JUMBO
INTERACTIVE
THE RIGHT COMBINATION
ASX:JIN

Annual Report
For the year ended 30 June 2011

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CORPORATE DIRECTORY

DIRECTORS

David K Barwick	(non-executive Chairman)
Mike Veverka	(Chief Executive Officer)
Bill Lyne	(non-executive Director)

CHIEF FINANCIAL OFFICER

David Todd

COMPANY SECRETARY

Bill Lyne

REGISTERED OFFICE

Level 1
601 Coronation Drive
Toowong Qld 4066

Telephone:	07 3831 3705
Facsimile:	07 3369 7844

BANKERS

ANZ Banking Group
Commonwealth Bank of Australia
Westpac Banking Corporation

SHARE REGISTRAR

Computershare Investor Services Pty Ltd
117 Victoria Street
West End Qld 4101

Telephone:	07 3237 2100
Facsimile:	07 3229 9860

AUDITORS

BDO Audit (QLD) Pty Ltd
Level 18, 300 Queen Street
GPO Box 457
Brisbane Qld 4001

Telephone:	07 3237 5999
Facsimile:	07 3221 9227

INTERNET ADDRESS

www.jumbointeractive.com

AUSTRALIAN BUSINESS NUMBER

66 009 189 128

BUSINESS OVERVIEW

REKINDLING THE ENJOYMENT OF PLAYING THE LOTTERY

The internet is the clear future for lotteries around the world and for over 11 years Jumbo has been at the forefront of this reinvigoration. Thousands of players from Australia and overseas today enjoy playing their favourite lottery on their computer or even on their smartphone through technology developed by Jumbo.

Customers of www.ozlotteries.com were treated last year to the release of the new smartphone service m.ozlotteries.com and also the customer loyalty program www.lottopoints.com. The smartphone service allows customers to experience the moment of checking their numbers and also buy new games conveniently from their iPhone, Blackberry or other smartphone device.

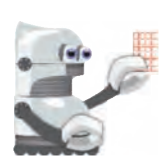
These advances have rejuvinated many players and even opened new markets for lotteries. Sales have tripled over the past three years to $76 million resulting in over $17 million of additional state government revenue. A record $34 million was won by www.ozlotteries.com customers last year including one lucky player who scooped the pool with a $15 million win.

Email alert, featuring Steven Bradbury, Australia's first Winter Olympic Gold Medalist.

Social media has become central to Jumbo's new interactive marketing initiatives. The Facebook page for www.ozlotteries.com has grown to over 2,500 people sharing information about prizes, promotions and games featured on the site. Advertisements are purchased on Facebook during jackpots driving a new breed of players into lotteries.

www.lottopoints.com is the successful Customer Loyalty Program on www.ozlotteries.com

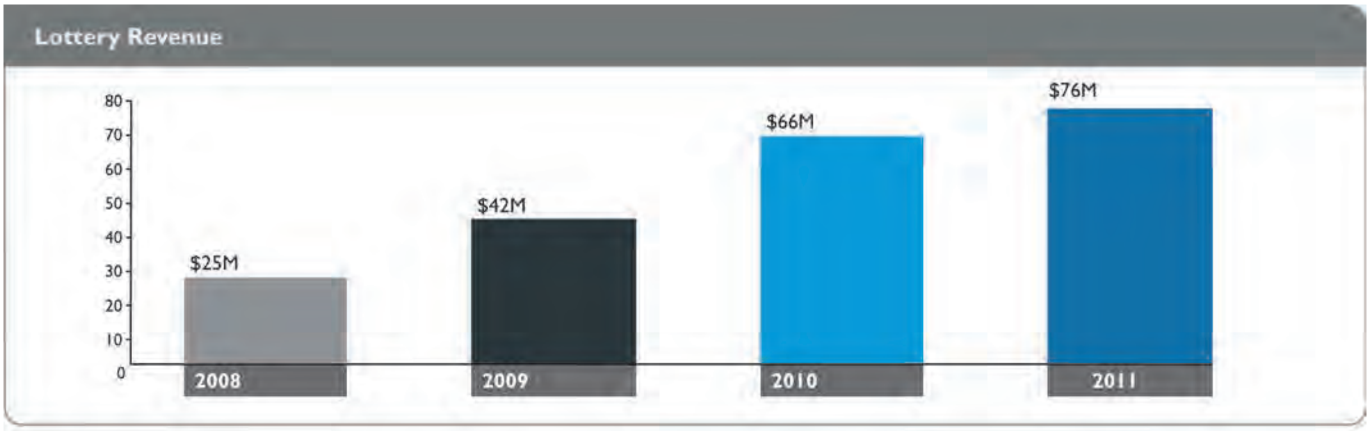
Syndicates
www.ozlotteries.com offers popular syndicates for customers to play as a group.

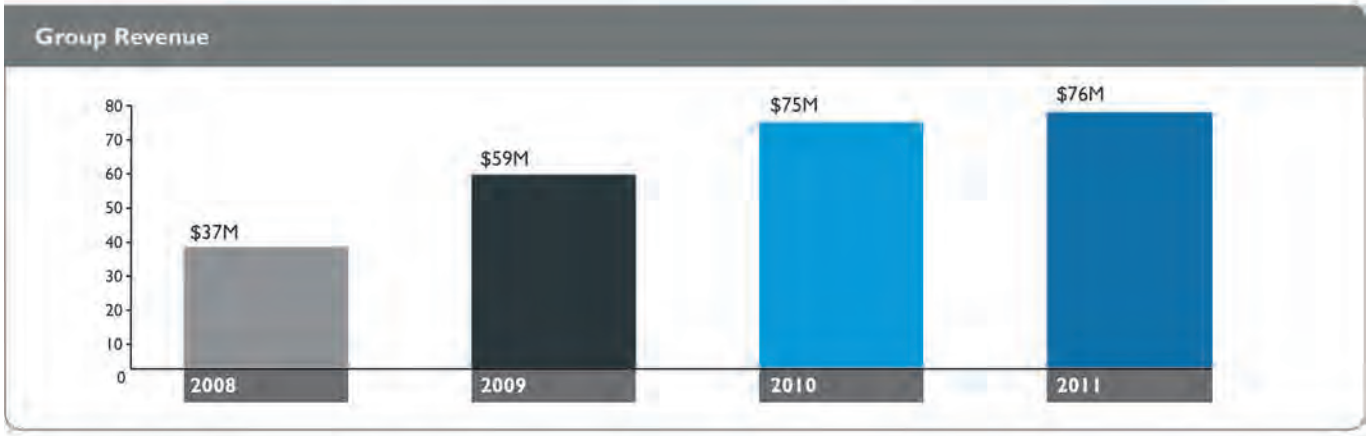


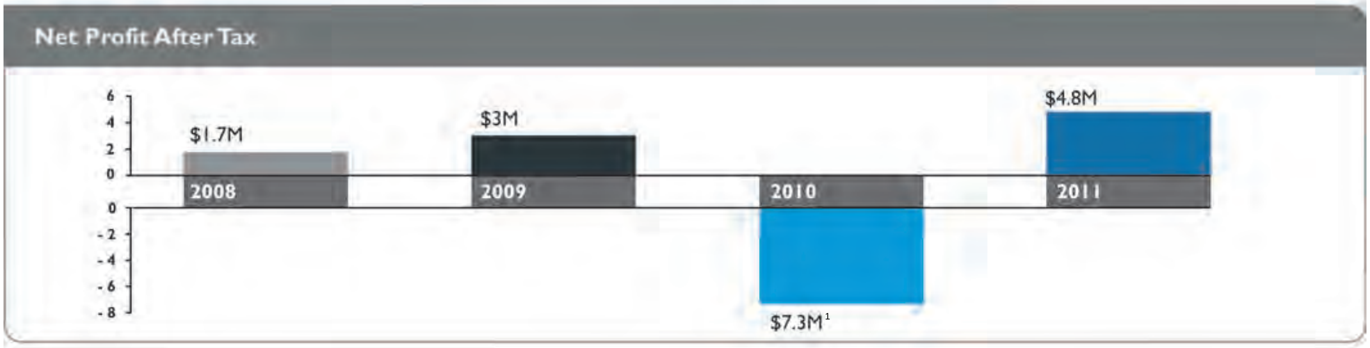
Autoplay
Customers use the Autoplay feature to automatically play upcoming games.

THE 2011 YEAR IN REVIEW

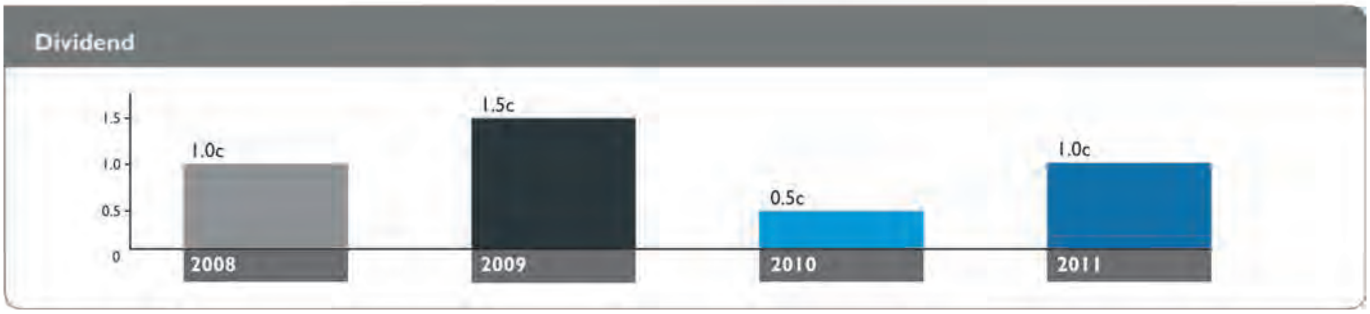
Technological developments and interactive marketing initiatives were key to opening new markets and adding value to customers that have grown to record numbers. Sales have reached a record $76 million delivering a record Net Profit After Tax of $4.8 million. A 0.5c final dividend was declared bringing the full year dividend to 1.0c. Jumbo has a sound balance sheet with Net Assets of $10 million putting the Company into a strong position to seek further opportunities. Directors effectively closed the loss-making Manaccom software division that affected results in 2010 and Jumbo has no further involvement in that business.







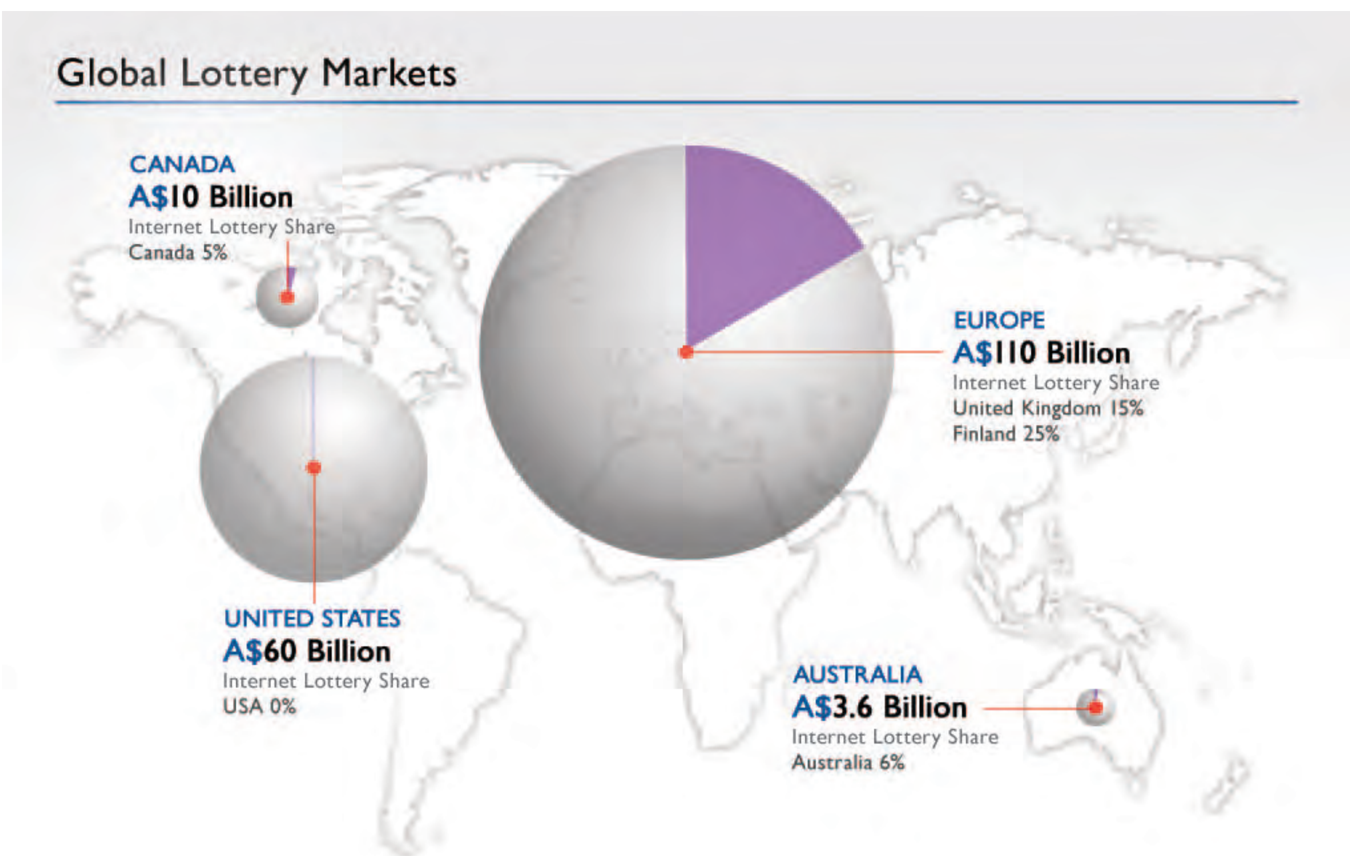
[1] Loss in 2010 due to the software division that was closed in 2011



LOTTERIES IN AUSTRALIA

Jumbo's lottery division began selling official Australian lotteries via terminals as long ago as 1984 and then via the internet in 2000. This long history is testament to Jumbo's commitment to the industry and to its partners, most notably the Tatts Group. Adding value to partnerships is a key ingredient to success and this has driven the partnership with the Tatts Group for over 25 years. Agreements were renewed in 2005 and again in 2008, and will once again go through a renewal process in 2013.

The $3.6 billion Australian lottery market has reached approximately 6% internet sales since the launch of www.ozlotteries.com over seven years ago. Similar markets overseas such as the UK have reached 15% of overall sales, giving a guide to the potential growth ahead.



LOTTERIES IN EUROPE

Jumbo Lotteries (www.jumbolotteries.com) exhibited at the European Lottery Congress in Helsinki in June 2011 in its first major drive into the European lottery market. This lottery market is already quite advanced with over $110 billion of ticket sales occurring annually in various European countries.

Internet sales have already been accepted in many countries and have shown very encouraging growth rates. Finland, for example, has over 25% of lottery ticket sales occurring from their website. The UK is another example of growth with over 15% of their lottery ticket sales occurring via the internet.

Jumbo also exhibited at the World Lottery Association conference held in Brisbane and hosted by the Tatts Group. Jumbo made the most of its home town advantage by sponsoring key activities at this event and raised its profile within the world lottery industry.

LOTTERIES IN NORTH AMERICA

Federal legislation currently prohibits any form of internet based gaming in the USA, including the $60 billion state lottery market. However these state lotteries have been proactive in challenging this legislation and beginning the process of debate in order to bring about change. For example, DC Lottery based in Washington publicly announced their intention to move onto the internet triggering a debate that is currently underway. Other state lotteries are watching with interest.

Jumbo Lotteries has also been proactive in offering its services to the various state lotteries with ambitions to open up their internet channel. In September 2010, Jumbo Lotteries exhibited at the lottery industry's premier event, NASPL 2010 (National Association of State and Provincial Lotteries) in Grand Rapids, Michigan.

In the year ahead, the momentum will be maintained with further exhibitions organised in Chicago, Miami and again at NASPL 2011 in Indianapolis in October 2011.

INTERACTIVE LOTTERY ASSETS

The cornerstone to Jumbo's success is the lottery technology that has been in constant development and real life use for over ten years. Together with new innovative marketing techniques, these new advances have cast a new light over lotteries opening up new markets and reinvigorating existing markets.

1. Smart phone accessibility

The smart phone version of www.ozlotteries.com was released during the year and players immediately took advantage of this new dimension in lottery play. Over 5.7 million Australians currently own a smart phone and the number is growing rapidly.

2. Autoplay, Alerts and Syndicates

Customers of www.ozlotteries.com are treated to features such as Autoplay (never miss a week), Alerts (prizes and results) and Syndicates (group play for more numbers). Customers regularly give feedback and new features are currently in development.

3. Lotto Points

The loyalty program on www.lottopoints.com was expanded further and is proving to be a key feature building brand loyalty to the site. Players earn points with each dollar they spend and are able to redeem those points for games and competitions in the future.

4. The Lottery Results Network

Jumbo's unique Lottery Results Network is also a key asset to expansion into overseas markets. This chain of websites, dedicated to giving players results to their favourite lotteries, went live in 2010 and is showing encouraging signs of growth. The strategy is simple - give people lottery results in an interactive manner and grow the customer database into a valuable asset, especially if lottery sales begin to take off in the USA.

The jewel in the crown of the Lottery Results Network is www.lotteryresults.com. This unique domain name was purchased by Jumbo and is a key asset in achieving a high search engine listing, especially for the search term "lottery results". Every month, millions of people search for "lottery results" as well as typing "lottery results" directly into the web address. This positions www.lotteryresults.com as an authority attracting people to the site.

Every month, millions of people search for "lottery results" as well as typing "lottery results" directly into the web address. This positions www.lotteryresults.com as an authority attracting people to the site.

Converting these people searching for lottery results into ticket sales is a key goal for the Lottery Results Network in the years ahead. Having a ready-to-go list of eager lottery players ready to buy tickets on the internet represents an asset to any state lottery and a boost to Jumbo's chances of success in the US and other markets.

DIRECTORS' REPORT

The Directors of Jumbo Interactive Limited (the Company), formerly Manaccom Corporation Limited, present their report on the consolidated entity (Group), consisting of Jumbo Interactive Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2011.

DIRECTORS

The following persons were Directors of Jumbo Interactive Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- David K Barwick (non-executive Chairman)
- Mike Veverka (Chief Executive Officer)
- Bill Lyne (non-executive Director)
- Bonita Boezeman A.O. (non-executive Director appointed 28 July 2010, resigned 31 May 2011)

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year: Mr Bill Lyne – refer to Information on Directors for details.

COMPANY NAME CHANGE

As announced by the Company on 15 November 2010, the Company changed its name from Manaccom Corporation Limited to Jumbo Interactive Limited as approved by the shareholders at the Annual General Meeting held on 15 November 2010. This reflects the Company's future plans in the internet lottery industry.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Group during the financial year were the retail of lottery tickets sold both in Australia and eligible overseas jurisdictions, the publishing and distribution of third party software programmes, and the design, development, sale and maintenance of proprietary software programmes for accounting systems (refer to Note 24: Segment Reporting for details).

Significant changes in the nature of the Group's principal activities that occurred during the financial year were as follows (refer to Note 6: Discontinued Operations for details):

- Discontinuation of the publishing and distribution of third party software programmes, when the subsidiary involved in these activities was placed into voluntary administration on 31 January 2011; and
- Discontinuation of the design, development, sale and maintenance of proprietary software programmes for accounting systems, when the business involved in these activities was sold on 12 November 2010.

DIVIDENDS

Details of dividends paid to members of Jumbo Interactive Limited during the financial year are as follows:

Interim dividend of 0.5 cent per share on ordinary shares for the year ended 30 June 2011, paid on 6 May 2011	$197,266
	$197,266

In addition to the above dividend, since the end of the financial year, the Directors have declared a final ordinary dividend for the financial year ended 30 June 2011 of 0.5 cent per share on ordinary shares, to be paid on 30 September 2011.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

Information on the operations and financial position of the Group and its business strategies and prospects for future financial years is set out below.

Operating Results

The consolidated profit of the consolidated Group amounted to $4,834,455, after providing for income tax (2010: $7,311,048 loss after $8,290,292 impairments), which is a large increase on the results reported for the year ended 30 June 2010. The significant improvement was largely from continued growth in the online lottery business and a reduction in the losses of the software publishing and distribution business until 31 January 2011 when it ceased operating. Further detail on the Group's operations now follows:

Review of Operations

(a) Online Lottery

The Company continues to make significant investment in its internet intellectual properties, notably www.ozlotteries.com, and customer management, with 15% growth in operating revenues to $76,006,981 (2010: $66,079,365) being achieved mainly through an increasing customer database.

These investments, as well as investments in staff and improvements to underlying technology, have increased the operating costs. This has supported the strong growth in revenues which in turn, has increased operating profit contribution to $5,548,730 (2010: $3,754,414).

(b) Software Publishing and Distribution

This division consisted of the Manaccom and Star businesses, and ceased operations on 31 January 2011.

The divisional loss after providing for income tax was $98,396 (2010: $10,571,845 loss).

The ongoing depressed economic conditions, particularly in the main USA market, led to continued weak trading for the Star business and on 12 November 2010 this business was sold at a loss of $6,007.

Although the loss contribution by the Manaccom business had been reduced since 2010 through cost reductions, the business was unable to return to profitability due to continued adverse conditions in the local over-the-counter software market, which resulted in the business being placed into voluntary administration on 31 January 2011.

As a result of the above, the software publishing and distribution segment has ceased operating.

(c) Summary of Results

The results for Jumbo Interactive Limited are summarised below:

Performance

	2011	2010	2009	2008	2007
Revenue	$75.9 million[1]	$75.1 million[1]	$58.6 million	$37.8 million	$17.9 million
EBITDA	$7,024,810[1]	$2,392,566	$5,059,248	$2,866,437	$38,113
PROFIT - NPAT	$4,834,455	($7,311,048)[2]	$2,957,335	$2,730,526	($739,790)

[1] continuing operations

[2] after impairment losses of $8,290,292

Five Year Asset Growth

	2011	2010	2009	2008	2007
Cash at Bank[1]	$11.8 million	$9.5 million	$9.8 million	$5.6 million	$4.8 million
Net Assets	$10.1 million	$6.4 million	$14.2 million	$11.8 million	$6.8 million
NTA	$3.7 million	$0.4 million	$1.1 million	$3.0 million	$3.8 million

[1] includes cash held under term deposit and customer account balances payable (refer to Note 11: Cash and Cash Equivalents and Note 17: Trade and Other Payables for details)

Five Year Share Price Analysis

	2011	2010	2009	2008	2007
PROFIT - NPAT	$4,834,455[2]	($7,311,048)[1]	$2,957,335	$2,730,526	($739,790)
EPS	12.2¢	(17.0¢)[1]	6.9¢	6.5¢	(0.22¢)
Share Price	37.0¢	27.0¢	21.5¢	22.5¢	3.3¢
Shares on Issue	39.5 million	43 million	43 million	43 million	368 million
Market Cap	$14.6 million	$11.6 million	$9.2 million	$9.7 million	$12.2 million

[1] after impairment losses of $8,290,292

[2] after impairment reversal of $1,258,354 and voluntary administration expenses of $1,224,339

Financial Position

The net assets of the Group have increased by $3,701,649 from 30 June 2010 to $10,081,974. This increase is largely due to the following factors:

- Improved operating performance of the Group; and
- Sale of the Star business.

The sale of the Star business has enabled the Group to reduce its borrowings by $1,529,790. The Group's working capital, being current assets less current liabilities, has improved from $1,029,494 in 2010 to $4,603,183 in 2011 due mainly to the increased cash and cash equivalents through operating activities and a change in the classification of bank borrowings between current and long term following the rectification of the 2010 covenant breach. (refer to Note 18: Borrowings (d) for details).

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) Decrease in contributed equity of $1,042,478 resulting from (see Note 21: Issued Capital for details):

	$
Buy back of 3,578,057 shares from interests of a previous director Mr Ian Mackay	(1,073,422)
Issue of 83,377 shares under the Dividend Reinvestment Plan	30,944
	1,042,478

b) Discontinuation of the software publishing and distribution reportable segment as a result of the sale of the Star Systems Solutions business on 12 November 2010 and placing the Manaccom Pty Ltd business into voluntary administration on 31 January 2011 (see Note 6: Discontinued Operations for details).

KEY BUSINESS STRATEGIES AND FUTURE PROSPECTS

The Group will continue to retail lottery tickets through the internet.

Other than information disclosed elsewhere in this annual report, information on likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this Directors' report because the Directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable expectations of the Group.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There were no material events after the balance sheet date.

LIKELY DEVELOPMENTS

Other than information disclosed elsewhere in this annual report, information on likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this Directors' report because the Directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INFORMATION ON DIRECTORS

Name	**David K Barwick**
Qualifications	N/A
Experience	Appointed as a Board member on 30 August 2006 and Chairman on 7 November 2007. David Barwick is an accountant by profession with over 38 years experience in the management and administration of publicly listed companies both in Australia and North America. During this period David has held the position of Chairman, Managing Director or President of over 27 public companies covering a broad range of activities.
Directorships currently held in other listed entities	Current Director and Chairman of Metallica Minerals Limited (since 11 March 2004), current Director and Chairman of MetroCoal Limited (since 6 July 2007), current Director and Chairman of Orion Metals Limited (since 28 November 2008), current Director and Chairman of Planet Metals Limited (since 9 June 2009).
Interest in shares and options[1]	101,345 ordinary shares and 550,000 options in Jumbo Interactive Limited.
Special responsibilities	Chairman (non-executive); Chair of the Nomination and Remuneration Committee; member of the Audit Committee.
Directorships formerly held in other listed entities during the three years prior to the current year	Previous Director of Macarthur Minerals Limited ({TSX Venture Exchange} from 24 October 2005 to 31 August 2009); and Cape Alumina Limited (from 2 February 2004 to 29 January 2009).

Name	**Mike Veverka**
Qualifications	Bachelor of Engineering
Experience	Mike Veverka has been Chief Executive Officer and a Director of Jumbo Interactive Limited since the restructuring of the Company in September 1999. Mike was instrumental in the development of the e-commerce software that is the foundation to the various Jumbo operations. Mike was the original founder of Benon Technologies in 1995 when development of the software began. Mike also established a leading Internet Service Provider in Queensland which operated successfully for three years before being sold. Mike is regarded as a pioneer in the Australian internet industry with many successful internet endeavours to his name. Mike graduated with an honours degree in engineering in 1987.
Directorships currently held in other listed entities	None
Interest in shares and options[1]	9,398,278 ordinary shares and 550,000 options in Jumbo Interactive Limited.
Special responsibilities	Chief Executive Officer
Directorships formerly held in other listed entities during the three years prior to the current year	None

Name	**Bill Lyne**
Qualifications	Bachelor of Commerce; Chartered Accountant
Experience	Appointed as a Board member on 30 October 2009. Bill Lyne is the principal of Australian Company Secretary Service, providing company secretarial, compliance and governance services to public companies. He is currently Company Secretary of three other publicly listed companies, is a former Secretary and/or Director of a number of other listed companies, and has a wealth of experience in corporate governance principles and practices. Bill is a fellow of Chartered Secretaries Australia and has been a presenter at CSA courses in company secretarial practice.

Directorships currently held in other listed entities	None
Interest in shares and options[1]	550,000 options in Jumbo Interactive Limited.
Special responsibilities	Chair of the Audit Committee; Member of the Nomination and Remuneration Committee; Company Secretary.
Directorships formerly held in other listed entities during the three years prior to the current year	None

Name	**Bonita Boezeman A.O.**
Qualifications	PMD Harvard Business School
Experience	Appointed as a Board member on 28 July 2010 (and resigned on 31 May 2011). Bonita Boezeman A.O. has a wealth of experience having previously served in top executive and non executive positions with more than ten public and private boards or subsidiaries, and 12 philanthropic boards and committees in the past 27 years, covering a varied range of businesses and charities. Bonita was the Deputy Chair of NSW State Lottery Corporation for 14 of the 16 years she served on the Board. She is experienced in strategy, marketing and financial management.
Directorships currently held in other listed entities	None
Interest in shares and options[1]	1,769 ordinary shares in Jumbo Interactive Limited.
Special responsibilities	Previous Chair of the Audit Committee.
Directorships formerly held in other listed entities during the three years prior to the current year	None

[1] includes transactions since the end of the reporting date up to and including the date of the Directors' Report.

MEETINGS OF DIRECTORS

The number of meetings of the Board of Directors (including Board committees) held during the year ended 30 June 2011 and the number of meetings attended by each Director is set out below:

	Board		Audit Committee		Nominations and Remuneration Committee	
Name	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
David Barwick	17	17	7	7	5	5
Mike Veverka	17	17	-	-	-	-
Bill Lyne	17	17	7	7	5	5
Bonita Boezeman A.O.	15	15	7	7	4	4

SHARE OPTIONS

Unissued ordinary shares of Jumbo Interactive Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price of shares	Number under option
1 May 2009	1 May 2012	50 cents	1,450,000
21 October 2009	31 October 2012	70 cents	1,350,000
15 November 2010	15 November 2013	70 cents	300,000
15 February 2011	15 February 2014	50 cents	1,000,000
			4,100,000

The holders of these options do not have any rights under the options to participate in any share issue of the Company or of any other entity.

During the financial year ended 30 June 2011, no ordinary shares of Jumbo Interactive Limited were issued as a result of the exercise of options.

During the financial year ended 30 June 2011, 2,000,000 options were forfeited and since the financial year end, a further 50,000 were forfeited due to staff leaving employment.

During or since the end of the financial year, 1,150,000 options were granted by Jumbo Interactive Limited to the following Directors and executives of the Group as part of their remuneration:

Name	Number of options granted	Number of ordinary shares under option
Bill Lyne	300,000	300,000
Bonita Boezeman A.O.	550,000	550,000
David Todd	150,000	150,000
Xavier Bergade	150,000	150,000
	1,150,000	1,150,000

For details of options issued to Directors and executives as remuneration, refer to the Remuneration Report.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each key management person, including each Director of Jumbo Interactive Limited and for the executives receiving the highest remuneration.

a) Policy for determining the nature and amount of remuneration

The Remuneration Policy of Jumbo Interactive Limited has been designed to align Director and key management personnel objectives with shareholder and business objectives by providing a remuneration component and offering specific long term incentives based on key performance areas affecting the Group's financial results. The Board of Jumbo Interactive Limited believes the Remuneration Policy to be appropriate and effective in its ability to attract and retain the best directors and key management personnel to run and manage the Group, as well as create goal congruence between Directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and key management personnel of the Group is as follows:

- The Remuneration Policy, setting the terms and conditions for the executive Directors and key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as level of responsibilities, experience and length of service), superannuation and options (by invitation).
- The Board reviews executive and key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives and key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the Group's profits and shareholder value. All bonuses and incentives must be linked to predetermined performance criteria. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth. Refer below for further details of performance based remuneration.

Key management personnel are also entitled to participate in the employee share option arrangements.

The executive Directors and key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Directors and key management personnel is valued at the cost to the Company and expensed. Shares awarded to Directors and key management personnel are valued as the difference between the market price of those shares and the amount paid by the Director or executive. Options are valued using the Black-Scholes, Binomial and Monte Carlo Simulation methodologies.

The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance Based Remuneration

As part of the executive's remuneration package there is a performance based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between executives with that of the business and shareholders. These KPIs are set annually, with a certain level of consultation with executives to ensure buy-in. The measures are specifically tailored to the areas each executive is involved in and has a level of control over. For example, a KPI for the Chief Executive Officer has been net profit after tax of the Group.

Performance in relation to the KPIs is assessed annually by the Board, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth before the KPIs are set for the following year. This method of assessment was chosen because it provides the Board an objective means of measuring performance.

In determining whether or not a KPI has been achieved, Jumbo Interactive Limited bases the assessment on audited figures.

Company Performance, Shareholder Wealth, and Directors' and Executives' Remuneration

The Remuneration Policy has been tailored to increase goal congruence between shareholders and Directors and executives.

The following table shows the gross revenue and profits/(loss) for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

	2007	**2008**	**2009**	**2010**	**2011**
Revenue	$17.9 mil	$37.8 mil	$58.6 mil	$66.0 mil[2]	$75.9 mil[2]
Net profit/(loss) – continuing operations	($739,790)	$2,730,526	$2,957,335	$3,260,797[3]	$4,932,851
Net profit/(loss) – discontinued operations	n/a	n/a	n/a	($10,571,845)[4]	($98,396)[5]
Change in share price at year end	(0.1¢)	(10.5¢)[1]	(1.0¢)	5.5¢	10.0¢
Dividends paid per share	-	1.0¢	1.5¢	0.5¢	0.5¢
Return on capital employed – continuing operations	(10.8%)	23.0%	20.8%	51.1%	48.9%
Return on capital employed – discontinued operations	n/a	n/a	n/a	(165.7%)	(1.0%)

[1] this is after the 1:10 share consolidation in 2008.

[2] continuing operations.

[3] this is after a one-off impairment expense of $348,585.

[4] this is after a one-off impairment expense of $7,941,707.

[5] this is after reversal of impairment expense $1,258,354, loss on loss of control of subsidiary placed into voluntary administration $639,644 and expenses relating to the voluntary administration expenses $584,695.

b) Key Management Personnel

The following persons were key management personnel of Jumbo Interactive Limited Group during the financial year:

Name	***Position held***
David K Barwick	Chairman (non-executive)
Mike Veverka	Director and Chief Executive Officer
Bill Lyne	Non-executive Director and Company Secretary
Bonita Boezeman A.O.	Non-executive Director (appointed 28 July 2010, resigned 31 May 2011)
David Todd	Chief Financial Officer
Xavier Bergade	Chief Technology Officer

Xavier Bergade has become a member of key management personnel for the financial year ended 30 June 2011 as a result of the change in significance of the contribution from the Online Lottery segment subsequent to the sale of the Star System Solutions business 12 November 2010 and the voluntary administration of subsidiary Manaccom Pty Ltd on 31 January 2011. Following the latter event, the Online Lottery unit has become the only reportable segment in the Group. As Chief Technology Officer of this remaining segment, Xavier Bergade's role has become significant with regards to strategic decisions relating to the Group since 31 January 2011. Refer to Note 6: Discontinued Operations, for details.

All Group executives and Company executives receiving the highest remuneration have been included and there are no others.

c) Details of Remuneration

Details of compensation key management personnel and other executives of Jumbo Interactive Limited Group are set out below:

2011	Short term employee benefits			Post employment benefits	Long term benefits		Share based payments			
	Cash salary, fees and leave	Cash bonus	Non-monetary benefits	Superannuation	Long service leave	Termination benefits	Options	Total	Proportion of remuneration that is performance based	% of Value of remuneration that consists of options
	$	$	$	$	$	$	$	$	%	%
Directors										
David Barwick	56,206	-	-	18,235	-	-	12,595	87,036	-	14
Mike Veverka	240,000	161,750	-	36,157	7,703	-	12,595	458,205	35	3
Bill Lyne	43,960	-	-	3,956	-	-	7,778	55,694	-	14
Bill Lyne – as Company Secretary	53,304	-	-	-	-	-	-	53,304	-	-
Bonita Boezeman A.O.[1]	42,078	-	-	3,787	-	-	3,267	49,132	-	7
Other key management personnel										
David Todd	189,605	10,000	-	17,964	3,827	-	8,323	229,719	4	4
Xavier Bergade	110,000	99,608	-	18,865	4,019	-	8,323	240,815	41	4
Total key management personnel remuneration	735,153	271,358	-	98,964	15,549	-	52,881	1,173,905		

[1] Bonita Boezeman A.O. became a member on 28 July 2010 and ceased to be a member on 31 May 2011.

2010	Short term employee benefits			Post employment benefits	Long term benefits		Share based payments			
	Cash salary, fees and leave	Cash bonus	Non-monetary benefits	Superannuation	Long service leave	Termination benefits	Options	Total	Proportion of remuneration that is performance based	% of Value of remuneration that consists of options
	$	$	$	$	$	$	$	$	%	%
Directors										
David Barwick	55,046	-	-	4,954	-	-	25,846	85,846	-	30
Mike Veverka	240,000	192,990	-	36,913	4,984	-	25,846	500,733	39	5
Bill Lyne	18,349	-	-	1,651	-	-	11,748	31,748	-	37
Bill Lyne – as Company Secretary	38,232	-	-	-	-	-	-	38,232	-	-
Ian Mackay[1]	56,545	-	-	5,089	943	-	-	62,577	-	-
Other key management personnel										
David Todd	173,076	10,000	-	17,377	3,424	-	14,263	218,140	5	7
Xavier Bergade	110,000	90,587	-	14,703	3,344	-	14,263	232,897	39	6
Total key management personnel remuneration	691,248	293,577	-	80,687	12,695	-	91,966	1,170,173		

[1] Ian Mackay ceased to be a member on 19 October 2009.

d) Cash bonuses

Cash bonuses granted at the discretion of the Board to David Todd and Xavier Bergade during the financial year ended 30 June 2011 with no vesting conditions were paid on 8 July 2011. Refer to (h) regarding the Chief Executive Officer's cash bonus.

e) Options and rights granted as remuneration

Options are issued to executives and key management personnel as part of their remuneration at the discretion of the Board. The options are not issued based upon performance criteria, but are issued to selected executives of Jumbo Interactive Limited and its subsidiaries to increase goal congruence between executives, Directors and shareholders.

Details of the terms and conditions of options and rights granted to key management personnel and executives as compensation during the reporting period are as follows:

2011	No. options/ rights granted	No. options/ rights vested	Fair value per option at grant date	Exercise price	Amount paid or payable for options	Expiry date	Date granted
Name							
Directors							
Bill Lyne	300,000	-	$0.033	$0.70	-	15 Nov 2013	15 Nov 2010
Bonita Boezeman A.O.	550,000	-	$0.033	$0.70	-	15 Nov 2013	15 Nov 2010
	850,000	-					
Other key management personnel							
David Todd	150,000	-	$0.065	$0.50	-	15 Feb 2014	15 Nov 2010
Xavier Bergade	150,000	-	$0.065	$0.50	-	15 Feb 2014	15 Nov 2010
	300,000	-					

Options will vest in executives and key management personnel when the share price equals the exercise price, and on condition that they are currently employed by the Jumbo Interactive Limited Group at the time of vesting. If the executive or key management person leaves before their options vest, then the options will lapse immediately. In the event of retirement or retrenchment, the options will lapse one month after the event and if deceased, the options will lapse three months after the event.

f) Equity instruments issued on exercise of remuneration options

There were no equity instruments issued during the period to key management personnel and executives as a result of options exercised that had previously been granted as compensation.

g) Value of options to key management personnel and executives

Details of the value of options granted, exercised and lapsed during the year to key management personnel and executives as part of their remuneration are summarised below:

	Grant details			For the financial year ended 30 June 2011					Overall		
	Date	No.	Value per option at grant date[1]	Exercised No.	Exercised $	Lapsed No.	Lapsed $	Vested No.	Vested %	Unvested %	Lapsed %
Directors											
Bill Lyne	15 Nov 2010	300,000	$0.033	-	-	-	-	-	-	100	-
Bonita Boezeman A.O.	15 Nov 2010	550,000	$0.033	-	-	550,000	18,150	-	-	-	100

	Grant details			For the financial year ended 30 June 2011					Overall		
	Date	No.	Value per option at grant date[1]	Exercised No.	Exercised $	Lapsed No.	Lapsed $	Vested No.	Vested %	Unvested %	Lapsed %
Other key management personnel											
David Todd	15 Feb 2011	150,000	$0.065	-	-	-	-	-	-	100	-
Xavier Bergade	15 Feb 2011	150,000	$0.065	-	-	-	-	-	-	100	-
		1,150,000		-	-	550,000	18,150	-			

[1] The value of options granted during the period differs from the expense recognised as part of each key management persons' or executives' remuneration in (c) above because the value is the grant date fair value calculated in accordance with AASB 2 *Share-based Payment.*

h) Employment contracts of Directors and senior executives

The employment conditions of Directors and senior executives are formalised in contracts of employment.

The employment contracts stipulate a range of terms and conditions. The Company may terminate an employment contract without cause by providing generally four weeks written notice or making payment in lieu of notice, based on the individual's annual salary component. The notice period for the Chief Executive Officer is 52 weeks. A termination payment may or may not be applicable dependent on the particular circumstances. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time. Any options not exercised before or on the date of termination will lapse.

The policy of the Company is that service contracts are generally unlimited in term.

Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy outlined above. The manner of payment is determined on a case by case basis.

Mike Veverka

Contract term: Ongoing

Base salary: $240,000 plus bonus of 5% of NPAT (before abnormal/extraordinary items as agreed by the Nomination and Remuneration Committee), plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee.

The bonus component is proofed-up subsequent to the audited NPAT for the current financial year being available, with an adjustment made in the following financial year.

The contract is currently under review with a base salary of $360,000 and the bonus structure still to be finalised and agreed.

Termination payments: Payment on early termination by the Group, other than for gross misconduct, equal to 12 months base salary plus bonus.

David Todd

Contract term: Ongoing

Base salary: $200,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee.

Termination payments: Payment on early termination by the Group, other than for gross misconduct, equal to six months base salary.

Xavier Bergade

Contract term: Ongoing

Base salary: $110,000 plus commission of 0.15% of online lottery sales, plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee.

With Xavier Bergade becoming a member of key management personnel during the financial year, the contract is being reviewed with the base salary and bonus structure still to be finalised and agreed.

Termination payments: Payment on early termination by the Group, other than for gross misconduct, equal to six months base salary.

END OF REMUNERATION REPORT

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year, Jumbo Interactive Limited paid a premium in respect of a contract insuring Directors, Secretaries and executive officers of the Company and its controlled entities against a liability incurred as Director, Secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Company or any of its controlled entities against a liability incurred as such an officer.

No indemnity has been provided to the auditor of the Group.

NON-AUDIT SERVICES

During the financial year, the following fees for non-audit services were paid or payable to the auditor, BDO, or their related practices:

	Consolidated	
	2011	**2010**
	$	**$**
Taxation services		
Amounts paid or payable to a related practice of BDO		
- Tax compliance services - tax returns	30,560	21,500
- Other tax	7,440	23,890
Other services		
Amounts paid or payable to a related practice of BDO		
- Accounting advice	18,500	13,980
- Independent expert's report	-	25,000
Total fees for non-audit services	56,500	84,370

The Audit Committee is satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on behalf of the auditor), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

On the advice of the Audit Committee, the Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this report.

This report is made in accordance with a resolution of Directors.

Mike Veverka
Director
Brisbane
5 September 2011

AUDITOR'S INDEPENDENCE DECLARATION

BDO

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Level 18, 300 Queen St
Brisbane QLD 4000,
GPO Box 457, Brisbane QLD 4001
Australia

The Directors
Jumbo Interactive Limited
PO Box 824
TOOWONG QLD 4066

Dear Directors,

DECLARATION OF INDEPENDENCE BY M R JUST TO THE DIRECTORS OF JUMBO INTERACTIVE LIMITED

As lead auditor of Jumbo Interactive Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Jumbo Interactive Limited and the entities it controlled during the period.

M R Just
Director
BDO Audit (QLD) Pty Ltd
Brisbane, 5 September 2011

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

This statement summarises the corporate governance practices that have generally applied in Jumbo Interactive Limited throughout the reporting period except where otherwise stated. It is structured along the same lines as the ASX Corporate Governance Council's Principles and Recommendations, with sections dealing in turn with each of the Council's corporate governance Principles and addressing the Council's Recommendations. This statement and the charters, codes and policies referred to herein are posted on the Company's website www.jumbointeractive.com and shareholders and other interested readers are welcome to refer to them. The Board will keep its corporate governance practices under review.

1. Lay solid foundations for management and oversight

The Council's first Principle states that companies should *"establish and disclose the respective roles and responsibilities of board and management."* Jumbo has adopted a formal **Board Charter** that sets out the functions reserved to the Board and those delegated to the Chief Executive Officer. This enables the Board to provide strategic guidance for the Company and effective oversight of management.

Jumbo provides new Directors with a letter on appointment which details the terms and conditions of their appointment, provides clear guidance on what input is required by them, and includes materials to assist with induction into the Company.

The Company has a similar approach for all senior executives whereby they are provided with a formal letter of appointment setting out their terms of office, duties, rights and responsibilities as well as a detailed job description. The Board has delegated responsibilities and authorities to the CEO and other executives to enable management to conduct the Company's day to day activities. Matters which exceed defined authority limits require Board approval.

The Board is also responsible for the performance of the Company's executives, which is reviewed against appropriate measures and the performance of the Company as a whole, and through an annual appraisal process.

2. Structure the Board to add value

In its second Principle the Council states that companies should *"have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties."* Jumbo's Board is so structured, and its Directors adequately discharge their responsibilities and duties for the benefit of shareholders.

The Board presently comprises of only two non-executive Directors (David Barwick, Chairman and Bill Lyne, also the Company Secretary) and the Chief Executive Officer (Mike Veverka). A fundamental requirement for the Jumbo Board is a deep understanding of business management and financial markets. All Board members meet this requirement, and bring a diverse range of skills and backgrounds. Additionally, Mr Veverka has had a very long involvement in key sections of the Company and brings considerable relevant expertise and knowledge to the Board.

The Board formally meets monthly throughout the year, and informally at least every six to eight weeks to address issues that may arise outside of the monthly meetings.

The qualifications, experience and relevant expertise of each Board member and their terms in office are set out in the Directors' Report section of the Company's Annual Report. All Directors, apart from the CEO, are subject to re-election by rotation at least every three years at the Company's annual general meeting.

The Board's view is that an independent Director is a non-executive Director who does not have a relationship affecting independence on the basis set out in the Council's guidelines and meets materiality thresholds agreed by the Board as equating to payments to them or related parties of 5% of the Company's annual revenue or representing 20% of the individual's business revenue.

The Board considers that David Barwick and Bill Lyne both meet these criteria. On the other hand, Mike Veverka is considered to not be independent because he is a substantial shareholder in Jumbo (i.e. holds more than 5% as defined in Section 9 of the Corporations Act) and is an executive officer of the Company. Consequently, the current structure meets the Council's recommendation that the majority of the Board should be independent, and the Board also considers the current composition is appropriate given the Company's and the Directors' backgrounds and the current and foreseeable structure and size of the Company.

During the year, the Jumbo Board established a Nomination and Remuneration Committee. This Committee's composition is designed to meet the Recommendations and until recently had three independent non-executive Directors; however at the present time it only comprises David Barwick (as Chair) and Bill Lyne. The Committee operates under a Board approved **Nomination and Remuneration Committee Charter**.

The performance of the Board, its Committees and the Directors is reviewed periodically by the Committee. The Committee's principal evaluation benchmark is the Company's financial performance compared to similar organisations and the industry in which it operates; but other than that no formalised annual evaluation process has yet been established for individual Directors given the small size of the Board.

Details of Committee meeting attendances are set out in the Directors' Report section of the Company's annual report. Minutes of all meetings are provided to the Board and its Chair reports to the Board after each Committee meeting.

The Company also complies with the Recommendations for Directors in relation to independent professional advice, information access and contact with the Company Secretary.

The Directors may seek external professional advice at the expense of the Company on matters relating to their role as Directors of Jumbo. However, they must first request approval from the Chairman, which must not be unreasonably withheld. If withheld then it becomes a matter for the whole Board.

The Company Secretary attends all Board and committee meetings, is responsible for monitoring adherence to Board policy and procedures, and is accountable on governance matters.

3. Promote ethical and responsible decision making

In Principle 3 the Council states that companies should *"actively promote ethical and responsible decision-making"*. To this end, Jumbo has formally adopted a **Code of Conduct** covering Directors and officers. The Code is based on respect for the law and acting accordingly, dealing with conflicts of interest appropriately, and ethical matters such as acting with integrity, exercising due care and diligence in fulfilling duties, acting in the best interests of the Company and respecting the confidentiality of all sensitive corporate information. If a Director or officer becomes aware of unlawful or unethical behaviour by anyone in the Company then he is obliged under the Code to report such activities to the Chairman.

The Board has also recently approved a **Whistle Blower Policy** pursuant to which employees who have genuine suspicions about improper conduct feel safe to report it without fear of reprisal.

In addition, Directors recognise the legal obligations relevant to their role and the reasonable expectations of shareholders, other stakeholders and the wider financial community.

The Company realises the benefits that can arise to the organisation from diversity in the workplace covering gender, age, ethnicity and cultural background and in various other areas. So, the Board has recently established a **Diversity Policy** which details the Company's approach to promoting a corporate culture that embraces diversity when selecting and appointing its employees and Directors.

This policy outlines the need for the Board to establish measurable objectives for achieving gender diversity throughout the Company over the longer term, and progress towards achieving them will be assessed annually by the Board and disclosed in future Annual Reports. In this regard, the Company already has one woman in senior management and, until recently, one of the Directors was a woman.

Jumbo also has a documented **Share Trading Policy** for Directors, key management personnel and other staff and consultants which was revised in December 2010 and released on the ASX. The policy prohibits Directors and other persons from dealing in the Company's securities during stated 'closed' and 'prohibited' periods and whilst in possession of price sensitive information. Otherwise, those persons may generally deal in securities during stated 'trading windows' and at other times provided they obtain the prior consent of the Board Chairman (or, in the case of the Chairman himself, from the Chair of the Audit Committee).

The Board will ensure that restrictions on dealings in securities are strictly enforced.

4. Safeguard integrity in financial reporting

The Council states that companies should *"have a structure to independently verify and safeguard the integrity of their financial reporting."* Jumbo has an established Audit Committee which operates under an **Audit Committee Charter**. The role of this Committee is to ensure the truthful and factual presentation of the Company's financial position and to monitor and review on behalf of the Board the effectiveness of the Company's control environment, reporting practices and responsibilities in the areas of accounting, risk management and compliance. To assist this process, as required by Section 295A of the Corporations Act, the CEO and the Chief Financial Officer must certify to the Board in writing that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards.

The Committee's Charter includes information on procedures for the selection and appointment of the external auditor and rotation of the engagement audit partner. The external auditor is required to attend the Company's annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

In accordance with the Council's Recommendations the Audit Committee's Charter requires it to have three non-executive Directors, with a majority being independent, which has been the case until recently. However, currently it has only two members, being the non-executive Directors, Bill Lyne (as Chair) and David Barwick, both of whom have strong finance and accounting backgrounds, experience and appropriate technical expertise. The qualifications of the Committee and meeting attendances are set out in the Directors' Report section of the Company's annual report.

Minutes of all Committee meetings are provided to the Board and its Chair also reports to the Board after each Committee meeting.

5. Make timely and balanced disclosure

In this Principle the Council states that companies should *"promote timely and balanced disclosure of all material matters concerning the company."* Jumbo is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an informed market. Also to assist compliance with continuous disclosure requirements under the ASX Listing Rules, the Company has a **Continuous Disclosure Policy** in place to ensure that material price sensitive information is identified, reviewed by management and disclosed to the ASX and published on the Company's website in a timely manner. The CEO is accountable for compliance with this policy.

In addition, all changes in Directors' interests in the Company's securities are promptly reported to the ASX in compliance with Section 205G of the Corporations Act and the ASX Listing Rules.

The Company's annual report is also used to keep investors informed, particularly in its review of operations and activities.

6. Respect the rights of shareholders

In Principle 6 the Council states that companies should *"respect the rights of shareholders and facilitate the effective exercise of those rights"*. Jumbo supports its desire to provide shareholders with adequate information about the Company and its activities through a published **Communications Policy**. It is also committed to electronic communications through its website, www.jumbointeractive.com, which provides access to all recent ASX announcements, shareholder updates, boardroom broadcasts, notices of meetings, explanatory memoranda, annual reports and key contact details, as well as comprehensive information about the Company and its products and operations. Shareholders and other interested parties may sign up to receive email notification of all ASX releases and other important announcements.

Company general meetings also represent a good opportunity for shareholders to meet with, and ask questions of, the Board of Jumbo and all shareholders are notified of such meetings and encouraged to attend.

As part of the Company's management of investor relations the CEO does, at times, also undertake briefings with investors and analysts to assist their understanding of the Company and its operations, and provide explanatory background and technical information.

7. Recognise and manage risk

In this Principle the Council states that companies should "*establish a sound system of risk oversight and management and internal control"*. Jumbo maintains documented policies for identifying, assessing and monitoring risk, summarised in a **Risk Management Policy**. Through the Audit Committee the Company monitors key business and financial risks, taking into consideration their likelihood and impact, and reviews and appraises risk control measures.

The CEO and senior executives have operational responsibility for risk management through Board approved guidelines. Some of these measures include formal authority limits for management to operate within, policies on treasury-related risk management, an information technology plan and a business continuity plan. The CEO reports to the Board on any departures from policy or matters of concern that might be seen as or become material business risks.

In addition, the CEO and CFO are required to state in writing annually to the Board that to the best of their knowledge the integrity of the Company's risk management, internal control and compliance systems are sound and such systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

8. Remunerate fairly and responsibly

The Council's final Principle states that companies should *"ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear"*. To this end the Board has established during the year a Nomination and Remuneration Committee, as noted above under Principle 2.

The Board considers that the Committee members are sufficiently qualified to consider and decide on remuneration matters. However, external professional advice may be sought from experienced consultants where appropriate to assist in their deliberations.

Non-executive Directors' remuneration is reviewed periodically with reference to comparable businesses and the trend in Directors' fees generally, with the object of ensuring maximum stakeholder benefit from the retention of an effective Board. Shareholders, at the Company's AGM, determine any increase in the aggregate fees payable to non-executive Directors, but it is those Directors who decide amongst themselves the split of such remuneration. The current maximum annual aggregate remuneration which can be paid to all non-executive Directors is $250,000, last approved by shareholders in October 2009. In addition, shareholders have approved share option incentives for the non-executive Directors.

The CEO's remuneration is based on a fixed amount and may include short term incentives (calculated on audited figures) linked to the Company's financial performance and share options provided as long term incentives. The base amount is designed to attract and retain an appropriately qualified and experienced CEO, and any incentive element is to reward him for his contribution towards the Company's success.

Other senior executives are offered remuneration packages necessary to attract and retain appropriately qualified key personnel as well as being commensurate with the skill and attention required to manage an organisation of the size and scope of the Jumbo Group as it is today and taking into account its plans and forecasts into the future. In addition, the Company has an Employee Option Plan in place and from time to time has granted options to deserving staff as a reward for performance. However, the Board prohibits transactions by executives which might limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.

Further information about the Jumbo remuneration policy, along with details of all emoluments of Directors and key management personnel can be found in the Remuneration Report section of the Directors' Report in the Company's Annual Report. There are no separate retirement benefits for non-executive Directors, other than statutory superannuation.

Jumbo Interactive Limited and its Controlled Subsidiaries
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Note	Consolidated Group	
		2011	2010
		$	$
Revenue from continuing operations	3	75,946,130	66,039,971
Cost of sales	4	(61,366,755)	(53,052,708)
Gross profit		14,579,375	12,987,263
Other revenue/income	3	474,179	273,123
Distribution expenses		(44,347)	(81,601)
Marketing costs		(742,913)	(945,162)
Occupancy expenses		(707,563)	(438,098)
Administrative expenses		(7,554,346)	(6,617,212)
Impairment of intangible assets	4	-	(348,585)
Finance costs	4	(150,249)	(143,803)
Profit/(loss) before income tax expense		5,854,136	4,685,925
Income tax expense	5	(921,285)	(1,425,128)
Profit/(loss) after income tax expense from continuing operations		4,932,851	3,260,797
Profit/(loss) from discontinued operations	6	(98,396)	(10,571,845)
Profit/(loss) for the year attributable to the owners of Jumbo Interactive Limited		4,834,455	(7,311,048)
Other comprehensive income			
Foreign currency translation differences		27,087	(47,271)
Total comprehensive income for the year attributable to the owners of Jumbo Interactive Limited		4,861,542	(7,358,319)
Earnings Per Share (cents per share)			
Overall operations			
Basic and diluted earnings per share (cents per share)	10	11.4	(17.0)
Continuing operations			
Basic and diluted earnings per share (cents per share)	10	11.2	7.6
Discontinued operations			
Basic and diluted earnings per share (cents per share)	10	(0.2)	(24.6)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Jumbo Interactive Limited and its Controlled Subsidiaries
STATEMENT OF FINANCIAL POSITION
As at 30 June 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT ASSETS			
Cash and cash equivalents	11	11,770,674	9,461,658
Trade and other receivables	12	276,647	1,514,896
Current tax assets	19	576,016	194,485
Inventories	13	39,894	683,230
TOTAL CURRENT ASSETS		12,663,231	11,854,269
NON-CURRENT ASSETS			
Property, plant and equipment	15	460,368	812,719
Intangible assets	16	5,708,356	5,198,083
Deferred tax assets	19	696,586	828,461
TOTAL NON-CURRENT ASSETS		6,865,310	6,839,263
TOTAL ASSETS		19,528,541	18,693,532
CURRENT LIABILITIES			
Trade and other payables	17	6,949,523	8,106,023
Borrowings	18	811,476	2,428,733
Provisions	20	299,419	290,019
TOTAL CURRENT LIABILITIES		8,060,418	10,824,775
NON-CURRENT LIABILITIES			
Borrowings	18	1,069,680	1,188,033
Provisions	20	68,114	80,693
Deferred tax liabilities	19	248,355	219,706
TOTAL NON-CURRENT LIABILITIES		1,386,149	1,488,432
TOTAL LIABILITIES		9,446,567	12,313,207
NET ASSETS		10,081,974	6,380,325
EQUITY			
Issued capital	21	27,113,586	28,156,064
Accumulated losses		(17,398,827)	(22,036,016)
Reserves		367,215	260,277
TOTAL EQUITY		10,081,974	6,380,325

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

Jumbo Interactive Limited and its Controlled Subsidiaries
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2011

	Issued capital	Accumulated losses	Share-based payments reserve	Foreign currency translation reserve	Total equity
CONSOLIDATED GROUP	$	$	$	$	$
Balance at 1 July 2009	28,155,664	(14,079,494)	183,529	(22,563)	14,237,136
Total comprehensive income for the year					
Profit/(loss) for the year	-	(7,311,048)	-	-	(7,311,048)
Other comprehensive income					
Foreign currency translation differences	-	-	-	(47,271)	(47,271)
Total comprehensive income for the year	-	(7,311,048)	-	(47,271)	(7,358,319)
Transactions with owners in their capacity as owners					
Dividends paid	-	(645,474)	-	-	(645,474)
Share-based payments	-	-	146,582	-	146,582
Other	400	-	-	-	400
Transactions with owners in their capacity as owners	400	(645,474)	146,582	-	(498,492)
Balance at 30 June 2010	28,156,064	(22,036,016)	330,111	(69,834)	6,380,325
Total comprehensive income for the year					
Profit/(loss) for the year	-	4,834,455	-	-	4,834,455
Other comprehensive income					
Foreign currency translation differences	-	-	-	27,087	27,087
Total comprehensive income for the year	-	4,834,455	-	27,087	4,861,542
Transactions with owners in their capacity as owners					
Issue of shares	30,944	-	-	-	30,944
Buy back of shares	(1,073,422)	-	-	-	(1,073,422)
Dividends paid	-	(197,266)	-	-	(197,266)
Share-based payments	-	-	79,851	-	79,851
Transactions with owners in their capacity as owners	(1,042,478)	(197,266)	79,851	-	(1,159,893)
Balance at 30 June 2011	27,113,586	(17,398,827)	409,962	(42,747)	10,081,974

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

Jumbo Interactive Limited and its Controlled Subsidiaries
STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

	Note	Consolidated Group	
		2011	2010
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		83,600,662	79,069,368
Payments to suppliers and employees		(77,116,874)	(74,557,362)
Interest received		415,247	258,245
Interest and other costs of finance paid		(183,154)	(239,990)
Income tax received		405,398	-
Income tax paid		(593,826)	(1,240,109)
Net cash provided by (used in) operating activities	25 (a)	6,527,453	3,290,152
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(250,729)	(534,448)
Payments for intangibles		(2,067,960)	(2,211,785)
Payment for loss of control of subsidiary		(374,656)	-
Proceeds from sale of property, plant and equipment		2,043	171,976
Proceeds from sale of intangibles		-	46,186
Net cash provided by (used in) investing activities		(2,691,302)	(2,528,071)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for buyback of shares	21	(1,073,422)	-
Proceeds of borrowings		181,561	97,770
Repayment of borrowings		(486,112)	(507,478)
Dividends paid		(166,322)	(645,472)
Net cash provided by (used in) financing activities		(1,544,295)	(1,055,180)
Net increase/(decrease) in cash and cash equivalents		2,291,856	(293,099)
Net foreign exchange differences		17,160	-
Cash and cash equivalents at beginning of year		9,461,658	9,754,757
Cash and cash equivalents at end of year	11	11,770,674	9,461,658

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 FINANCIAL STATEMENTS
For the year ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jumbo Interactive Limited for the year ended 30 June 2011 were authorised in accordance with a resolution of the Directors on 31 August 2011 and cover the consolidated entity consisting of Jumbo Interactive Limited and its subsidiaries as required by the *Corporations Act 2001*. Separate financial statements for Jumbo Interactive Limited as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001*. However, limited financial information for Jumbo Interactive Limited as an individual entity is included in Note 2: Parent Entity Information.

As announced by the Company on 15 November 2010, the Company changed its name from Manaccom Corporation Limited to Jumbo Interactive Limited as approved by the shareholders at the Annual General Meeting held on 15 November 2010. This reflects the Company's rapid growth and future plans in the internet lottery industry.

The financial statements are presented in the Australian currency.

Jumbo Interactive Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

BASIS OF PREPARATION

The financial report is a general purpose financial report that 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*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs except for where applicable, available-for-sale financial assets and held-for-trading investments that have been measured at fair value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Basis of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Jumbo Interactive Limited and its subsidiaries at 30 June each year ("the Group"). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(b) Business Combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Where equity instruments are issued, the value of the equity instruments is their published market price as at the date of exchange unless, in rare circumstances it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, measured initially at their fair values at acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill (refer Note 1{n}). If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(c) Foreign Currency Translation

The functional and presentation currency of Jumbo Interactive Limited and its Australian subsidiaries is Australian dollars (A$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The functional currency of the overseas subsidiaries is measured using the currency of the primary economic environment in which that entity operates. At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Jumbo Interactive Limited at the closing rate at the end of the reporting period and income and expenses are translated at the average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Revenue Recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

Rendering of Services

Revenue from software maintenance contracts is recognised in equal monthly instalments over the period of the contracts.

Revenue from rendering other services is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

Revenue is recognised as interest accrues using the effective interest method.

Dividends

Dividends are recognised as revenue when the Group's right to receive payment is established.

(e) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income are also recognised directly in other comprehensive income.

Jumbo Interactive Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation for the whole of the financial year. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2006. Jumbo Interactive Limited is the head entity in the tax consolidated group. The stand-alone taxpayer/separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated group. Jumbo Interactive Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries in order for the head entity to be able to pay tax instalments.

(f) Impairment of Assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(g) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(h) Trade Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts, and have repayment terms between seven and 60 days. Collectibility of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts more than 90 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the Directors, sufficient to require the derecognition of the original instrument.

(i) Inventories

Raw Materials, Work in Progress and Finished Goods

Inventories are stated at the lower of cost and net realisable value. Cost comprises all direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity. Costs are assigned to inventories using the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(j) Investments and Other Financial Assets

All investments and other financial assets (except for those of fair value through the profit and loss) are initially stated at the fair value of consideration given plus transaction costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

Impairments

Impairment losses are measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss.

(k) Fair Values

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price for financial assets is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(l) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Depreciation is calculated on a straight-line basis over the estimated useful life, or in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term, as follows:

- Plant and equipment — two to five years
- Leasehold improvements — five years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

(m) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss over the lease period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When assets are leased out under finance leases, the present value of the lease payments is recognised as a lease receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the lease term using the net investment method which reflects a constant periodic rate of return.

Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the same bases as the lease income.

(n) Intangible Assets

Goodwill

Goodwill represents the excess of the cost of the business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised but is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annualy, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses on goodwill cannot be reversed.

Intellectual Property

Acquired intellectual property is stated at cost, and is measured at cost less any accumulated impairment losses. Intellectual property is considered to have an indefinite useful life and is not amortised (refer Note 16{b}) for reasons for the indefinite useful life). The carrying value of intellectual property is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses are recognised in profit or loss. Any reversal of impairment losses of intellectual property is recognised in profit or loss.

Website Developments Costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a straight-line basis matched to the future economic benefits over the useful life of the project of three years.

Domain Names

Acquired domain names are stated at cost and are considered to have indefinite useful lives and are not amortised (refer Note 16(b) for reasons for the indefinite useful life). The useful life is assessed annually to determine whether events or circumstances continue to support an indefinite useful life assessment. The carrying value of domain names is tested semi-annually at each reporting date for impairment.

Customer Acquisition Costs

Expenditure on customer acquisition is recognised at cost of acquisition. Customer acquisition costs have a finite life and are amortised on a straight-line basis matched to the future economic benefits over their useful life of one and a half years. Customer acquisition costs are tested semi-annually at each reporting date for impairment and carried at cost less accumulated amortisation and any impairment losses.

Software

Items of computer software which are not integral to the computer hardware owned by the Group are classified as intangible assets with a finite life. Computer software is amortised on a straight line basis over the expected useful life of the software. These lives range from one and a half to four years.

(o) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have seven to 60 day payment terms.

(p) Interest-bearing Liabilities

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method.

(q) Borrowing Costs

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed when incurred.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate on the Group's borrowings outstanding during the year, being 7.24% (2010: 5.11%).

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(s) Employee Benefits

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Profit-sharing and Bonus Plans

The Group recognises an expense and a liability for bonuses and profit-sharing based on when the entity is contractually obliged to make such payments or where there is past practice that has created a constructive obligation.

Retirement Benefit Obligations

Employees have defined contribution superannuation funds. Contributions are recognised as expenses as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(t) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

(u) Dividends

Provision is made for dividends declared, and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) Share-Based Payments

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The Jumbo Interactive Limited Employee Share Option Plan (ESOP) provides these benefits to Directors and senior executives.

The fair value of options granted under the Jumbo Interactive Limited Employee Share Option Plan are recognised as an employee benefit expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by an independent valuer using the Black-Scholes, Bi-nomial, and Monte Carlo Simulation option pricing models. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Jumbo Interactive Limited ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(w) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of Jumbo Interactive Limited, adjusted for the after-tax effect of preference dividends on preference shares classified as equity, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(y) Financial Guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and at the end of each subsequent reporting period at the higher of the amount determined under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

(z) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

i. Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Refer to Note 16(c) for details.

Goodwill

No impairment has been recognised in respect of goodwill at the end of the reporting period.

Domain names

No impairment has been recognised in respect of domain names at the end of the reporting period.

Intellectual property

No impairment has been recognised in respect of intellectual property at the end of the reporting period.

ii. Recognition of the DTA on tax losses

Tax losses have been recognised as a DTA as management expect future profits to be earned based on profit and cash flow forecasts.

(aa) Adoption of New and Revised Accounting Standards

The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions*
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues*
- AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments and related amendments; and*
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from Annual Improvements Project.*

The adoption of these standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

(ab) New and amended standards and interpretations not yet adopted

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 July 2010, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements, except for the following:

(i) AASB 9 *Financial Instruments* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Financial assets are to be classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139. The Group does not have any financial liabilities measured at fair value through profit and loss. There will therefore be no impact on the financial statements when these amendments to AASB 9 are first adopted.

(ii) AASB 1054 *Australian Additional Disclosures* (effective from 1 July 2011)

The amendments made to AASB 1054 removes the requirement to disclose each class of capital commitment and expenditure commitment contracted for at the end of the reporting date (other than commitments for the supply of inventories). When this standard is adopted by the Group for the first time for the year ended 30 June 2012, the financial statements will no longer include disclosures about capital and other expenditure commitments as these are no longer required by AASB 1054.

In addition to the above, new and amended standards dealing with Consolidated Financial Statements, Separate Financial Statements, Joint Arrangements, Disclosure of Interests in Other Entities, Transfers of Financial Assets and Fair Value Measurement have recently been released. These standards are effective from 1 January 2013. The Group does not plan to adopt these standards early nor has the extent of their impact been determined.

(ac) Comparatives

An error occurred in the 2010 Statement of Cash Flows and Note 25: Cash Flow Information with cash payments to acquire intangibles, specifically website development costs and customer acquisition costs. An amount of $1,211,069 was shown as a non-cash flow item in the reconciliation of operating activities rather than on the face of the statement of cash flows as an item in investing activities. This error has been corrected in the 2010 comparative figures and therefore is no longer in the reconciliation of the operating activities and is correctly shown in the investing activities.

NOTE 2: PARENT ENTITY INFORMATION

The *Corporations Act* requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity (Jumbo Interactive Limited). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described in Note 1 (a).

Parent entity	**2011**	**2010**
	$	**$**
Current assets	36,730	326,900
Non-current assets	4,077,708	5,841,440
Total assets	4,114,438	6,168,340
Current liabilities	674,856	2,109,130
Non-current liabilities	339,517	-
Total liabilities	1,014,373	2,109,130
Net assets	3,100,065	4,059,210
Issued capital	27,113,586	28,156,064
Share based payment reserve	409,962	330,111
Retained earnings/(accumulated losses)	(24,423,483)	(24,426,965)
Total shareholders' equity	3,100,065	4,059,210
Profit/(loss) for the year	200,746	(2,546,018)
Total comprehensive income for the year	200,746	(2,546,018)

Guarantees

The parent entity has provided guarantees to third parties in relation to the obligations of controlled entities in respect to banking facilities. The guarantees are for the terms of the facilities per Note 18: Borrowings, and are ongoing.

Contractual commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2011 (2010: $0).

Contingent liabilities

The parent entity has no contingent liabilities other than the guarantees referred to above.

NOTE 3: REVENUE AND OTHER INCOME

	Note	Consolidated Group 2011 $	2010 $
From continuing operations			
Sales revenue			
— Revenue from sale of goods		75,946,130	65,997,416
— Revenue from rendering services		-	42,555
Revenue from continuing operations		75,946,130	66,039,971
Other revenue/income			
— Interest			
- Cash		413,328	251,339
— Other income			
- Foreign exchange gains		18,036	10,996
- Other		42,815	10,788
		474,179	273,123
		76,420,309	66,313,094
From discontinued operations (note 6)			
— Revenue from sale of goods		4,020,877	8,792,989
— Interest received			
- Cash		1,919	6,908
- Reversal of impairment of intangible assets		1,258,354	-
		5,281,150	8,799,897

NOTE 4: PROFIT/(LOSS) FOR THE YEAR

	Consolidated Group 2011 $	2010 $
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
Cost of sales		
— Sale of goods	61,366,755	53,052,708
— Rendering of services	-	-
Finance costs		
— Interest on financial liabilities not at fair value through profit and loss	103,518	98,181
— Fees arising from financial liabilities not at fair value through profit and loss	46,731	45,622
Depreciation of non-current assets[1]		
— Plant and equipment	21,092	72,737
Amortisation of non-current assets[1]		
— Leasehold improvements	64,628	27,401
— Intangibles	1,394,764	953,419
Other expenses		
— Operating lease rentals – minimum lease payments	707,563	438,098
— Employee benefits expense[1]	3,009,390	2,669,430
— Defined contribution superannuation expense[1]	270,018	215,748
— Impairments losses on intangible assets	-	348,585

	Consolidated Group 2011 $	2010 $
— Loss on derecognition of intangible assets[1]	73,151	-

[1] included in administration expense

NOTE 5: INCOME TAX EXPENSE

		Note	Consolidated Group 2011 $	2010 $
a.	The components of tax expense comprise:			
—	Current tax		(325,742)	259,173
—	Deferred tax arising from origination and reversal of temporary differences	19	443,797	12,923
—	Under/over provision tax prior years		(300,942)	(6,669)
—	Under/over provision overseas tax prior years		(123,524)	1,158
Total income tax expense in profit and loss			(306,411)	266,585
b.	Reconciliation:			
—	Tax at the Australian tax rate of 30% (2010: 30%)		1,358,413	(1,974,662)
—	Income tax effect of overseas profits		(18,172)	42,859
—	R&D expense		234,159	189,946
—	Share options expensed during year		23,955	43,975
—	Impairment losses/(reversal) on intangible assets		(377,506)	2,476,178
—	Other		(406,365)	(33,394)
—	Under/over provision for income tax in prior year		(300,942)	(6,669)
—	Under/over provision for overseas income tax in prior year		(123,524)	-
—	Investment allowance		-	(4,500)
—	R&D concession		(696,429)	(467,148)
Total income tax expense in profit and loss			(306,411)	266,585
Income tax expense/(benefit) attributable to continuing operations			921,285	1,425,127
Income tax expense/(benefit) attributable to discontinued operations			(1,227,696)	(1,158,542)
Total income tax expense/(benefit) in profit and loss			(306,411)	266,585

NOTE 6: DISCONTINUED OPERATIONS

i. Description

As disclosed in the 2010 Half Year Report, subsequent to approval by the Company's executive management committee on 4 November 2010, the Company announced on 4 November 2010 its decision to dispose of the Star System Solutions Pty Ltd software business. The business was sold on 12 November 2010.

As announced by the Company on 31 January 2011, the Manaccom software publishing and distribution business was placed into voluntary administration on 31 January 2011 due to adverse market conditions in the over-the-counter software security market.

As at 31 January 2011 the entity ceased to be controlled by Jumbo Interactive Limited and became subject to the control of the appointed liquidators. As a result, Jumbo has treated the loss of control as a disposal of a subsidiary in accordance with AASB 127.

Both the Star System Solutions business and Manaccom Pty Ltd formed the Software Publishing and Distribution operating segment which consequently ceased operations as a result of the above.

ii. Financial performance and cash flow information

Financial information relating to the discontinued operations for the period to the date of disposal and for the year ended 30 June 2011 is set out below. Further information is set out in Note 24: Segment Reporting.

2011	**Star System Solutions Pty Ltd**	**Manaccom Pty Ltd**	**Total**
	$	**$**	**$**
Revenue (note 3)	1,674,388	3,606,762	5,281,150
Expenses	(516,508)	(5,445,083)	(5,961,591)
Profit/(loss) before income tax	1,157,880	(1,838,321)	(680,441)
Income tax (expense)/benefit	581,766	645,930	1,227,696
Profit/(loss) attributable to members of the parent entity	1,739,646	(1,271,686)	547,255
Loss on sale of business	(6,007)	-	(6,007)
Loss on loss of control of subsidiary in voluntary administration	-	(639,644)	(639,644)
Profit/(loss) on sale before income tax expense	(6,007)	(639,644)	(645,651)
Income tax expense	-	-	-
Profit/(loss) on sale after income tax	(6,007)	(639,644)	(645,651)
Total profit/(loss) after income tax from discontinued operations	1,733,639	(1,832,035)	(98,396)
Profit/(loss) attributable to owners of the parent entity relates to:			
Profit/(loss) from continuing operations			4,932,851
Profit/(loss) from discontinued operations			(98,396)
			4,834,455
Net cash inflow/(outflow) from operating activities	(31,065)	(690,978)	(722,043)
Net cash inflow/(outflow) from investing activities (includes an outflow of $374,656 from the loss of control of the subsidiary in voluntary administration)	9,882	364,634	374,516
Net cash inflow/(outflow) from financing activities	(114,350)	(71,368)	(185,718)
Net increase/(decrease) in cash generated by the discontinued operations	(135,533)	(397,712)	(533,245)

2010	**Star System Solutions Pty Ltd**	**Manaccom Pty Ltd**	**Total**
	$	**$**	**$**
Revenue (note 3)	870,608	7,929,289	8,799,897
Expenses	(912,253)	(11,676,324)	(12,588,577)
Impairment of intangible assets	(3,190,570)	(4,751,137)	(7,941,707)
Profit/(loss) before tax from discontinued operations	(3,232,215)	(8,498,172)	(11,730,387)
Income tax benefit	31,532	1,127,010	1,158,542
Profit/(loss) after income tax from discontinued operations	(3,200,683)	(7,371,162)	(10,571,845)
Profit/(loss) attributable to owners of the parent entity relates to:			
Profit/(loss) from continuing operations			3,260,797
Profit/(loss) from discontinued operations			(10,571,845)
			(7,311,048)
Net cash inflow/(outflow) from operating activities	53,243	(1,962,959)	(1,909,716)
Net cash inflow/(outflow) from investing activities	(96,357)	1,201,287	1,104,930
Net cash inflow/(outflow) from financing activities	9,585	(75,937)	(66,352)
Net increase/(decrease) in cash generated by the discontinued operations	(33,529)	(837,759)	(871,288)

iii. *Details of the sale of the Star business*

	2011
	$
Sale consideration	1,529,790
Consisting of:	
Cash	-
Consideration offset against outstanding deferred consideration payable as at 15 December 2010 under the 14 November 2008 purchase agreement	1,529,790
Total disposal consideration	1,529,790
Cash consideration received and cash inflow	-
Carrying amount of net assets sold	(1,535,797)
Loss on sale before income tax	(6,007)
Income tax benefit	-
Loss on sale after income tax	(6,007)

The carrying amounts of the assets and liabilities as at the date of sale (12 November 2010) were:

	12 November 2010
	$
Property, plant and equipment	16,007
Intellectual property	1,519,790
Total assets	1,535,797
Total liabilities	-
Net Assets	1,535,797

iv. *Details of the voluntary administration of Manaccom Pty Ltd*

	2011
	$
Cash paid to administrator on loss of control	(374,656)
Total cash lost on loss of control	(374,656)
Carrying amount of net assets over which control was lost	(264,988)
Loss on loss of control of subsidiary before income tax	(639,644)
Income tax benefit	-
Loss in loss of control of subsidiary after income tax	(639,644)

The carrying amounts of the assets and liabilities as at the date of voluntary administration (31 January 2011) were:

	31 January 2011
	$
Property, plant and equipment	377,623
Intangible assets	31,350
Deferred tax asset	273,831
Trade and other receivables	640,217
Inventories	789,903
Total assets	2,112,924
Trade and other creditors	1,501,860
Borrowings	119,298
Provision for employee benefits	201,778
Other provisions	25,000
Total liabilities	1,847,936
Net assets	264,988

NOTE 7: KEY MANAGEMENT PERSONNEL (KMP)

(a) Key management personnel compensation

	Consolidated Group	
	2011	2010
	$	$
Short term employee benefits	1,006,511	984,825
Post employment benefits	98,964	80,687
Other long term benefits	15,549	12,695
Share based payments	52,881	91,966
	1,173,905	1,170,173

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report.

(b) Equity Instruments

Options Holdings

Details of options held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

30 June 2011	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested at end of year	Vested and exercis-eable	Vested and unexerci-sable
David Barwick	550,000	-	-	-	550,000	-	-	-
Mike Veverka	550,000	-	-	-	550,000	-	-	-
Bill Lyne	250,000	300,000	-	-	550,000	-	-	-
Bonita Boezeman A.O.[1]	-	550,000	-	(550,000)	-	-	-	-
David Todd	550,000	150,000	-	-	700,000	-	-	-
Xavier Bergade	550,000	150,000	-	-	700,000	-	-	-
	2,450,000	1,150,000	-	(550,000)	3,050,000	-	-	-

[1] Bonita Boezeman A.O. was appointed as a Director on 28 July 2010 and ceased on 31 May 2011.

30 June 2010	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested at end of year	Vested and exercis-able	Vested and unexerci-sable
David Barwick	-	550,000	-	-	550,000	-	-	-
Mike Veverka	-	550,000	-	-	550,000	-	-	-
Bill Lyne	-	250,000	-	-	250,000	-	-	-
David Todd	550,000	-	-	-	550,000	-	-	-
Xavier Bergade	550,000	-	-	-	550,000	-	-	-
	1,100,000	1,350,000	-	-	2,450,000	-	-	-

Shareholdings

Details of ordinary shares held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

30 June 2011	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year[1]	Balance at end of year
David Barwick	100,000	-	-	1,345	101,345
Mike Veverka	9,286,057	-	-	112,221	9,398,278
Bill Lyne	-	-	-	-	-
Bonita Boezeman A.O.[2]	5,000	-	-	(3,231)	1,769

30 June 2011	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year[1]	Balance at end of year
David Todd	10,000	-	-	135	10,135
Xavier Bergade	500,000	-	-	(200,000)	300,000
	9,901,057	-	-	(89,530)	9,811,527

[1] includes on-market transactions and acquisitions under the Dividend Reinvestment Plan.

[2] Bonita Boezeman A.O. was appointed as a Director on 28 July 2010 and ceased on 31 May 2011.

30 June 2010	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year[1]	Balance at end of year
David Barwick	100,000	-	-	-	100,000
Mike Veverka	8,559,057	-	-	727,000	9,286,057
Bill Lyne	-	-	-	-	-
Ian Mackay[2]	8,960,000	-	-	-	8,960,000
David Todd	10,000	-	-	-	10,000
Xavier Bergade	500,000	-	-	-	500,000
	18,129,057	-	-	727,000	18,856,057

[1] includes on-market transactions and acquisitions under the dividend reinvestment plan.

[2] Ian Mackay ceased being a part of key management personnel on 29 October 2009, and shares were bought back as detailed in Note 21(a): Issued Capital.

(c) Other related party transactions

	Consolidated Group	
	2011	2010
	$	$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Company Secretary fees paid to Company Secretarial Services Pty Ltd t/a Australian Company Secretary Service, an entity owned by Mr Bill Lyne (current Director). This amount has been included in the short term employee benefits.	53,304	38,232
	53,304	38,232

NOTE 8: AUDITOR'S REMUNERATION

	Consolidated Group	
	2011	2010
	$	$
Audit services		
Amounts paid/payable to BDO for audit or review of the financial statements for the entity or any entity in the Group	92,403	84,000
	92,403	84,000
Taxation services		
Amounts paid/payable to a related practice of BDO for taxation services for the entity or any entity in the Group:		
- *review of income tax return*	30,560	21,500
- *other taxation advice*	7,440	23,890
	38,000	45,390
Other services		
Amounts paid/payable to a related practice of BDO for other services for the entity or any entity in the Group:		
- *accounting advice*	18,500	13,980
- *independent expert's report*	-	25,000
	18,500	38,980
Total	148,903	168,370

NOTE 9: DIVIDENDS

	Consolidated Group	
	2011	2010
(a) Ordinary dividends	$	$
Interim fully franked ordinary dividend of 0.5 (2010: 0.5) cent per share franked at the tax rate of 30% (2010: 30%)	197,266	215,159
Final fully franked ordinary dividend of nil (2009: 1.0) cent per share franked at the tax rate of 30% (2009: 30%)	-	430,315
Total dividends paid or provided for	197,266	645,474
Dividends paid in cash or satisfied by the issue of shares under the Dividend Reinvestment Plan during the years ended 30 June 2011 and 30 June 2010 were as follows:		
Paid in cash	166,322	645,474
Satisfied by issue of shares	30,944	-
	197,266	645,474
(b) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the Directors have recommended the payment of a final 2011 fully franked ordinary dividend of 0.5 (2010: nil) cent per share franked at the rate of 30% (2010: 30%). The aggregate amount of the proposed dividend expected to be paid on 30 September 2011, but not recognised as a liability at year end, is:	197,684	-

	Consolidated Group 2011 $	Consolidated Group 2010 $
(c) Franked dividends		
The franked portions of dividends recommended after 30 June 2011 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2012.		
Franking credits available for subsequent financial years based on a tax rate of 30% (2010: 30%):	1,492,530	942,769

The above amounts represent the balance of the franking account as at the reporting date adjusted for:

(a) Franking credits that will arise from the payment of the amount of the provision for income tax, and

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.

The impact on the franking account of the dividend recommended by the Directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $84,722 (2010: $0).

NOTE 10: EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share

	Consolidated Group 2011 $	Consolidated Group 2010 $
Basic earnings/(loss) per share		
Profit from continuing operations attributable to owners of Jumbo Interactive Limited used to calculate basic earnings per share	4,932,851	3,260,797
Profit/(loss) from discontinued operations	(98,396)	(10,571,845)
Profit/(loss) attributable to owners of Jumbo Interactive Limited used to calculate basic earnings per share	4,834,455	(7,311,048)
Diluted earnings/(loss) per share		
Profit from continuing operations attributable to owners of Jumbo Interactive Limited used to calculate diluted earnings per share	4,932,851	3,260,797
Profit/(loss) from discontinued operations	(98,396)	(10,571,845)
Profit/(loss) attributable to owners of Jumbo Interactive Limited used to calculate diluted earnings per share	4,834,455	(7,311,048)

	Consolidated Group 2011 Number	Consolidated Group 2010 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	39,995,382	43,031,525
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	39,995,382	43,031,525

4,150,000 options (2010: 4,250,000) were not included in the number of potential ordinary shares used to calculate diluted earnings per share because they are currently out-of-the-money.

NOTE 11: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2011	2010
	$	$
Cash at bank and in hand	5,251,071	9,461,658
Short term bank deposits	6,519,603	-
	11,770,674	9,461,658
Online lottery customer account balances included in cash at bank and short term bank deposits.	4,285,102	3,984,120

Customer account balances included in cash at bank and short term bank deposits being deposits and prize winnings earmarked for payment to customers on demand.

NOTE 12: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2011	2010
	$	$
CURRENT		
Trade receivables	282,611	1,450,771
Allowance for doubtful debts	(153,123)	(124,764)
	129,488	1,326,007
Other receivables	18,470	27,967
Prepayments	128,689	160,922
	276,647	1,514,896

All receivables that are neither past due nor impaired are with long standing clients who have a good credit history with the Group.

a. Analysis of the allowance account

Current trade receivables are non-interest bearing and generally on terms ranging from 30 days to 120 days. Trade receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in the administrative expense items.

Movement in the trade receivables allowance for doubtful debts is as follows:

	Consolidated Group	
	2011	2010
	$	$
Opening balance	124,764	124,764
Provision for doubtful receivables	77,025	-
Reversal of amounts provided	(48,666)	-
Closing balance	153,123	124,764

There are no balances within trade and other receivables that are past due other than noted in (b) below. It is expected these balances, other than those impaired, will be received when due. Impaired assets are provided for in full.

Receivables are pledged as per Note 18(a).

b. Age analysis of trade receivables that are past due at the end of the reporting period

The following provides an aging analysis of trade receivables which are past due and impairments which have been raised.

Consolidated Group

	2011			2010		
	Total	Amount Impaired	Amount not impaired	Total	Amount Impaired	Amount not impaired
	$	$	$	$	$	$
Not past due	128,916	-	128,916	1,200,069	-	1,200,069
Past due 30 days	-	-	-	4,338	-	4,338
Past due 60 days	-	-	-	120,689	-	120,689
Past due 90 days	-	-	-	-	-	-
Past due 90 days+	153,695	153,123	572	125,675	124,764	911
Total	282,611	153,123	129,488	1,450,771	124,764	1,326,007

Payment terms on receivables past due but not considered impaired have not been renegotiated. The Group has been in direct contact with the relevant customers and are reasonably satisfied that payment will be received in full.

As at 30 June 2011 the Group had current trade receivables of $153,123 (2010: $124,764) that were impaired. The amounts relate to customers who have not settled their debts within the terms and conditions between the Group and the customer, and specific circumstances indicate that the debt may not be fully repaid to the Group.

NOTE 13: INVENTORIES

	Consolidated Group	
	2011	2010
	$	$
CURRENT		
Finished goods at cost	39,894	683,230

NOTE 14: CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(a).

	Country of Incorporation	Percentage Ownership	
		2011	2010
		%	%
Direct subsidiaries of the ultimate parent entity Jumbo Interactive Limited:			
Benon Technologies Pty Ltd	Australia	100	100
Editson Pty Ltd (in voluntary liquidation)[1]	Australia	100	100
TMS Global Services Pty Ltd	Australia	100	100
Jumbo Ventures Pty Ltd (formerly Star System Solutions Pty Ltd)	Australia	100	100
Intellitron Pty Ltd	Australia	100	100
Manaccom Pty Ltd[2]	Australia	100	100
Jumbo Lotteries Pty Ltd (formerly Jumbo Interactive Pty Ltd)	Australia	100	100
Cook Islands Tattslotto Pty Ltd	Cook Islands	1	1

	Country of Incorporation	Percentage Indirect Ownership	
		2011	2010
		%	%
Subsidiaries of TMS Global Services Pty Ltd:			
TMS Global Services (NSW) Pty Ltd	Australia	100	100
TMS Global Services (VIC) Pty Ltd	Australia	100	100
TMS Fiji Limited	Fiji	100	100
TMS Fiji On-Line Limited	Fiji	100	100
TMS Global Services (PNG) Limited	Papua New Guinea	100	100
Cook Islands Tattslotto Pty Ltd	Cook Islands	99	99
Jumbo Lotteries USA Limited	United States of America	100	100

[1] control of the company ceased on 24 November 2010 when it was placed into voluntary administration. From this date the company no longer forms part of the Group.

[2] control of the company ceased 31 January 2011 when it was placed into voluntary administration. From this date the company no longer forms part of the Group.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group 2011 $	Consolidated Group 2010 $
Plant and equipment		
At cost	817,403	1,533,864
Accumulated depreciation	(552,960)	(955,272)
	264,443	578,592
Leasehold improvements	291,552	265,126
Accumulated depreciation	(95,627)	(30,999)
	195,925	234,127
Total property, plant and equipment	460,368	812,719

a. Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant and Equipment $	Leasehold Improvements $	Total $
Consolidated Group			
Year ended 30 June 2010			
Balance at the beginning of year	679,091	1,268	680,359
Additions	269,032	265,125	534,157
Disposals	(167,111)	(4,865)	(171,976)
Depreciation expense – continuing operations	(72,737)	(27,401)	(100,138)
Depreciation expense – discontinued operations	(129,683)	-	(129,683)
Carrying amount at the end of year	578,592	234,127	812,719
Year ended 30 June 2011			
Balance at the beginning of year	578,592	234,127	812,719
Additions	224,303	26,426	250,729
Disposals on sale of business	(16,007)	-	(16,007)
Disposals	(2,043)	-	(2,043)
Disposal through loss of control of subsidiary	(377,623)	-	(377,623)
Depreciation expense – continuing operations	(21,092)	(64,628)	(85,720)
Depreciation expense – discontinued operations	(121,687)	-	(121,687)
Carrying amount at the end of year	264,443	195,925	460,368

NOTE 16: INTANGIBLE ASSETS

	Consolidated Group	
	2011	2010
	$	$
Goodwill	3,686,355	8,964,379
Accumulated impaired losses	(854,805)	(6,132,829)
Net carrying value	2,831,550	2,831,550
Intellectual property	23,499	3,013,004
Accumulated impairment losses	(23,057)	(3,012,268)
Net carrying value	442	736
Website development costs	3,106,028	2,293,168
Accumulated amortisation	(1,761,684)	(1,186,710)
Accumulated impairment losses	(218,249)	(218,249)
Net carrying value	1,126,095	888,209
Customer acquisition costs	2,775,359	1,691,949
Accumulated amortisation	(1,960,732)	(1,257,320)
Net carrying value	814,627	434,629
Software costs	125,035	292,869
Accumulated amortisation	(124,142)	(215,698)
Net carrying value	893	77,171
Domain names	816,434	864,772
Net carrying value	816,434	864,772
Other	192,641	149,993
Accumulated amortisation	(74,326)	(48,977)
Net carrying value	118,315	101,016
Total intangibles	5,708,356	5,198,083

a. **Movements in Carrying Amounts**

	Goodwill	Intellectual property	Website development costs	Customer acquisition costs	Software	Domain names	Other	Total
	$	$	$	$	$	$	$	$
Consolidated Group:								
Year ended 30 June 2010								
Balance at the beginning of year	8,109,574	3,106,629	591,309	350,863	106,987	24,151	13,764	12,303,277
Additions acquired	-	-	-	565,345	4,303	820,092	128,465	1,518,205
Additions internally developed	-	-	787,205	-	-	-	-	787,205
Disposals	-	-	(46,186)	-	-	-	-	(46,186)
Fair value adjustment	-	(93,625)	-	-	-	-	-	(93,625)
Amortisation charge – continuing operations	-	-	(444,119)	(481,579)	(12,869)	20,529	(35,381)	(953,419)
Amortisation charge – discontinued operations	-	-	-	-	(21,250)	-	(5,832)	(27,082)
Impairment losses – continuing operations	(348,585)	-	-	-	-	-	-	(348,535)
Impairment losses – discontinued operations	(4,929,439)	(3,012,268)	-	-	-	-	-	(7,941,707)
Closing value as at 30 June 2010	2,831,550	736	888,209	434,629	77,171	864,772	101,016	5,198,083
Year ended 30 June 2011								
Balance at the beginning of year	2,831,550	736	888,209	434,629	77,171	864,772	101,016	5,198,083
Additions acquired	-	-	-	1,138,129	1,901	7,366	67,647	1,215,043
Additions internally developed	-	-	852,917	-	-	-	-	852,917
Derecognition of assets	-	-	-	(17,447)	-	(55,704)	-	(73,151)
Disposals on sale of business	-	(1,476,475)	-	-	(43,315)	-	-	(1,519,790)
Loss on loss of control of subsidiary	-	-	-	-	(18,014)	-	(13,336)	(31,350)
Fair value adjustment	-	218,121	-	-	-	-	-	218,121
Amortisation charge – continuing operations	-	(294)	(615,031)	(740,684)	(7,576)	-	(31,181)	(1,394,764)
Amortisation charge – discontinued operations	-	-	-	-	(9,274)	-	(5,831)	(15,107)
Impairment reversal – discontinued operations	-	1,258,354	-	-	-	-	-	1,258,354
Closing value at 30 June 2011	2,831,550	442	1,126,095	814,627	893	816,434	118,315	5,708,356

b. Other Disclosures

Domain names have an indefinite useful life because:

- There is no time limit on the expected usage of the domain names;
- Licence renewal is automatic on payment of the renewal fee without satisfaction of further renewal conditions;
- The cost is not significant when compared with future economic benefits expected to flow from renewal. As such, the useful life can include the renewal period; and
- Since there is no limit on the number of times the licence can be renewed this leads to the assessment of "indefinite" useful life.

This assessment has been based on:

- Technical, technological, commercial and other types of obsolescence;
- The stability of the industry in which the asset operates and changes in the market demand for the products and/or services output from the asset;
- The level of maintenance expenditure required to obtain the expected future economic benefits from the asset and the entity's ability and intention to reach such a level; and
- The period of control over the asset and legal or similar limits on the use of the asset.

Intellectual property has an indefinite useful life because:

- There is no time limit on the expected usage of the intellectual property; and
- The intellectual property is proprietary in nature and only the Company has the source code.

The assessment has been based on:

- Technical, technological, commercial and other types of obsolescence;
- The stability of the industry in which the asset operates and changes in the market demand for the products and/or services output from the asset; and
- The period of control over the asset and legal or similar limits on the use of the asset.

Intangible assets include capitalised website development costs, capitalised customer acquisition costs and domain names with a carrying value of $2,757,156 (2010: $2,187,610). The amortisation period relating to the website developments costs is three years and to the customer acquisition costs is 18 months. Domain names have an indefinite useful life and therefore have no amortisation period.

c. Impairment Testing of Cash-Generating Units Containing Goodwill or Intangible Assets with Indefinite Useful Lives

Goodwill and domain names have been allocated to the Internet Lottery cash-generating unit which is an operating segment:

	Consolidated Group	
	2011	**2010**
Carrying amount of goodwill	**$**	**$**
Internet Lottery unit	2,831,550	2,831,550
Total	2,831,550	2,831,550
Carrying amount of domain names		
Internet Lottery unit	816,434	864,772
Total	816,434	864,772

The recoverable amount of the cash-generating unit is based on a value-in-use calculation which uses management approved budgets extrapolated over a five year period. The growth rate used in these budgets does not exceed the historical growth rate of the relative cash-generating unit.

Key assumptions used for value-in-use calculation of the CGU are as follows:

- Annual growth rate of 3%
- Terminal growth rate of 3%
- Discount rate of 18% being the calculated weighted average cost of capital based on the capital asset pricing model
- Reseller agreements will be renewed when they expire in 2013 for an additional five years

Management determined budgets based on past performance and its expectations for the future. The growth rate used is consistent with those used in industry reports. The discount rate used is pre-tax and is specific to relevant segment in which the unit operates.

Should both of the lottery reseller agreements not be extended for a further period when they expire in 2013, an impairment loss would be recognised up to the maximum carrying value of $3.8m.

d. Impairment Charge/Reversal

The impairment charge is recognised in the statement of comprehensive income:

	Consolidated Group	
	2011	2010
	$	$
From continuing operations:		
Impairment of goodwill	-	348,585
	-	348,585
From discontinued operations:		
Impairment of goodwill	-	4,929,439
Impairment/ (impairment reversal) of intellectual property[1]	(1,258,354)	3,012,268
	1,258,354)	7,941,707
	(1,258,354)	8,290,292

[1] an increase in the estimated service potential of the asset through sale was recognised when the Star business was sold on 12 November 2010 and therefore the previous impairment expense was reversed.

NOTE 17: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2011	2010
	$	$
CURRENT		
Trade creditors	915,382	1,322,822
GST payable	336,622	396,728
Sundry creditors and accrued expenses	1,233,884	1,873,431
Customer account balances payable	4,285,102	3,984,120
Unearned revenue	-	269,559
Employee benefits	178,533	259,363
	6,949,523	8,106,023

NOTE 18: BORROWINGS

	Consolidated Group	
	2011	2010
	$	$
CURRENT		
Unsecured liabilities		
Deferred consideration	-	238,069
Secured liabilities		
Bank overdraft	110,061	-
Bank loans	666,667	1,999,998
Chattel mortgages	34,748	190,666
Total secured current interest-bearing liabilities	811,476	2,190,664
Total current interest-bearing liabilities	811,476	2,428,733
NON-CURRENT		
Unsecured liabilities		
Deferred consideration	-	1,188,033
Secured liabilities		
Bank loans	1,041,666	-
Chattel mortgages	28,014	-
Total secured non-current interest-bearing liabilities	1,069,680	-
Total current and non-current secured liabilities		
Bank loans	1,818,394	1,999,998
Chattel mortgages	62,762	190,666
	1,881,156	2,190,664

Bank overdraft

A bank overdraft of $500,000 (2010: $500,000) is repayable on demand and currently bears interest at a current floating rate of 11.19% p.a. (2010: 10.80% p.a.).

Bank loans

A bank loan is repayable in equal quarterly instalments of $125,000 from 14 June 2011 and the final instalment is due on 14 September 2013. The bank loan bears interest at a current floating of 7.00% p.a. (2010: 6.96% p.a.), up to a cap of 7.00% pa for the term of the loan until maturity on 14 September 2013.

A bank loan is repayable in quarterly instalments of $41,667 from 13 March 2009 and the final instalment of $208,333 is due on 14 November 2013. The bank loan bears interest at a current floating of 7.00% p.a. (2010: 6.93% p.a.), up to a cap of 7.00% pa for the term of the loan until maturity on 14 November 2013.

a. Assets pledged as security

The bank liabilities are secured by a fixed and floating charge over all the assets of the Group.

Chattel mortgage liabilities are secured over the rights to the mortgaged assets recognised in the statement of financial position which will revert to the mortgagor if the Group defaults.

The covenants within the bank liabilities require interest not to exceed 25% of profit before finance costs and income tax (net profit before interest and tax/total interest expense > 4x), and debt not to exceed 67% of earnings before interest, tax, depreciation and amortisation (consolidated debt/net profit before deduction of interest, tax, depreciation and amortisation, and before significant items < 1.5x).

b. Bank overdraft facility

The bank overdraft facilities may be drawn down at any time but may be terminated by the bank without notice. The bank loans may be drawn down at any time and have an average maturity of two years four months.

c. Defaults and breaches

There have been no defaults or breaches during the financial year ended 30 June 2011. In the prior year there was a breach of the Interest Cover Ratio of not less than 4:1 due mainly to once-off impairment losses, and consequently all bank liabilities were classified as current in accordance with AASB 101.74.

NOTE 19: TAX

	Consolidated Group	
	2011	**2010**
	$	**$**
CURRENT		
Income tax payable/(refundable)	(576,016)	(194,485)

	Opening Balance	**Charged to Profit or Loss**	**Closing Balance**
	$	**$**	**$**
Deferred tax liabilities comprise temporary differences recognised in the profit or loss as follows:			
Property plant and equipment			
- depreciation	8,228	(2,242)	5,986
- lease	6,793	(6,793)	-
Amortisation	101,429	25,420	126,849
Other	84,339	2,532	86,871
Balance at 30 June 2010	200,789	18,917	219,706
Property plant and equipment			
- depreciation	5,986	(2,284)	3,702
Amortisation	126,849	117,804	244,653
Other	86,871	(86,871)	-
Balance at 30 June 2011	219,706	28,649	248,355

	Opening Balance	Charged to Profit or Loss	Closing Balance
	$	$	$
Deferred tax assets comprise temporary differences recognised in the profit or loss as follows:			
Attributable to tax losses	173,592	(29,121)	144,471
Property plant and equipment			
- depreciation	3,891	14,354	18,245
- lease	3,422	(3,422)	-
Amortisation	45,080	32,822	77,902
Accruals	404,068	(65,320)	338,748
Provisions	146,512	74,907	221,419
Other	45,901	(18,225)	27,676
Balance at 30 June 2010	822,466	5,995	828,461
Attributable to tax losses	144,471	185,363	329,834
Property plant and equipment			
- depreciation	18,245	37,862	56,107
- lease	-		
Amortisation	77,902	(22,184)	55,718
Accruals	338,748	(288,155)	50,593
Provisions	221,419	(63,679)	157,740
Other	27,676	18,918	46,594
Balance at 30 June 2011	828,461	(131,875)	696,586

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(e) occur:

- capital losses $1,165,483 (2010: $1,165,483)

NOTE 20: PROVISIONS

	Consolidated Group	
	2011	2010
	$	$
CURRENT		
Long service leave	145,982	177,470
Make good provision	153,437	112,549
	299,419	290,019
NON-CURRENT		
Long service leave	68,114	80,693
	68,114	80,693

Make good

The Group is required under the terms of certain leases to restore the leased premises at the end of the lease to its original condition. A provision has been recognised for the present value of the estimated expenditure required to demolish any leasehold improvements at the end of the lease. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

	Make good provision
	$
Balance at beginning of the year	112,549
Provisions made during the year	40,888
Balance at end of the year	153,437

NOTE 21: ISSUED CAPITAL

	Consolidated Group		Consolidated Group	
	2011	2011	2010	2010
	Shares	$	Shares	$
Share capital				
Fully paid ordinary shares	39,536,805	27,113,586	43,031,525	28,156,064

Movements in ordinary share capital

Date	Details	Number of shares	Issue price $	$
1 July 2009	Opening balance	43,031,525		28,156,064
30 June 2010	Balance	43,031,525		28,156,064
23 August 2010	Shares bought back during the year[1]	(3,578,057)	0.3000	(1,073,422)
6 May 2011	Shares issued during the year[2]	83,337	0.3719	30,944
30 June 2011	Closing balance	39,536,805		27,113,586

a. Ordinary shares

Ordinary shares have no par value and the Company does not have a limited amount of authorised share capital.

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands and upon a poll each share is entitled to one vote.

[1] As announced by the Company on 23 June 2010, the Company proposed buying back shares owned by a previous director, Mr Ian Mackay, subject to shareholder approval. This was approved by shareholders at an Extraordinary General Meeting held on 19 August 2010 and transacted on 23 August 2010.

[2] As announced by the Company on 9 March 2011, the Company declared a fully franked interim dividend of 0.5 cent per ordinary share in which shareholders were invited to participate in the Company's Dividend Reinvestment Plan. Shares were issued under the DRP on the payment date on 6 May 2011.

b. Employee options

Details of the employee option plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year are set out in Note 26: Share-based Payments.

c. Capital management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Board regularly reviews its capital management strategies in order to optimise shareholder value.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains between 20% and 40%. The gearing ratios for the year ended 30 June 2011 and 30 June 2010 are as follows:

	Note	Consolidated Group	
		2011	2010
		$	$
Total borrowings[1]	18	1,881,156	2,190,664
Total equity		10,081,974	6,380,325
Total capital		11,963,130	8,570,989
Gearing ratio		16%	26%

[1] total borrowings is all financial borrowings excluding those where repayment is dependent upon sales performance

The gearing ratio is below the lower range maintained by management due to the effect of the sale of the Star business and voluntary administration of Manaccom Pty Ltd during the financial year, which has been approved by management. Management's strategy to control the capital of the Group will be reviewed during the first quarter of the 2012 financial year.

NOTE 22: CAPITAL AND LEASING COMMITMENTS

a. **Operating Lease Commitments**	Consolidated Group	
	2011	2010
	$	$
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable		
— Not later than one year	745,524	1,100,437
— Later than one year but not later than five years	1,348,450	2,410,647
	2,093,974	3,511,084

The property leases are non-cancellable leases for occupied premises at various locations ranging from two to five year terms, with rent payable monthly in advance. Options to renew leases at the end of the term range from terms of two to five years. Rent and outgoings are paid on a monthly basis with periodic pricing reviews.

Under the sale of the Star business, the lease for premises occupied by this business was transferred to the purchaser from the date of sale on 12 November 2010. Under the voluntary administration of Manaccom Pty Ltd, the commitments under the lease for occupied premises for this subsidiary company were assumed by the administrator from the date of voluntary administration on 31 January 2011.

b. **Chattel Mortgage Commitments**		
Payable		
— Not later than one year	38,655	209,253
— Later than one year but not later than five years	28,991	-
	67,646	209,253
Less future finance charges	(4,884)	(18,587)
	62,762	190,666

These commitments relate to motor vehicles and have terms of up to two and a half years with commitments paid monthly based on fixed interest rates.

For the reporting period ended 30 June 2010, all chattel mortgage commitments were payable not later than one year as detailed in Note 18(d).

c. Other Commitments

	Consolidated Group 2011 $	Consolidated Group 2010 $
Software Licence Agreement		
A subsidiary entity had signed an agreement with a key supplier to publish and distribute certain of their computer software under licence for three years until 31 May 2012. The agreement included a minimum royalty payment to be paid if sales do not reach a certain level. The fair value of the minimum royalty over the remaining term of the agreement was determined by discounting future cash flows by the Reserve Bank of Australia bond rate 4.57% (2010: 4.57%).		
The subsidiary entity was placed into voluntary administration on 31 January 2011 and derecognised. As from this date, the entity falls outside of the Group and there is no commitment by remaining Group entities.	-	2,691,889
Co-Branded Website Agreement		
A subsidiary entity has signed a Co-Branded Website Agreement with ninemsn Pty Ltd for two years until 31 July 2012. A monthly fee is paid by the subsidiary entity to ninemsn Pty Ltd subject to a maximum payment in cumulative monthly fees during each 12 month period of the term, based on which the estimated commitment is as follows (the commitment for the 2010 financial year under the previous agreement could not be reasonably estimated):	1,030,706	-

NOTE 23: CONTINGENT LIABILITIES

	Consolidated Group 2011 $	Consolidated Group 2010 $
Estimates of the potential financial effect of contingent liabilities that may become payable:		
Contingent Liabilities		
Guarantees provided by the Group's bankers		
The Group's bankers have provided guarantees to third parties in relation to premises leased by Group companies. These guarantees have no expiry term and are payable on demand, and are secured by a fixed and floating charge over the Group's assets.	160,763	236,283
Related party guarantees provided by subsidiary entities		
A subsidiary entity has provided guarantees to third parties in relation to premises leased by its wholly owned subsidiaries. These guarantees have no expiry term and are payable on demand, and unsecured.	18,616	32,265

NOTE 24: SEGMENT REPORTING

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (strategic steering committee that makes strategic decisions). Comparatives for 2010 were stated on this basis.

Accounting policies

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions.

The committee considered the business from both a product and a geographic perspective and has identified the reportable segments. The only continuing operations segment is Internet Lotteries.

Internet Lotteries segment consists of retail of lottery tickets sold both in Australia and legible international jurisdictions, and internet database management/marketing. The committee monitors the performance of the regions combined.

The former software publishing and distribution segment consisted of publishing and distribution of third party software programmes, and the design, development, sale and maintenance of proprietary software programmes for accounting systems. This segment was reclassified as discontinued operations during the financial year (refer Note 6: Discontinued Operations for further details). Accordingly, the Group has restated its segment information to disclose such information for continuing operations as required by AASB 8.

(b) Segment information provided to the strategic steering committee

The segment information provided to the strategic steering committee for the reportable segments for the year ended 30 June 2011 is as follows:

2011	**Internet Lotteries**
	$
Total segment revenue/income	76,006,981
Inter-segment revenue	-
Revenue from external customers	76,006,981
NPBT	5,548,730
Interest revenue	413,328
Finance costs expense	1,732
Depreciation and amortisation	1,480,484
Loss on derecognition of intangible assets	73,151

The segment information provided to the strategic steering committee for the reportable segments for the year ended 30 June 2010 is as follows:

2010	**Internet Lotteries**
	$
Total segment revenue/income	66,079,363
Inter-segment revenue	-
Revenue from external customers	66,079,363
NPBT	3,754,414
Interest revenue	251,339
Finance costs expense	-
Depreciation and amortisation	1,053,848

(c) Other segment information

i. Segment revenue

The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the profit or loss.

Revenues from external customers are derived from the sale of lottery tickets and provision of related services. A breakdown of revenue and results is provided in the tables above.

Segment revenue reconciles to total revenue from continuing operations as follows:

	Consolidated Group	
	2011	2010
	$	$
Total segment revenue	76,006,981	66,079,363
Interest revenue	413,328	251,339
Other	-	(17,608)
Total revenue from continuing operations (note 3)	76,420,309	66,313,094

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $65,826,617 (2010: $53,521,931), and the total revenue from external customers in other countries is $10,593,692 (2010: $12,791,163). Revenues of $3,136,725 (2010: $3,242,912) are from external customer in Fiji. Segment revenues are allocated based on the country in which the customer is located.

No single external customer derives more than 10% of total revenues.

ii. NPBT

The strategic steering committee assesses the performance of the operating segments based on a measure of NPBT. This measure excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring event. Furthermore the measure excludes the effects of foreign currency gains/(losses).

A reconciliation of the NPBT to operating profit before income tax is provided as follows:

	Consolidated Group	
	2011	2010
	$	$
NPBT	5,548,730	3,754,414
Inter-segment eliminations[1]	1,437,338	2,586,897
Interest revenue	413,328	251,339
Corporate expenses		
Impairment losses on intangible assets	-	(348,585)
Finance costs expense	(148,518)	(143,803)
Share based payments expense	(79,851)	(146,582)
Directors' remuneration	(173,264)	(141,634)
Salaries and wages	(689,674)	(673,520)
Other	(453,953)	(452,601)
Profit before income tax from continuing operations (per P&L)	5,854,136	4,685,925
[1] the key items of the intersegment eliminations are:		
Provision for non-recovery of inter-company loans	1,437,338	4,679,553
Dividends received by parent from subsidiary	-	(2,000,000)

NOTE 25: CASH FLOW INFORMATION

		Consolidated Group	
		2011	2010
		$	$
a.	**Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax**		
	Profit/(loss) for the year after income tax	4,834,455	(7,311,048)
	Non-cash flows		
	Amortisation	1,474,497	1,007,902
	Depreciation	142,779	202,420
	Impairment losses/(reversals)	(1,258,354)	8,290,292
	Derecognition of subsidiary in voluntary administration	639,644	-
	(Gain)/Loss on sale of business	6,007	-
	Derecognition of intangibles assets	73,151	-
	Other	-	400
	Share option expense	79,851	146,582
	Increase/(decrease) in foreign exchange reserve excluding bank balances	9,927	(47,271)
	Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
	Decrease/(increase) in trade receivables	556,303	1,348,702
	Decrease/(increase) in other receivables	74,816	100,027
	Decrease/(increase) in inventories	(173,296)	(176,630)
	Decrease/(increase) in DTA	(141,955)	(5,995)
	Increase/(decrease) in trade creditors	1,094,421	(314,242)
	Increase/(decrease) in other creditors	(668,323)	643,854
	Increase/(decrease) in other provisions	136,412	372,399
	Increase/(decrease) in DTL	28,649	19,206
	Increase/(decrease) in provision for income tax	(381,531)	(986,446)
	Cash flow from operations	6,527,453	3,290,152
b.	**Facilities with Banks**		
	Credit facility	3,035,763	3,236,283
	Facilities utilised		
	- Overdraft	(110,061)	-
	- Multi Option/Chattel mortgages	(62,762)	(190,666)
	- Loans	(1,708,333)	(1,999,998)
	- Bank guarantees	(160,763)	(236,283)
	Amount available	993,844	809,336

The facilities are provided by ANZ Group Limited subject to general and specific terms and conditions being set and met periodically. Interest rates are both fixed and variable and subject to adjustment. Refer to Note 18 for terms of these facilities.

c. **Non-cash Financing and Investing Activities**

(i) Share issue.

83,337 ordinary shares were issued at $0.3719 under the Dividend Reinvestment Plan on 6 May 2011.

(ii) Voluntary administration of Manaccom Pty Ltd.

$377,623 of plant and equipment and $31,350 of intangible assets, and $119,298 of borrowings were derecognised under the voluntary administration process of Manaccom Pty Ltd and not reflected in the statement of cash flow.

(iii) Sale of Star business

$16,007 of plant and equipment and $1,519,790 of intangible assets, and $1,529,790 of borrowings were not reflected in the statement of cash flow based on the terms of the sale of the Star business.

NOTE 26: SHARE BASED PAYMENTS

	Consolidated Group	
	2011	2010
Share-based payment expense recognised during the financial year	$	$
Options issued under employee option plan	79,851	146,582
	79,851	146,582

Employee option plan

The Jumbo Interactive Limited Employee Option Plan was ratified at the Annual General Meeting held on 28 October 2008. Employees are invited to participate in the scheme from time to time. Options vest when the volume weighted average share price over five consecutive trading days equals the exercise price and provided the staff member is still employed by the Group. When issued on exercise of options, the shares carry full dividend and voting rights.

Options granted carry no dividend or voting rights.

Fair value of options granted

The weighted average fair value of options granted during the year was 5.5 cents (2010: 20.6 cents). The fair value at grant date was determined by an independent valuer using the Monte Carlo Simulation option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, and the risk free rate. The inputs used for the Monte Carlo Simulation option pricing model for options granted during the year ended 30 June 2011 were as follows:

- Options are granted for no consideration, have a three year life, and are exercisable when the share price equals the exercise price and if the staff member is still employed by the Group

	2011		2010
- Grant date:	15 Nov 2010	15 Nov 2010	21 Oct 2009
- Share price at grant date:	$0.38	$0.38	$0.48
- Exercise price:	$0.70	$0.50	$0.70
- Expected volatility:	85.82%	86.58%	85.47%
- Expected dividend yield:	3.95%	4.69%	3.13%
- Risk free rate:	5.24%	5.15%	5.46%

Expected volatility was determined based on the historic volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility based on publicly available information.

2011

Grant date	Exercise price	Expiry date	Balance at beginning of year	Granted during the year	Lapsed/ Forfeited during the year	Exercised during the year	Expired during the year	Balance at end of year	Exercisable at end of year
31 March 2008	$0.50	31 March 2011	700,000	-	(700,000)	-	-	-	-
1 May 2009	$0.50	1 May 2012	2,200,000	-	(750,000)	-	-	1,450,000	-
21 October 2009	$0.70	30 October 2012	1,350,000	-	-	-	-	1,350,000	-
15 November 2010	$0.70	15 November 2013	-	850,000	(550,000)	-	-	300,000	-
15 November 2010	$0.50	15 February 2014	-	1,050,000	-	-	-	1,050,000[1]	-
			4,250,000	1,900,000	(2,000,000)	-	-	4,150,000	-

[1] 50,000 options lapsed since the end of the financial year due to staff changes.

2010

Grant date	Exercise price	Expiry date	Balance at beginning of year	Granted during the year	Lapsed/ Forfeited during the year	Exercised during the year	Expired during the year	Balance at end of year	Exercisable at end of year
31 March 2008	$0.50	31 March 2011	1,550,000	-	(850,000)	-	-	700,000	-
1 May 2009	$0.50	1 May 2012	2,200,000	-	-	-	-	2,200,000	-
21 October 2009	$0.70	30 October 2012	-	1,350,000	-	-	-	1,350,000	-
			3,750,000	1,350,000	(850,000)	-	-	4,250,000	-

The weighted average exercise price for the year ended 30 June 2011 was $0.57 (2010: $0.54).

The weighted average remaining contractual life of share options outstanding at 30 June 2011 was one year seven months (2010: one year ten months).

NOTE 27: EVENTS AFTER THE REPORTING DATE

There are no material events after the reporting date.

NOTE 28: FINANCIAL RISK MANAGEMENT

a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks and measurement from previous periods unless otherwise stated in this note.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and chattel mortgages.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives periodic reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

There are no derivative instruments recognised or unrecognised.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

i. Treasury Risk Management

An Audit Committee consisting of a majority of non-executive Directors meet on a regular basis to consider currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Committee's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Audit Committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of hedging derivative instruments, credit risk policies, and future cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's income or the value of its holdings of financial instruments.

The Group is exposed to market risks from interest rates and foreign currency.

Interest rate risk

Interest rate risk arises principally from cash and cash equivalents, and borrowings.

The object of market risk management is to manage and control interest rate risk exposure within acceptable parameters while optimising the return.

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2011 100% of Group interest bearing debt is capped. The Group policy is to manage between 50% and 100% of interest bearing debt using capped and fixed interest rates.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's functional currency. Senior management monitor the Group's exposure regularly and utilise the spot market to buy and sell specified amounts of foreign currency to manage this risk.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash balances and unutilised borrowing facilities are maintained.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the entity.

Credit risk arises principally from cash and cash equivalents and trade and other receivables.

The objective of the Group is to minimize risk of loss from credit risk exposure.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. No collateral or other security is held over these assets at balance sheet date.

Credit risk is managed on a Group basis and reviewed regularly by the Audit Committee.

The Audit Committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- surplus funds are only invested with banks and financial institutions with a Standard and Poor's rating of no less than A:
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Group's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balance, before allowance for doubtful debts, at balance date by geographic region:

	2011		2010	
	$	%	$	%
Australia	100,478	35.6	1,106,599	76.3
Fiji	16,688	5.9	64,365	4.4
USA	69,668	24.7	150,022	10.3
New Zealand	-	-	3,093	0.2
Cook Islands	84,373	29.8	84,365	5.8
Samoa	11,404	4.0	34,117	2.4
Other countries	-	-	8,210	0.6
	282,611	100	1,450,771	100

The Group's most significant customer, located in the Cook Islands, accounts for 30% of trade receivables as at 30 June 2011 (16% as at 30 June 2010, located in Australia), and has been fully provided for.

Credit risk is measured using debtor aging. Refer Note 12(b): Trade and Other Receivables for aging analysis.

b. Financial Instruments

Categories of Financial Instruments

	Consolidated Group	
	2011	2010
Financial Assets	$	$
Cash and cash equivalents - AA rated	11,770,674	9,461,658
Loans and receivables	276,647	1,514,896
Financial Liabilities		
Borrowings	1,881,156	3,616,766
Trade and other payables	6,941,803	8,106,023

i. Maturity analysis

Financial liabilities have differing maturity profiles depending on the contractual term and in the case of borrowings, different repayment amounts and frequency. The table below shows the period in which the principal and interest (if applicable) of financial liability balances will be paid based on the remaining period to repayment date assuming contractual repayments are maintained.

Trade and other payables are expected to be paid as follows:

	Consolidated Group	
	2011	2010
	$	$
Less than six months	6,941,803	8,106,023
	6,941,803	8,106,023
Borrowings are expected to be paid as follows:		
Less than one year	916,263	2,622,634
One to five years	1,137,485	1,282,881
	2,053,748	3,905,515

The bank facilities were classified as current for the 2010 reporting period due to a breach in one of the bank covenants since rectified.

ii. Fair Values

The fair values of:

— Cash, cash equivalent, and receivables approximate their carrying value because of their short term to maturity.

— Bank loans, overdrafts, trade and other payables approximate their carrying value because of their short term to maturity (or interest repricing profile).

— The deferred consideration is valued at fair value based on discounting future cash flows by the current interest rate of 5.41%: 2010 for liabilities with similar risk profiles. The deferred consideration was repaid in 2011 as part of the settlement of the sale of the Star System Solutions business.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Fair values and carrying amounts of financial assets and liabilities at reporting date.

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Financial Assets				
Cash and cash equivalents	11,770,674	11,770,674	9,461,658	9,461,658
Trade and other receivables	276,647	276,647	1,514,896	1,514,896
	12,047,321	12,047,321	10,976,554	10,976,554

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities	$	$	$	$
Borrowings	1,881,156	2,053,748	3,616,766	3,905,515
Trade and other payables	6,941,803	6,941,803	8,106,023	8,106,023
	8,822,959	8,995,551	11,722,789	12,011,538

Fair values are materially in line with carrying values.

Financial instruments measured at fair value

The financial instruments measured at fair value in the statement of financial position have been analysed and classified using fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

— quoted prices i active markets for identical assets and liabilities (Level 1);

— inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and

— inputs for the asset or liability are not based on observable market data (unobservable inputs) (Level 3).

Consolidated Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
2011				
Financial liabilities				
Financial liabilities at fair value				
- deferred consideration	-	-	-	-
	-	-	-	-
2010				
Financial liabilities				
Financial liabilities at fair value				
- deferred consideration	-	-	1,426,011	1,426,011
	-	-	1,426,011	1,426,011

iii. Sensitivity Analysis

Interest Rate Risk and Foreign Currency Risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2011, the effect on profit/(loss) and equity as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	Consolidated Group	
	2011	**2010**
	$	**$**
Change in profit/(loss)		
- increase in interest rates by 2%	197,790	189,233
- decrease in interest rates by 2%	(197,790)	(189,233)
Change in equity		
- increase in interest rates by 2%	197,790	189,233
- decrease in interest rates by 2%	(197,790)	(189,233)

Foreign Currency Risk Sensitivity Analysis

At 30 June 2011, the effect on profit/(loss) and equity as a result of changes in the value of the Australian Dollar to the Fijian Dollar, with all other variables remaining constant is as follows:

	Consolidated Group	
	2011	2010
	$	$
Change in profit/(loss)		
- Improvement in AUD to FJD by 5%	(146,908)	(176,437)
- Decline in AUD to FJD by 5%	162,372	195,009
Change in equity		
- Improvement in AUD to FJD by 5%	(146,908)	(176,437)
- Decline in AUD to FJD by 5%	162,372	195,009

The above interest rate and foreign exchange rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

NOTE 29: RESERVES

a. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries. Amounts are reclassified to profit or loss when an entity is disposed of.

b. Share Based Payments Reserve

The share based payments reserve records items recognised as expenses on valuation of employee share options. This reserve can be reclassified as retained earnings if options lapse.

NOTE 30: COMPANY DETAILS

The registered office of the Company is:

Jumbo Interactive limited

Level 1, 601 Coronation Drive, Toowong, QLD, 4066

The principal places of business are:

— Level 1, 601 Coronation Drive, Toowong, QLD, 4066

— Suite 604, 370 St Kilda Road, Melbourne, VIC, 3001

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statements of Cash Flows, and accompanying notes, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date.

2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4. The remuneration disclosures included in pages 14 to 19 of the Directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2011, comply with section 300A of the *Corporations Act 2001*.

5. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A.

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:

Mike Veverka

Director

5 September 2011

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Jumbo Interactive Limited

Report on the Financial Report

We have audited the accompanying financial report of Jumbo Interactive Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Jumbo Interactive Limited, would be in the same terms if given to the Directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Jumbo Interactive Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 19 of the directors' report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Jumbo Interactive Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (QLD) Pty Ltd

BDO

M R Just

Director

Brisbane, 5 September 2011

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Securities Exchange in respect of listed public companies only.

1. Shareholding

The Company has 39,536,805 ordinary shares on issue, each fully paid. There are 1,410 holders of these ordinary shares as at 31 August 2011. Shares are quoted on the Australian Securities Exchange (Home branch: Brisbane) under the code JIN and on the German Stock Exchange.

In addition, there are an aggregate total of 4,100,000 options over ordinary shares on issue but not quoted on the Australian Securities Exchange.

a. Distribution of Shareholder Numbers at 31 August 2011

	Number	
Category (size of Holding)	**Holders of Ordinary Shares**	**Ordinary Shares Held**
1 – 1,000	351	216,512
1,001 – 5,000	531	1,409,149
5,001 – 10,000	178	1,411,322
10,001 – 100,000	301	8,657,679
100,001 – and over	49	27,842,143
	1,410	39,536,805

b. The number of shareholdings held in less than marketable parcels is: 490 400,364

c. The names of the substantial shareholders listed in the holding Company's register as at 31 August 2011 are:

Name	**Ordinary Shares**	**Percentage Held**
Vesteon Pty Ltd and associates	9,398,278	23.77%
HSBC Custody Nominees (Australia) Limited	2,664,443	6.74%
JP Morgan Nominees Australia Limited	2,295,916	5.81%

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

— Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

— Optionholders have no voting rights until their options are exercised.

e. 20 Largest Shareholders — Ordinary Shares as at 31 August 2011

Name		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	VESTEON PTY LTD	8,891,724	22.49
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) PTY LTD	2,664,443	6.74
3.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	2,295,916	5.81
4.	NATIONAL NOMINEES LIMITED	1,784,827	4.51
5.	WARAWONG PTY LTD <BETHANGA HOLDINGS FAM A/C>	1,477,700	3.74
6.	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,062,629	2.69
7.	MR ANTHONY BROWN & MS MELISSA GOLLAN <JARVIS BROWN S/F A/C>	915,187	2.31
8.	MR BARNABY COLMAN CADDICK	800,000	2.02
9.	META CAPITAL LIMITED	581,666	1.47
10.	MR MIKE VEVERKA <VEVERKA S/F A/C>	506,554	1.28
11.	MR VICTOR JOHN PLUMMER	435,782	1.10
12.	MR CRAIG KUHN	400,000	1.01
13.	MR DAVID PLATT & MRS SUE PLATT <SUPERANNUATION FUND A/C>	340,000	0.86
14.	MR XAVIER ROBERT BERGADE	300,000	0.76
15.	BERNE NO 132 NOMINEES PTY LTD <323731 A/C>	250,000	0.63
16.	BRAZIL FARMING PTY LTD	230,000	0.58
17.	MR JOHN ROSAIA	204,000	0.52
18.	AURO INVESTMENT MANAGEMENT PTY LTD	200,000	0.51
19.	BERNE NO 132 NOMINEES PTY LTD <224266 A/C>	200,000	0.51
20.	MR EDWARD KEITH HAWKINS + MRS BARBARA JEAN HAWKINS	200,000	0.51
		23,740,428	60.05

2. The name of the Company Secretary is Mr Bill Lyne.

3. The address of the principal registered office in Australia is Level 1, 601 Coronation Drive, Toowong, QLD, 4066. Telephone (07) 3831 3705.

4. Registers of securities are held at the following addresses:

Computershare Investor Services Pty Ltd
117 Victoria Street
West End Qld 4101

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange.

6. Unquoted Securities as at 31 August 2011

Options over Unissued Shares.

A total of 4,100,000 options are on issue to employees under the Jumbo Interactive Limited Employee Option Plan.

Exercise Price	Expiry Date	Number on Issue	Number of Holders
$0.50	1 May 2012	1,450,000	4
$0.70	30 October 2012	1,350,000	3
$0.70	15 November 2013	300,000	1
$0.50	15 February 2014	1,000,000	8

7. Other Disclosures

There are no other disclosures.

JUMBO INTERACTIVE
THE RIGHT COMBINATION
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