



JUMBO INTERACTIVE LIMITED AND ITS CONTROLLED SUBSIDIARIES

(ABN 66 009 189 128)

APPENDIX 4E PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

Current period:	1 July 2017 to 30 June 2018
Prior corresponding period:	1 July 2016 to 30 June 2017

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

	2018	2017	Change	Change
Continuing operations	\$'000	\$'000	\$'000	%
Revenue from continuing operations	39,775	32,429	7,346	22.7
Profit after tax attributable to members	12,127	5,640	6,487	115.0
Total comprehensive income for the period attributable to members	11,750	6,135	5,615	91.5

DIVIDENDS

Directors are pleased to declare a final fully franked ordinary dividend of **11.0 cents per share** (2017: 5.0 cents) making a total fully franked ordinary dividend of **18.5 cents per share** (2017: 8.5 cents), with a franking percentage of 100% (2017: 100%) as follows:

- Record date: 31 August 2018
- Payment date: 21 September 2018

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: Thursday, 25 October 2018
Time: 5:00pm
Venue: HopgoodGanim Lawyers
Level 7
Waterfront Place
1 Eagle 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 and Profit increased compared to the same period last year. Continuing improved customer activity (both new and existing customers) together with increased large jackpot activity (both number and aggregate value) in Australia during the financial year were the main reasons for the increased TTV and Revenue. Large jackpot activity is an important driver of sales and can randomly fluctuate over time. During the financial year, there were 32 (2017: 31) large jackpots with an aggregate value of \$910 million (2017: \$750 million). This is 3% higher in number and 21% higher in aggregate value compared to the previous period.

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

The higher TTV and Revenue together with continued focus on cost management, with expenses increasing by 9.4%, and the Discontinued operations in Germany, have resulted in the 115% increased Profit.

The Company continues to invest in the three main pillars that support the ongoing growth of the Company with \$4,567,000 (2017: \$4,330,000) on its proprietary software platform (intangible assets), \$4,637,000 (2017: \$3,566,000) in marketing activities primarily to acquire new and retain existing customers, and

\$8,119,000 (2017: \$7,292,000) on employees who provide the software development and marketing skills, customer support services, and management.

Continuing operations	2018	2017	Change	Change
	\$'000	\$'000	\$'000	%
TTV	183,146	145,322	37,824	26.0
Revenue	39,775	32,429	7,346	22.7
Gross profit	37,737	29,964	7,773	25.9
Other revenue	1,203	1,064	139	13.1
Expenses	(21,839)	(19,960)	(1,879)	9.4
EBITDA	19,415	14,094	5,321	37.8
NPBT	17,101	11,068	6,033	54.5
NPAT	11,753	7,597	4,156	54.7
Discontinued operation	374	(1,957)	2,331	119.1
Profit after tax attributable to members	12,127	5,640	6,487	115.0

TTV increased largely due to an increase in the Australia Lotteries segment resulting mainly from increased customer activity and large jackpot activity.

This increase in TTV resulted in an increase in Revenue, at a slightly lower rate due to an edge lower margin of 21.7% (2017: 22.3%) mainly from product mix at different margins.

The increase in expenses is primarily in relation to the increase in TTV and Revenue in the Online Lottery Segment and strong improvement in Company financial performance and shareholder wealth in the Corporate Segment, and due to (i) increases in the Australia Lotteries segment, mainly with increases in marketing and merchant fees associated with the higher level of large jackpot activity and decreases in depreciation and amortisation from the effect of change in useful life of intangible assets in FY2016, and (ii) the Corporate segment largely from an increase in administrative expenses being mainly employee salaries and share based payments.

The above has resulted in the increase in earnings and 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 2018	FY 2017	FY 2016
TTV – Internet Lotteries Australia	\$182.3 million	\$144.5 million	\$152.5 million
Reported Revenue – Internet Lotteries Australia	\$38.8 million	\$31.6 million	\$33.2 million
OZ Lotto/ Powerball Division 1 of \$15 million or more			
Number of jackpots of \$15 million or more	32	31	45
Average Division 1 jackpot of \$15 million or more	\$28.4 million	\$24.2 million	\$28.8 million
Peak Division 1 jackpot during the financial year period	\$55 million	\$55 million	\$70 million
Aggregate Division 1 jackpots on offer during the financial year period	\$910 million	\$750 million	\$1,295 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	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Internet lotteries					
Australia		39,815	32,443	18,948	12,340
Internet lotteries segment		39,815	32,443	18,948	12,340
All other segments		878	843	476	407
Corporate		285	207	(2,323)	(1,679)
	2	40,978	33,493	17,101	11,068

For 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 \$37,000 for the 2018 financial year (2017: \$32,000) is included in the Australia results. This is expected to cease in FY2019.

Germany was scaled down in November 2016 and was placed in voluntary administration (**VA**) by the board on 31 March 2017 when it became a discontinued operation (see note 6 for details). The VA process is expected to be finalised in FY2019.

Financial position

The net assets of the Group have increased by \$4,311,000 from 30 June 2017 to \$47,211,000.

The Group's working capital, being current assets less current liabilities, has increased from \$30,444,000 in 2017 to \$33,236,000 in 2018 mainly as a result of increased cash and cash equivalents of \$4,599,000. \$10,425,000 of this increase was from the issue of shares.

Non-current assets increased by \$1,616,000 to \$14,439,000 due mainly to the investment in the 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 \$10,425,000 resulting from:

	\$'000
– Issue of 3,700,000 shares as a result of exercise of options (see note 13)	10,425
	<u>10,425</u>

(b) Increase in cash of \$4,599,000 resulting from:

	\$'000
– Cash raised from the issue of contributed equity in (a) above	10,425
– Other activities (see Cash Flow Statement for details)	(5,826)
	<u>4,599</u>

(c) Increase in non-current assets of \$1,616,000 resulting from:

	\$'000
– investment in website development costs net of amortisation	1,539
– Changes in other non-current assets	77
	1,616
	1,616

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, and together with the higher level of large jackpot activity, which was 3% higher in number and 21% higher in aggregate value compared to FY2017, contributed significantly to the 23.1% increase in revenue to \$38,897,000 (2017: \$31,586,000). Other income increased to \$918,000 (2017: \$857,000) mainly due to increased interest revenue with higher average interest rates and balances. Net profit before tax increased by 53.6% to \$18,948,000 (2017: \$12,340,000) largely due to the higher customer and jackpot activities, notwithstanding an increase in expenses of 6.8%.

The increase in expenses of \$1,191,000 was mainly due to increased TTV and Revenue with (i) increased marketing \$1,069,000, (ii) decreased occupancy \$83,000, (iii) reduced depreciation and amortisation \$424,000, (iv) increased employee benefits \$98,000, and (v) increased merchant fees \$458,000.

TTV for the financial year increased by 26.2% to \$182,268,000 (2017: \$144,479,000), which includes charity lottery sales of \$6,092,000 (2017: \$3,804,000) at 3.3% of TTV (2017: 2.6%).

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 2018	FY 2017
Number of new online accounts	214,908	160,698
CPL	\$17.28	\$17.09
Number of active online customers	437,540	354,113
Average spend per active online customer	\$371.13	\$348.40

The 33.7% increase in new online accounts and 23.6% increase in active online customers are due mainly to the increase in large jackpot activity (3% increase in number and 21% increase in aggregate value) and re-engagement of existing customers. The 6.5% increase in average spend per active customer is largely due to increases in large jackpot activity and charity lottery sales growth, and the marketing initiatives. The 1.1% increase in CPL is mostly due to the marketing mix and 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 \$878,000 (2017: \$843,000) and net profit before tax increased to \$476,000 (2017: \$407,000).

(c) Corporate

The net loss increased by 38.4% or \$644,000 to NLBT \$2,323,000 (2017: NLBT \$1,679,000) mainly due to (i) increased interest revenue of 37.7% or \$78,000 from higher average interest rates and balances and (ii) increased administration expenses \$716,000 or 38.6% largely from increased employee benefits in salaries and share-based payments from the exercise of staff options during the financial year mainly due to the strong Company financial performance and increased shareholders wealth.

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 2018

	Note	2018 \$'000	2017 \$'000
Revenue continuing operations	3	39,775	32,429
Cost of sales		(2,038)	(2,465)
Gross profit		37,737	29,964
Other revenue/income	3	1,203	1,064
Expenses			
Distribution expenses		(28)	(24)
Marketing costs		(4,637)	(3,566)
Occupancy expenses		(887)	(959)
Administrative expenses	4	(16,280)	(15,405)
Finance costs		(7)	(6)
Profit before income tax expense		17,101	11,068
Income tax expense	5	(5,348)	(3,471)
Profit after income tax expense continuing operations		11,753	7,597
Discontinued operations	6	374	(1,957)
Profit after income tax expense for the year attributable to the owners of Jumbo Interactive Limited		12,127	5,640
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		(3)	(68)
Reclassification of foreign exchange differences on loss of control of subsidiary		(374)	563
Other comprehensive income for the half year, net of tax		(377)	495
Total comprehensive income for the half year attributable to the owners of Jumbo Interactive Limited		11,750	6,135
Earnings per share (cents per share)		Cents	Cents
From continuing and discontinued operations			
Basic earnings per share	7	23.4	12.6
Diluted earnings per share	7	22.6	12.3
From continuing operations			
Basic earnings per share	7	22.7	16.9
Diluted earnings per share	7	21.9	16.5
From discontinued operations			
Basic earnings per share	7	0.7	(4.3)
Diluted earnings per share	7	0.7	(4.2)

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 2018

	Note	2018 \$'000	2017 \$'000
Current Assets			
Cash and cash equivalents	8	47,919	43,320
Trade and other receivables		509	548
Inventories		57	62
Total current assets		<u>48,485</u>	<u>43,930</u>
Non-current assets			
Property, plant and equipment		280	341
Intangible assets		13,113	11,574
Deferred tax assets		1,046	908
Total non-current assets		<u>14,439</u>	<u>12,823</u>
Total assets		<u>62,924</u>	<u>56,753</u>
Current liabilities			
Trade and other payables	12	14,346	13,009
Current tax liabilities		594	184
Employee benefit obligations		309	293
Total current liabilities		<u>15,249</u>	<u>13,486</u>
Non-current liabilities			
Employee benefit obligations		368	277
Make good provision		24	24
Deferred tax liabilities		72	66
Total non-current liabilities		<u>464</u>	<u>367</u>
Total liabilities		<u>15,713</u>	<u>13,853</u>
Net assets		<u>47,211</u>	<u>42,900</u>
Equity			
Contributed equity	13	55,917	45,492
Accumulated losses		(17,399)	(17,399)
Profits appropriation reserve		9,364	15,745
Other reserves		(671)	(938)
Total equity		<u>47,211</u>	<u>42,900</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 2018

CONSOLIDATED GROUP	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
Balance at 1 July 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
Total comprehensive income for the year							
Profit for the year	-	-	12,127	-	-	-	12,127
Other comprehensive income	-	-	-	-	(377)	-	(377)
Total comprehensive income for the year	-	-	12,127	-	(377)	-	11,750
Transactions with owners in their capacity as owners							
Issue of shares	10,425	-	-	-	-	-	10,425
Dividends paid	-	-	(18,508)	-	-	-	(18,508)
Share-based payments	-	-	-	644	-	-	644
	10,425	-	(18,508)	644	-	-	(7,438)
Balance at 30 June 2018	55,917	(17,399)	9,364	1,704	(73)	(2,302)	47,211

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 2018

	Note	2018 \$'000	2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		43,666	35,888
Payments to suppliers and employees		(22,200)	(21,781)
Interest received		860	564
Interest and other costs of finance paid		(7)	(6)
Income tax received		242	-
Income tax paid		(5,312)	(3,799)
Net cash provided by (used in) operating activities	8	17,249	10,866
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan to related party		100	-
Payments for plant and equipment		(96)	(162)
Payments for intangibles		(4,571)	(4,448)
Proceeds from sale of plant and equipment		1	-
Payment on loss of control of subsidiary	6	-	(159)
Net cash provided by (used in) investing activities		(4,566)	(4,769)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	13	10,425	15,665
Dividends paid	14	(18,508)	(3,745)
Net cash provided by (used in) financing activities		(8,083)	11,920
Net increase in cash and cash equivalents		4,600	18,017
Net foreign exchange differences		(1)	(3)
Cash and cash equivalents at beginning of year		43,320	25,306
Cash and cash equivalents at end of year		47,919	43,320

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 2018

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 2017 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 2018 is as follows:

2018	Internet Lotteries Australia \$'000	Other \$'000	Corporate \$'000	Total continuing operations \$'000
Total segment sales revenue	38,897	878	-	39,775
Intersegment revenue	-	-	-	-
Total sales revenue from external customers	38,897	878	-	39,775
Other revenue/income from external customers	918	-	285	1,203
Total revenue and other income from external customers (note 3)	39,815	878	285	40,978
Net profit before tax	18,948	476	(2,323)	17,101
Income tax expense				(5,348)
Net profit after tax				11,753
Profit/(loss) from discontinued operations				374
Profit for the year per P&L				12,127
Interest revenue	575	-	285	860
Depreciation and amortisation	(3,089)	(85)	-	(3,174)
Foreign exchange gain/(loss)	261	-	-	261
Impairment of assets – domain names	(10)	-	-	(10)

There was no other significant non-cash item recognised in 2018 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 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 – domain names	(62)	-	-	(62)

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

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group	
	2018	2017
	\$'000	\$'000
Revenue		
— Revenue from sale of goods	2,293	2,510
— Revenue from rendering services	37,482	29,919
Revenue from continuing operations	<u>39,775</u>	<u>34,429</u>
Other income/ revenue		
— Interest received	860	605
— Other revenues		
- Foreign exchange gains	261	263
- Export market development grant	70	111
- Other	12	85
	<u>1,203</u>	<u>1,064</u>
Total	<u>40,978</u>	<u>33,493</u>

NOTE 4: PROFIT FOR THE YEAR

	Consolidated Group	
	2018	2017
	\$'000	\$'000
Profit before income tax from continuing operations includes the following specific expenses:		
Cost of sales		
— Sale of goods	889	1,152
— Rendering of services	1,149	1,313
Administration expenses		
Depreciation of non-current assets		
— Plant and equipment	116	149
Amortisation of non-current assets		
— Leasehold improvements	40	41
— Intangibles	3,018	3,441
Other expenses		
— Employee benefits expense	7,268	6,468
— Defined contribution superannuation expense	851	824
Occupancy expenses		
— Operating lease rentals – minimum lease payments	887	959
Impairment of assets – domain names	10	62

NOTE 5: INCOME TAX EXPENSE

	Consolidated Group	
	2018	2017
	\$'000	\$'000
a. The components of tax expense comprise:		
– Current tax	5,472	3,284
– Deferred tax arising from origination and reversal of temporary differences	(132)	186
– Under/over provision overseas tax prior years	8	1
Total income tax expense/(benefit) in profit and loss	<u>5,348</u>	<u>3,471</u>
b. Reconciliation:		
Profit before income tax expense	<u>17,475</u>	<u>9,111</u>
– Tax at the Australian tax rate of 30% (2017: 30%)	5,243	2,733
– Income tax effect of overseas tax rates	(96)	338
– Share options expensed during year	193	44
– Other	8	356
Total income tax expense/(benefit) in profit and loss	<u>5,348</u>	<u>3,471</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, is set out below:

	2018	2017
	\$'000	\$'000
Revenue	-	315
Expenses	-	(1,467)
Loss before income tax	-	(1,152)
Income tax (expense)/benefit	-	-
Loss after income tax from discontinued operation	<u>-</u>	<u>(1,152)</u>
Loss on loss of control of subsidiary on voluntary administration	-	(242)
Reclassification of foreign currency translation reserve ¹	374	(563)
Profit/(loss) on loss of control before income tax	374	(805)
Income tax (expense)/benefit	-	-
Profit/(loss) on loss of control after income tax	<u>374</u>	<u>(805)</u>
Profit/(loss) for the year from discontinued operation	<u>374</u>	<u>(1,957)</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.

	2018	2017
	\$'000	\$'000
Profit attributable to owners of the parent entity relates to:		
Profit/(loss) from continuing operations	11,753	7,597
Profit/(loss) from discontinued operation	374	(1,957)
	<u>12,127</u>	<u>5,640</u>

	2018	2017
	\$'000	\$'000
Net cash inflow/(outflow) from operating activities	-	(1,353)
Net cash inflow/(outflow) from investing activities	-	(88)
Net cash inflow/(outflow) from financing activities	-	-
Net cash increase/(decrease) in cash generated from discontinued operation	<u>-</u>	<u>(1,441)</u>

Details of the voluntary administration of Jumbo Interactive GmbH

	2018	2017
	\$'000	\$'000
Cash paid administrator on loss of control	-	159
Total cash lost on loss of control	-	159
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>-</u>	<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	<u>(87)</u>
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	
	2018	2017
	\$'000	\$'000
Basic earnings per share		
Profit/(loss) from continuing operations	11,753	7,597
Profit/(loss) from discontinued operation	374	(1,957)
Profit after tax attributable to owners of Jumbo Interactive Limited used to calculate basic earnings per share	<u>12,127</u>	<u>5,640</u>
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>51,851,806</u>	<u>44,954,344</u>
Diluted earnings per share		
Profit/(loss) from continuing operations	11,753	7,597
Profit/(loss) from discontinued operation	374	(1,957)
Profit after tax attributable to owners of Jumbo Interactive Limited used to calculate diluted earnings per share	<u>12,127</u>	<u>5,640</u>
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	51,851,806	44,954,344
Adjustments for calculation of diluted earnings per share: — options	<u>1,819,000</u>	<u>980,179</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<u>53,670,806</u>	<u>45,934,523</u>

NOTE 8: CASH AND CASH EQUIVALENTS

		Consolidated Group	
	Note	2018	2017
		\$'000	\$'000
Total cash and cash equivalents		<u>47,919</u>	<u>43,320</u>
<i>Included in the above balance:</i>			
General account balances		40,085	35,825
Online lottery customer account balances	12	<u>7,834</u>	<u>7,495</u>
		<u>47,919</u>	<u>43,320</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

	2018	2017
	\$'000	\$'000
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit for the year after income tax	12,127	5,640
Non-cash flows		
Amortisation	3,058	3,504
Depreciation	116	160
Capitalised other revenue from associate company	-	(114)
Impairment losses on assets	10	-
Share option expense	644	149
Derecognition of subsidiary	-	242
Other	5	186
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(Increase) in trade receivables	43	26
Decrease/(Increase) in other receivables	(104)	94
Decrease/(Increase) in inventories	5	-
Decrease/(increase) in DTA	(138)	168
Decrease/(increase) in foreign exchange reserve	(377)	495
Increase/(decrease) in trade creditors	205	9
Increase/(decrease) in other creditors	1,143	708
Increase/(decrease) in other provisions	96	95
Increase/(decrease) in DTL	6	18
Increase/(decrease) in provision for income tax	410	(514)
Cash flow from operations	<u>17,249</u>	<u>10,866</u>

Consolidated Group

	2018	2017
	\$'000	\$'000
Facilities with Banks		
Credit facility	850	850
Facilities utilised		
- Bank guarantees	(478)	(426)
- Commercial credit card	<u>(295)</u>	<u>(295)</u>
Amount available	<u>77</u>	<u>129</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	
	2018 \$'000	2017 \$'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	2018	2017	2018	2017
		%	%	\$'000	\$'000
<i>Unlisted shares</i>					
Lotto Points Plus Inc	New York, USA	30.9	30.9	-	-
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 (2017: \$nil).
- b) Lottery Rewards Inc., USA. The Company owns 5.4% of the issued share capital of Lottery Rewards Inc directly (0.2%) and indirectly (5.2%). Shares in Lottery Rewards Inc are carried at fair value of \$nil (2017: \$nil).

NOTE 12: TRADE AND OTHER PAYABLES

	Note	Consolidated Group	
		2018 \$'000	2017 \$'000
Total trade and other payables		14,346	13,009
<i>Included in the above balance:</i>			
Trade creditors and other payables		6,512	5,514
Customer funds payable	8	7,834	7,495
		14,346	13,009

NOTE 13: ISSUED CAPITAL

	2018 Shares	2018 \$'000	2017 Shares	2017 \$'000
At the beginning of the reporting period	50,674,265	45,492	44,064,579	29,827
Shares issued during the year				
- Off-market issue to Tatts	-	-	6,609,686	15,665
- Exercise of options	3,700,000	10,425	-	-
	54,374,265	55,917	50,674,265	45,492

NOTE 14: DIVIDENDS

	Consolidated Group	
	2018	2017
Ordinary shares	\$'000	\$'000
Dividends paid during the financial year	18,508	3,745
	<u>18,508</u>	<u>3,745</u>

Dividends paid in cash or satisfied by the issue of shares under the Dividend Reinvestment Plan during the financial years ended 30 June 2018 and 30 June 2017 were as follows:

– Paid in cash	18,508	3,745
	<u>18,508</u>	<u>3,745</u>

NOTE 15: NET TANGIBLE ASSETS PER SECURITY

	Consolidated Group	
	2018 Cent	2017 Cent
Net Tangible Assets per ordinary share	60.9	60.2

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	
		2018 \$'000	2017 \$'000
Available-for-sale financial assets	11	<u>-</u>	<u>-</u>

NOTE 17: EVENTS AFTER THE REPORTING PERIOD

Apart from (i) the exercise of 3,474,493 Tatts options (\$8,235,000) and of 95,000 staff options (\$380,000), and (ii) the final dividend declared of 11.0 cents per share, 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 2018.