Cost of sales		
— Sale of goods	1,152	1,201
— Rendering of services	1,313	1,602
Administration expenses		
Depreciation of non-current assets		
— Plant and equipment	149	145
Amortisation of non-current assets		
— Leasehold improvements	41	66
— Intangibles	3,441	3,433
Other expenses		
— Employee benefits expense	6,468	6,074
— Defined contribution superannuation expense	824	898
Occupancy expenses		
— Operating lease rentals – minimum lease payments	959	879
Impairment of assets – domain names	62	-

NOTE 5: INCOME TAX EXPENSE

	Consolidated Group	
	2017	2016
	\$'000	\$'000
a. The components of tax expense comprise:		
– Current tax	3,284	3,771
– Deferred tax arising from origination and reversal of temporary differences	186	(348)
– Under/over provision deferred tax prior years	-	(8)
– Under/over provision tax prior years	-	(32)
– Under/over provision overseas tax prior years	1	11
Total income tax expense/(benefit) in profit and loss	<u>3,471</u>	<u>3,394</u>
b. Reconciliation:		
Profit before income tax expense	<u>9,111</u>	<u>8,064</u>
– Tax at the Australian tax rate of 30% (2016: 30%)	2,733	2,419
– Income tax effect of overseas tax rates	338	818
– Share options expensed during year	44	40
– Other	356	149
– Under/over provision for income tax in prior year	-	(32)
Total income tax expense/(benefit) in profit and loss	<u>3,471</u>	<u>3,394</u>

NOTE 6: DISCONTINUED OPERATIONS

On 3 November 2016, Jumbo Interactive Limited announced its intention to scale down Jumbo Interactive GmbH, its Internet lotteries German business segment, due to adverse market conditions and, as disclosed in the 2016 Half Year Report, on 5 December 2016 the sale of lottery tickets ceased. The business was subsequently placed into voluntary administration (VA) on 31 March 2017 and is reported as a discontinued operation as Jumbo no longer has control. The purpose of the VA is to facilitate the orderly closure and wind-up of the business in compliance with German legal requirements.

Financial information relating to the discontinued operation for the nine month period to the date of voluntary administration, and the year ended 30 June 2016, is set out below:

	2017	2016
	\$'000	\$'000
Revenue	315	296
Expenses	<u>(1,467)</u>	<u>(2,949)</u>
Loss before income tax	(1,152)	(2,653)
Income tax (expense)/benefit	-	-
Loss after income tax from discontinued operation	<u>(1,152)</u>	<u>(2,653)</u>
Loss on loss of control of subsidiary on voluntary administration	(242)	-
Reclassification of foreign currency translation reserve ¹	<u>(563)</u>	-
Loss on loss of control before income tax	(805)	-
Income tax (expense)/benefit	-	-
Loss on loss of control after income tax	<u>(805)</u>	-
Loss for the year from discontinued operation	<u>(1,957)</u>	<u>(2,653)</u>

NOTE 6: DISCONTINUED OPERATIONS (CONT'D)

¹Foreign currency loss relates to the historical foreign currency translation reserve in respect of Jumbo's investment in Germany, reclassified to the income statement on loss of control through voluntary administration.

	2017	2016
	\$'000	\$'000
Profit attributable to owners of the parent entity relates to:		
Profit/(loss) from continuing operations	7,597	7,323
Profit/(loss) from discontinued operation	(1,957)	(2,653)
	<u>5,640</u>	<u>4,670</u>

	2017	2016
	\$'000	\$'000
Net cash inflow/(outflow) from operating activities	(1,353)	(2,786)
Net cash inflow/(outflow) from investing activities	(88)	(15)
Net cash inflow/(outflow) from financing activities	-	-
Net cash increase/(decrease) in cash generated from discontinued operation	<u>(1,441)</u>	<u>(2,801)</u>

Details of the voluntary administration of Jumbo Interactive GmbH

	2017
	\$'000
Cash paid administrator on loss of control	159
Total cash lost on loss of control	<u>159</u>
Carrying amount of net assets over which control was lost	83
Loss on loss of control of subsidiary before income tax	242
Income tax (expense)/benefit	-
Loss on loss of control of subsidiary after income tax	<u>242</u>

The carrying amounts of the assets and liabilities as at the date of voluntary administration (31 March 2017) were:

	31 March
	2017
Property, plant and equipment	19
Intangible assets	64
Trade and other receivables	87
Total assets	<u>170</u>
Trade and other payables	(87)
Total liabilities	<u>(87)</u>
Net assets	<u>83</u>

NOTE 7: EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share

	Consolidated Group	
	2017	2016
	\$'000	\$'000
Basic earnings per share		
Profit/(loss) from continuing operations	7,597	7,323
Profit/(loss) from discontinued operation	(1,957)	(2,653)
Profit after tax attributable to owners of Jumbo Interactive Limited used to calculate basic earnings per share	<u>5,640</u>	<u>4,670</u>
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>44,954,344</u>	<u>44,119,040</u>
Diluted earnings per share		
Profit/(loss) from continuing operations	7,597	7,323
Profit/(loss) from discontinued operation	(1,957)	(2,653)
Profit after tax attributable to owners of Jumbo Interactive Limited used to calculate diluted earnings per share	<u>5,640</u>	<u>4,670</u>
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	44,954,344	44,119,040
Adjustments for calculation of diluted earnings per share: — options	<u>980,179</u>	<u>-</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<u>45,934,523</u>	<u>44,119,040</u>

NOTE 8: CASH AND CASH EQUIVALENTS

		Consolidated Group	
	Note	2017	2016
		\$'000	\$'000
Total cash and cash equivalents		<u>43,320</u>	<u>25,306</u>
<i>Included in the above balance:</i>			
General account balances		35,825	18,251
Online lottery customer account balances	12	<u>7,495</u>	<u>7,055</u>
		<u>43,320</u>	<u>25,306</u>

Online lottery customer account balances being deposits and prize winnings reserved for payment to customers on demand.

NOTE 8: CASH AND CASH EQUIVALENTS (CONT'D)

Consolidated Group

	2017	2016
	\$'000	\$'000
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit for the year after income tax	5,640	4,670
Non-cash flows		
Amortisation	3,504	3,501
Depreciation	160	167
Share of losses of associate company accounted for using the equity method	-	173
Capitalised other revenue from associate company	(114)	(111)
Impairment of losses on investments	-	454
Share option expense	149	134
Derecognition of subsidiary	242	-
Other	186	(113)
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(Increase) in trade receivables	26	(18)
Decrease/(Increase) in other receivables	94	(56)
Decrease/(Increase) in inventories	-	1
Decrease/(increase) in DTA	168	(359)
Decrease/(increase) in foreign exchange reserve	495	-
Increase/(decrease) in trade creditors	9	(165)
Increase/(decrease) in other creditors	708	665
Increase/(decrease) in other provisions	95	154
Increase/(decrease) in DTL	18	11
Increase/(decrease) in provision for income tax	(514)	(761)
Cash flow from operations	<u>10,866</u>	<u>8,347</u>

Consolidated Group

	2017	2016
	\$'000	\$'000
Facilities with Banks		
Credit facility	850	850
Facilities utilised		
- Bank guarantees	(426)	(405)
- Commercial credit card	(295)	(295)
Amount available	<u>129</u>	<u>150</u>

The facilities are provided by Australia and New Zealand Banking Group Limited subject to general and specific terms and conditions being set and met periodically.

NOTE 9: RECEIVABLES (NON-CURRENT)

	Consolidated Group	
	2017	2016
	\$'000	\$'000
Loan to key management personnel	-	100

NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interest in Associate – Lotto Points Plus Inc., USA	Place of business/ Country of incorporation	2017	2016	2017	2016
		%	%	\$'000	\$'000
<i>Unlisted shares</i>					
Lotto Points Plus Inc	New York, USA	30.9	34.8		
Net investment in associate company				-	-

NOTE 11: AVAILABLE-FOR-SALE FINANCIAL ASSETS (NON-CURRENT)

Unlisted securities comprise investments in:

- a) Sorteio Games Inc., USA. The Company owns 7% of the issued share capital of Sorteio Games Inc. Shares in Sorteio Games Inc are carried at fair value of \$nil (2016: \$nil).
- b) Lottery Rewards Inc., USA. The Company owns 7.0% of the issued share capital of Lottery Rewards Inc directly (0.2%) and indirectly (6.8%). Shares in Lottery Rewards Inc are carried at fair value of \$nil.

NOTE 12: TRADE AND OTHER PAYABLES

	Note	Consolidated Group	
		2017	2016
		\$'000	\$'000
Total trade and other payables		13,009	12,239
<i>Included in the above balance:</i>			
Trade creditors and other payables		5,514	5,184
Customer funds payable	8	7,495	7,005
		13,009	12,239

NOTE 13: ISSUED CAPITAL

	2017	2017	2016	2016
	Shares	\$'000	Shares	\$'000
At the beginning of the reporting period	44,064,579	29,827	44,202,560	29,970
Shares issued during the year				
- Off-market issue to Tatts	6,609,686	15,665	-	-
Shares bought back during the year				
- On-market share buy-back plan	-	-	(137,981)	(143)
	50,674,265	45,492	44,064,579	29,827

NOTE 14: DIVIDENDS

	Consolidated Group	
	2017	2016
Ordinary shares	\$'000	\$'000
Dividends paid during the financial year	3,745	1,544
	<u>3,745</u>	<u>1,544</u>

Dividends paid in cash or satisfied by the issue of shares under the Dividend Reinvestment Plan during the financial years ended 30 June 2017 and 30 June 2016 were as follows:

– Paid in cash	3,745	1,544
	<u>3,745</u>	<u>1,544</u>

NOTE 15: NET TANGIBLE ASSETS PER SECURITY

	Consolidated Group	
	2017	2016
	Cent	Cent
Net Tangible Assets per ordinary share	60.2	29.4

NOTE 16: FAIR VALUE MEASUREMENTS

Financial assets at fair value through Other Comprehensive Income are recognised and measured at fair value on a recurring basis.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices)
- Level 3 - a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

Recognised fair value measurements

The following table sets out the group's assets and liabilities that are measured and recognised at fair value in the financial statements

	Note	Consolidated Group	
		2017	2016
		\$'000	\$'000
Available-for-sale financial assets	11	<u>-</u>	<u>-</u>

NOTE 17: EVENTS AFTER THE REPORTING PERIOD

Apart from the (i) issue of 3,474,493 options to Tatts, (ii) payment of a fully franked special dividend of 15 cents per ordinary share (\$7,691,140), (iii) exercise of 600,000 options (\$1,050,000), and (iv) final dividend declared, the directors are not aware of any matter or circumstance that has arisen that has significantly affected, or may significantly affect, the operations of the Group in the financial years subsequent to 30 June 2017.