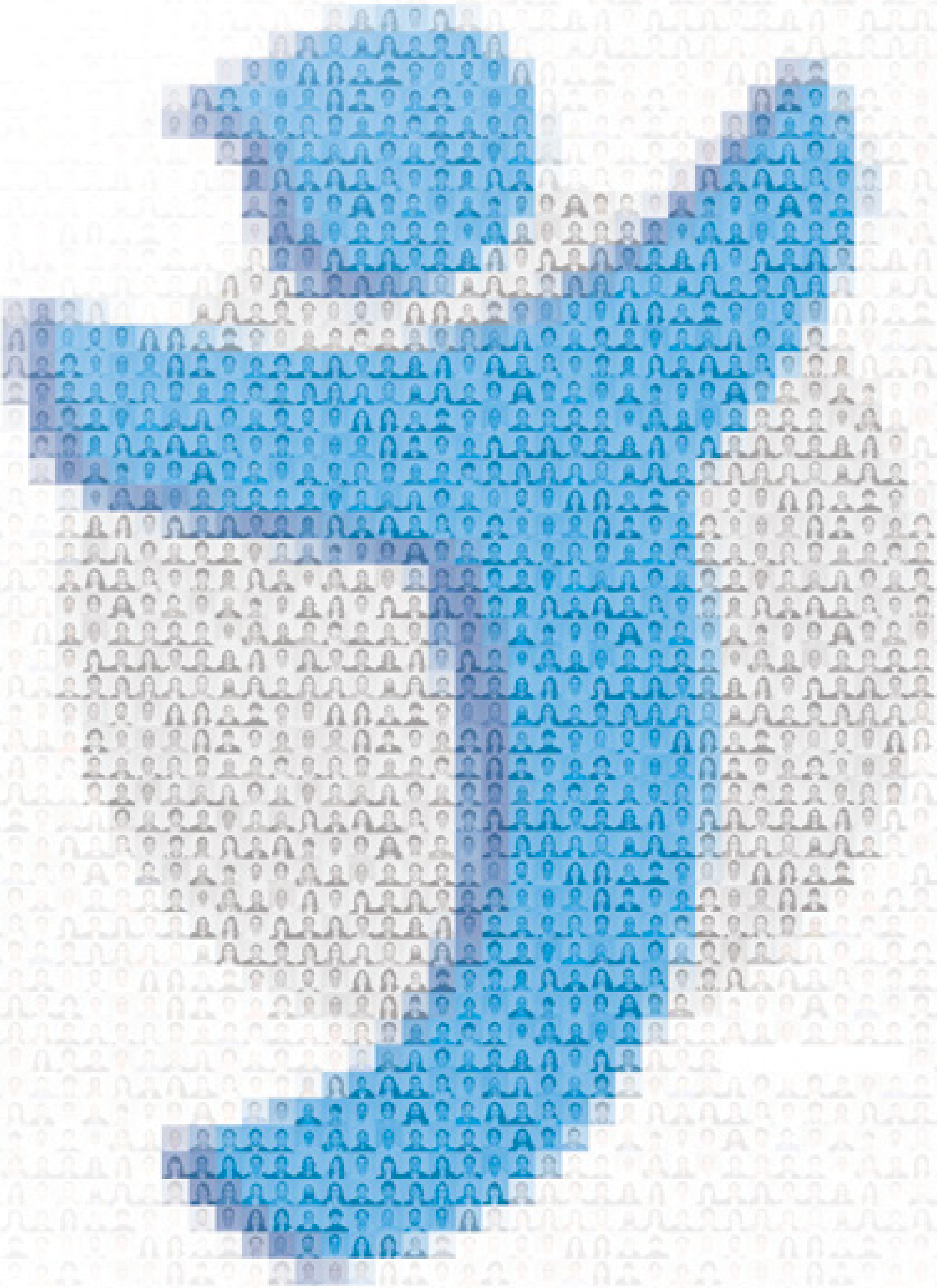
JUMBO INTERACTIVE
THE RIGHT COMBINATION



Experience... Internet Lotteries

Lotteries around the world are experiencing strong sustainable growth thanks to the internet and the right combination of people, technology and experience at Jumbo.

Annual Report 2014

Experience...

...the benefits of the internet

- New Markets
- Younger Demographics
- Retailer Opportunity
- Dynamic Games
- Responsive Marketing

...is what Jumbo has!

- 100% pure internet lottery experience since 2000
- Over 1.7 million happy internet customers
- Helped raise over $100M for worthwhile causes
- Proud supporter of NASPL, WLA and APLA

JUMBO INTERACTIVE
THE RIGHT COMBINATION

Front Cover: Photos of Jumbo Staff have been used to create a collage of the Jumbo logo.

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Jumbo Interactive head office in Brisbane, Australia.
(This property is not an asset of the group).

Introduction

Jumbo Interactive Limited (ASX:JIN) is an internet lottery business with operations in Australia and Germany. Currently in an expansion phase, Jumbo has been actively pursuing further opportunities in the USA, Latin America, Asia and Europe. The internet has brought positive change to the world lottery industry with some countries already showing strong sustainable growth as a result. However the vast majority of national lotteries are still at the cusp of this adoption and it is Jumbo's belief that most will join the revolution in the next few years.

Jumbo's goal is to be at the forefront of this growth trend. With experience dating back to 2000 when Jumbo sold its first lottery ticket on the internet, Jumbo is uniquely positioned to partner with any national lottery around the world.

2013-14 was an important year for Jumbo with the launch of its first international website Jumbolotto.de in Germany. This adds to Jumbo's success in Australia where **www.OzLotteries.com delivered its 14th record year of ticket sales, maintaining its unbroken run.**

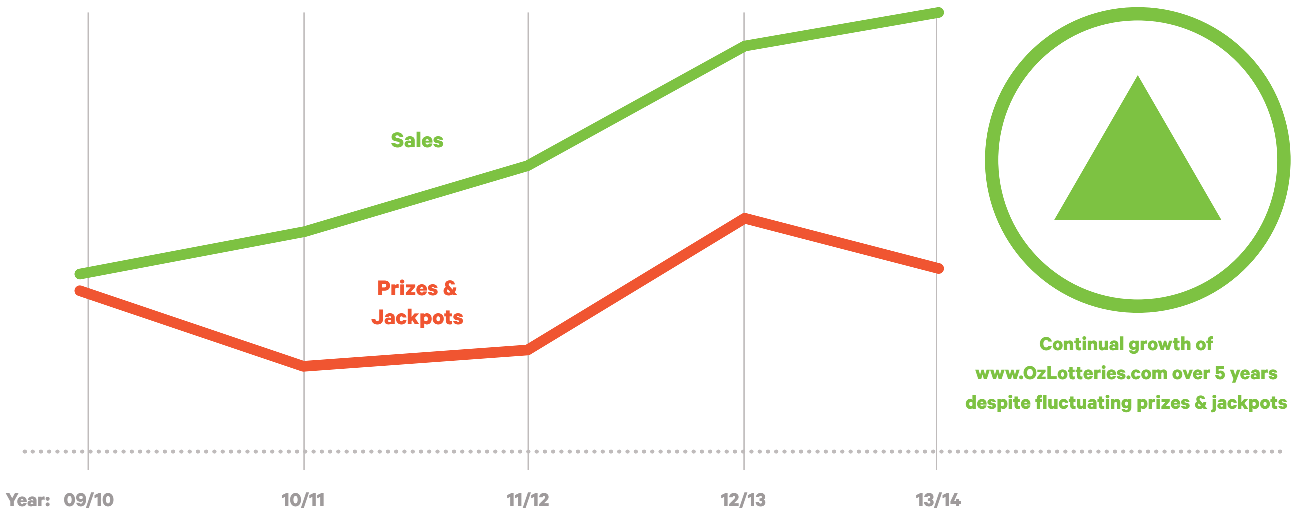
Brief History

It is rare for an internet business to have a history so long. Jumbo Interactive was listed on the Australian Stock Exchange in 1999 as an e-commerce business with an online shopping mall. Shortly after this in 2000, laws were changed to permit the sale of lottery tickets on the internet in Australia, so Jumbo started selling charity art union games online. In 2005 Jumbo expanded into national lotteries with the acquisition of the OzLotteries.com website. After enjoying impressive domestic growth, in 2009 Jumbo began to actively explore international online lottery opportunities and in the 2013 financial year, succeeded in securing agreements in Germany, Mexico and the USA. Jumbo will continue this growth strategy to achieve its vision of becoming the global leader in the online lottery industry. Core values of innovation, sustainable growth and respect for all stakeholders have provided the foundations for Jumbo's success into the future.

Highlights

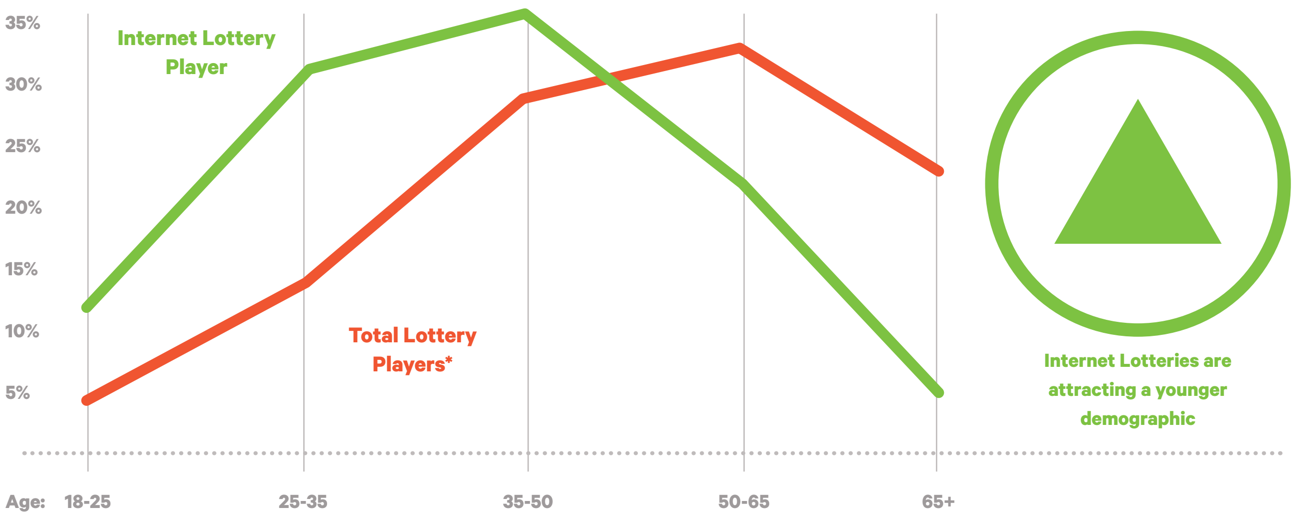
5 Year Sales on www.OzLotteries.com

as at 30 June (Australia)



Younger Demographics

as at 30 June (Australia)



* Source: Roy Morgan Research Single Source Lottery Players Profile Australians 18+ Apr13-Mar14

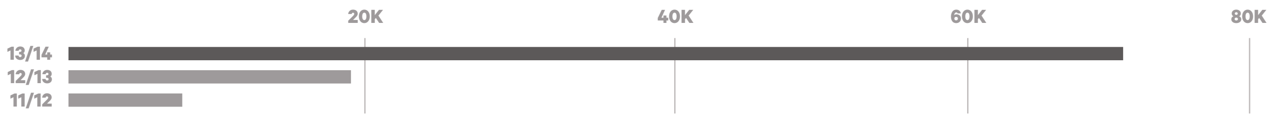
Growth in Social Presence

as at 31 July

70

THOUSAND LIKES

Significantly increased
Social Presence



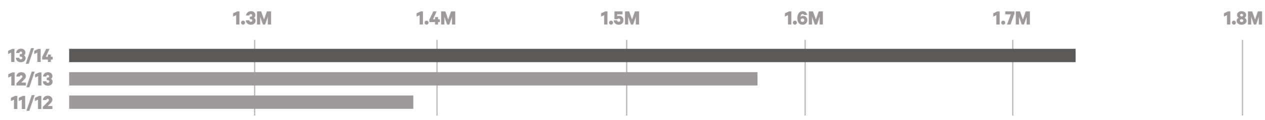
Customer Accounts Growth

as at 30 June

1.72

MILLION ACCOUNTS

Continuing customer growth

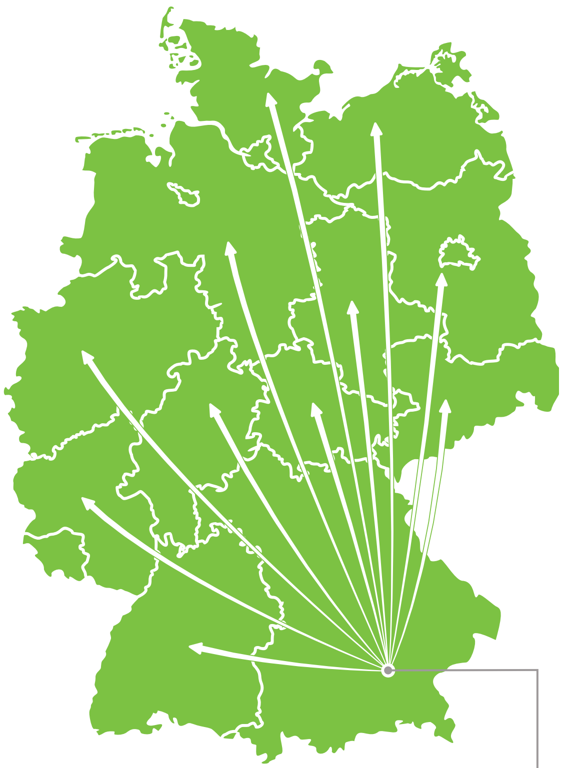


Jumbo Interactive Munich office in Germany (This property is not an asset of the group).

Milestones

Over the last 12 months, Jumbo has made **significant progress in its strategy of growth** through international expansion.

Jumbolotto.de launches in Germany



Connection to all 16 states in Germany

Eurojackpot reaches a record €56 million bolstering initial signups

2013 — Jul — Sep — Dec — 2014 — Apr — Jun

Agreement Continuation

Tatts Reseller Agreement in VIC & NSW continued.

1,720,000

We reached 1.7 Million Customer Accounts

Letter from the Chairman

Focus on Germany

The focus to date has been in Germany where all sixteen länder (states) have been signed up and an office established.

Dear Shareholder

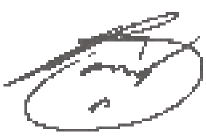
As we are currently expanding our online lottery games internationally, this has had a short term effect on the current year's results, and depending on the speed with which we expand, it may continue into the current financial year. However this has not had a negative effect on our growth in sales and if all goes to plan will increase not only our gross sales but diversify our markets to overseas countries.

The focus to date has been in Germany where all sixteen länder (states) have been signed up and an office established to service our customers from this country. In addition Mexico continues to be a focus for the future along with other overseas countries.

Mr. Mike Veverka, the founder and CEO of the Company, will elaborate more on the activities of the group in his letter, however I would like to acknowledge the effort that has gone into the growth of the company by our dedicated management and team. Our staff now stands at approximately 100 employees working mostly from Brisbane but with a percentage working in the countries where we are focusing our future growth.

The team, which is led by Mike, are extremely dedicated and on behalf of the board, I would like to thank Mike and the management team for their continued support and loyalty to the growth of the company.

I would also like to thank the board for their support and our loyal shareholders who are now enjoying the rewards of our continued dividend policy which over the next few years is expected to increase as we make headway into other countries.



David K Barwick
Chairman

Letter from the CEO

Growth despite jackpot fluctuations

The **growth of internet lotteries has never been so evident** as last year when sales from our flagship website increased as jackpots decreased.

Dear Shareholder,

In 2014, Australian jackpots did not reach the same level as in 2013 which was the year that had the record $100 million OzLotto jackpot. Despite this 18% decline in jackpots, sales on our flagship website www.OzLotteries.com still managed to improve 4% and customer accounts increased 10% to 1.72 million. This demonstrates that internet lotteries continue to grow and gain in popularity even during natural fluctuations in prizes and jackpots.

Midway through the year marked the launch of our German website www.Jumbolotto.de based on our new generation lottery platform. This was the culmination of two years planning and efforts to establish an international business to complement our successful Australian business.

Jumbo's new generation lottery platform is also a significant achievement and will prepare the company for future growth in further geographical areas. Although this achievement is not as visible as our other achievements, it is nonetheless very significant. The new software platform gives us increased capacity, features and speed to market that will underpin our future growth.

I wish to publicly thank the efforts of our entire team in delivering this software platform as well as our other achievements in Australia and Germany and I look forward to exciting developments ahead.

Mike Veverka
CEO and Founder

Business Overview

The global lottery industry is in the midst of change as the internet brings in a new wave of players and innovation. **Most countries have yet to fully adopt these changes but those that have embraced the internet have reported positive results.**

In Germany, for example, sales have begun an upward trend reversing the previous decline after the 2012 deregulation of the industry which allowed internet sales. In Australia, where the internet has been a part of the lottery industry since 2000, sales have shown resilience in years where prizes and jackpots have naturally fluctuated down giving the government a much more steady source of revenue for worthwhile causes.

This wave of change is where Jumbo Interactive has focused its attention and is delivering solutions to and partnering with local lottery operators. Jumbo is also working with a number of lotteries that have not yet legislated internet lottery sales in the belief that the benefits will outweigh the challenges and ultimately approval will be given. At that point Jumbo begins work as an authorised e-retailer in close cooperation with the lottery operator helping to steer away from the pitfalls and deliver on the promises that the internet brings.

One of these pitfalls is the proliferation of unregulated internet lottery e-retailers. These are websites that purport to sell official lottery tickets but in fact do not have the correct approvals. They thrive on customer naivety as they are often unaware of the risks involved and put at risk any prizes due to them. Jumbo helps construct a regulated internet lottery e-retailer framework that gives legitimate businesses a way to sell tickets online, protecting consumers and driving unregulated operators out of the industry.

The fact that unregulated internet lottery e-retailers even exist is testament to the demand that exists to buy lottery tickets on the internet. The convenience, excitement and benefits of internet lotteries is undeniable and future-proofs growth for decades to come.

A younger demographic is a key benefit for lotteries. The phenomenal growth of mobile internet has brought a generation of young people comfortable with purchasing their daily goods on their mobile. As this generation enter the lottery market, they naturally expect to use their ever-present companion, their mobile phone, to buy their tickets.

Jumbo has solid data demonstrating this trend towards mobile devices with 39% of sales now coming through a mobile device. As a pure internet-only seller of lottery tickets, Jumbo's customer profile is naturally skewed towards a younger demographic with 30% in the 25 to 35 year old age group compared to just 13% in the same age group opting for traditional lottery sales mediums.


Jumbolotto
Lotto 6aus49
Eurojackpot
GlücksSpirale
Lottozahlen
Über uns
Kontakt
Anmelden
EURO JACKPOT
45.000.000 €
Jetzt spielen!
LOTTO 6aus49
22.000.000 €
GlücksSpirale
7.500 € Monatlich
Aktuelle Lottozahlen
Mittwoch, 18.12.2013
Offizieller Partner von:
LOTTO
Bundesweit staatlich lizenziert
100% staatliche Gewinngarantie

Global Growth Strategy

Germany

Jumbo achieved its goal of connecting to all 16 länder (states) before July 2014 becoming the only e-reseller in Germany with these connections developed entirely in-house. The focus has now shifted towards marketing and building the customer database to reach sustainable profitability. With an estimated 6.4 million lottery players going online by 2020, the market is sufficiently large to achieve this.

The German lottery market has actually been in a decline up until the 2012 deregulation of the industry. Total ticket sales have trended downwards from €8.0 billion (AU$11.5 billion) to €6.5 billion (AU$9.4 billion) over the seven year period leading up to deregulation in 2012. Since then this trend has reversed and has begun an upward climb to an estimated €12 billion (AU$17.3 billion) by 2020. The internet is driving this growth with internet sales expected to exceed traditional sales in 2020.

Source: Deutscher Lotto & Totoblock (DLTB) lotteries, Deutscher Lottoverband (DLV), Leibnitz University Hanover

Other factors are also contributing to overall growth in Germany:

1. Catch-up from previous years of overly-restrictive regulations.
2. Advances in multi-jurisdictional games. The Eurojackpot is a relatively new game which was launched in 2012 and covers 14 countries reaching an audience of 240 million people. Compared to the longer established Euromillions which reaches an audience of 217 million people, it is clear the Eurojackpot has significant growth potential.
3. Increasing lottery participation rates. Germany lags behind its neighbouring countries such as France and the UK in terms of percentage of the population that plays the lottery and also average customer spend. This is seen as a significant driver for growth in the German lottery market.
4. Clamp down on unregulated internet lottery e-retailers. The complex nature of European law gives rise to websites purporting to sell official lottery tickets without the correct approvals in place. Now that a regulatory framework is in place and regulated internet lottery e-retailers such as Jumbo are operational, the government is expected to act and bring customers back to regulated channels.

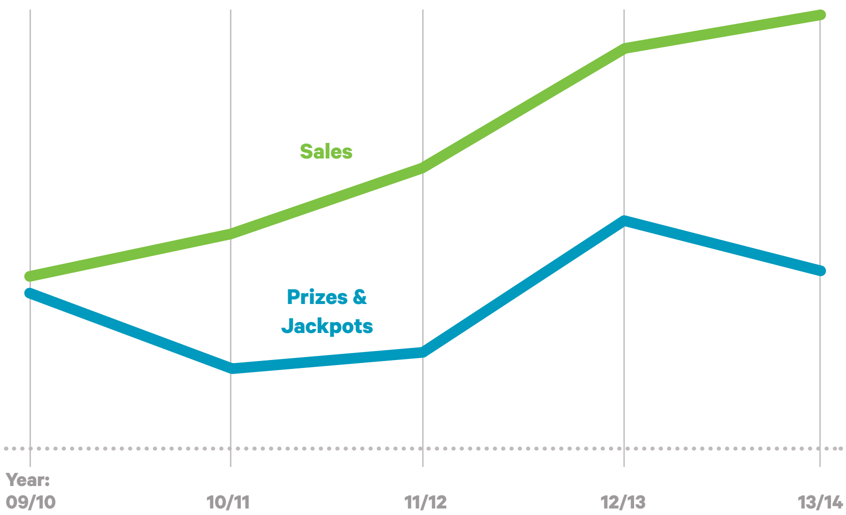
Australia

The Australian lottery industry has seen impressive growth over the past decade driven by product innovation and a sustainable adoption of internet technologies. Australians have been able to purchase their lottery tickets for over a decade via a variety of internet technologies that include the web, mobile and social media.

In the past year sales have been impacted by a natural down cycle in prizes and jackpots. However the full effect of this impact has been lessened by the internet which has brought growth through new markets. To illustrate this point, Jumbo's flagship website, www.OzLotteries.com, recorded 4% growth in a year when prizes and jackpots were down 18% over the previous year. This was due to new markets opened by the internet, in particular the younger demographic.

Natural down cycles are eventually followed by natural up cycles and with a customer database that has grown 10% to 1.72 million accounts in the past year, Jumbo is well placed to deliver stronger growth when those larger prizes and jackpots arrive.

5 Year Sales on www.OzLotteries.com



Continual growth of www.OzLotteries.com over five years despite fluctuating prizes & jackpots

Mexico

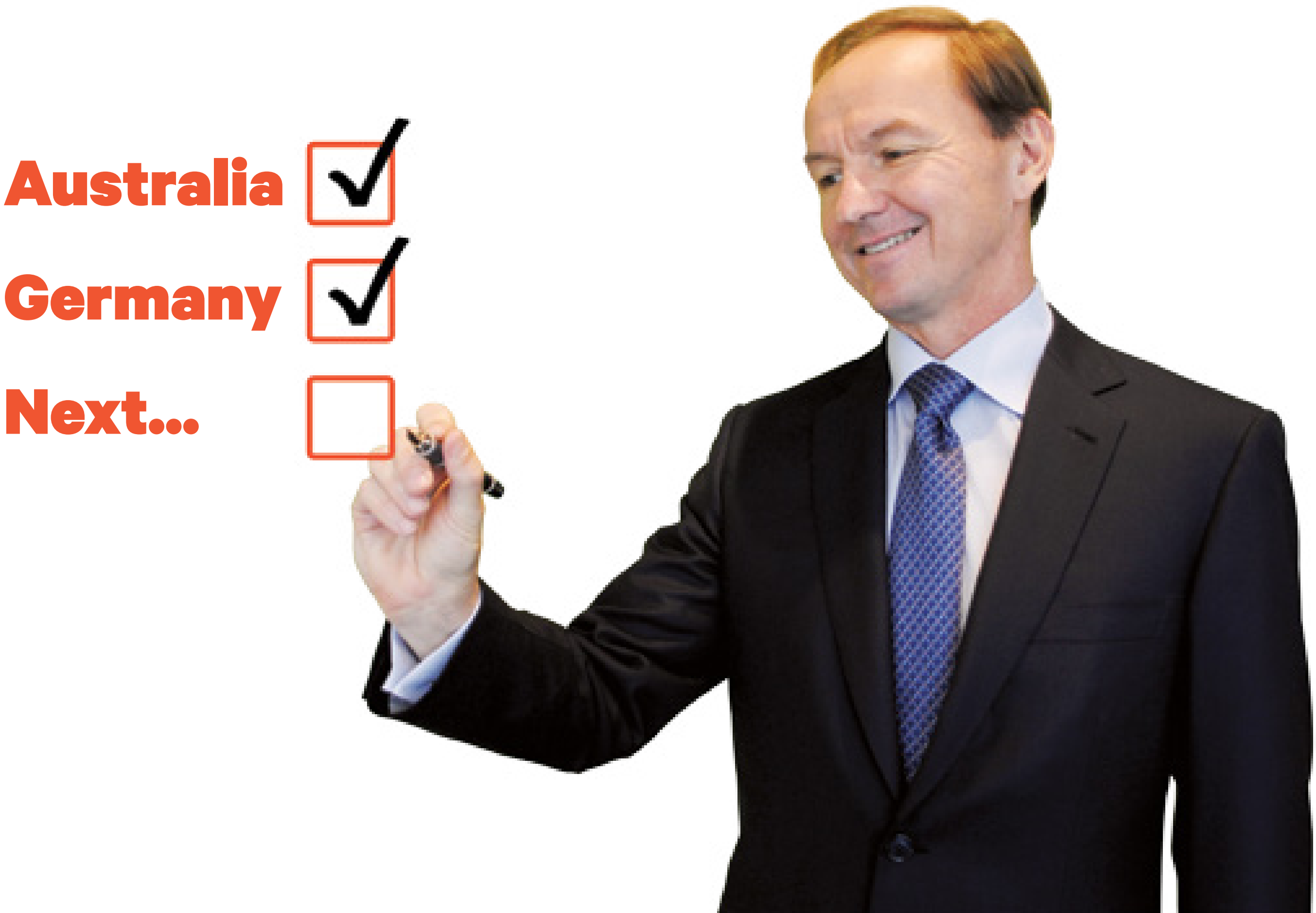
Jumbo announced in 2012 its intention to establish internet lottery operations in Mexico. With a population of 120 million people, supportive legislation and a culture that enjoys playing lotteries, the opportunity is significant. After completing development of Jumbolotto.mx, delays were encountered in the launch which ultimately led to Jumbo's decision to terminate its agreements with Sorteo Games in March 2014.

The opportunity in Mexico remains significant so efforts were made to find a solution. Significant progress has been made and management is hopeful of a launch in the 2015 financial year.

USA

The legislative progress in the USA to allow more states to sell lotteries online has been moving forward, albeit at a slow pace. Jumbo has been actively helping a number of state lotteries convince their state legislators that internet lotteries are in the best interests of the state. Management remains optimistic that more states will permit online sales and that Jumbo can develop a good business in partnership with those state lotteries.

In the meantime, Jumbo has made progress through its 50% joint venture in Lotto Points Plus. This business provides interactive and physical enhancements to traditional lottery retailers via the LotteryRewards.com website. To date this joint venture has successfully signed agreements with Hess Corporation and Tops Friendly Markets, two major retail chains in the USA. Following on from its initial success, the joint venture has begun a capital raising round to accelerate the rollout of its proven business model..



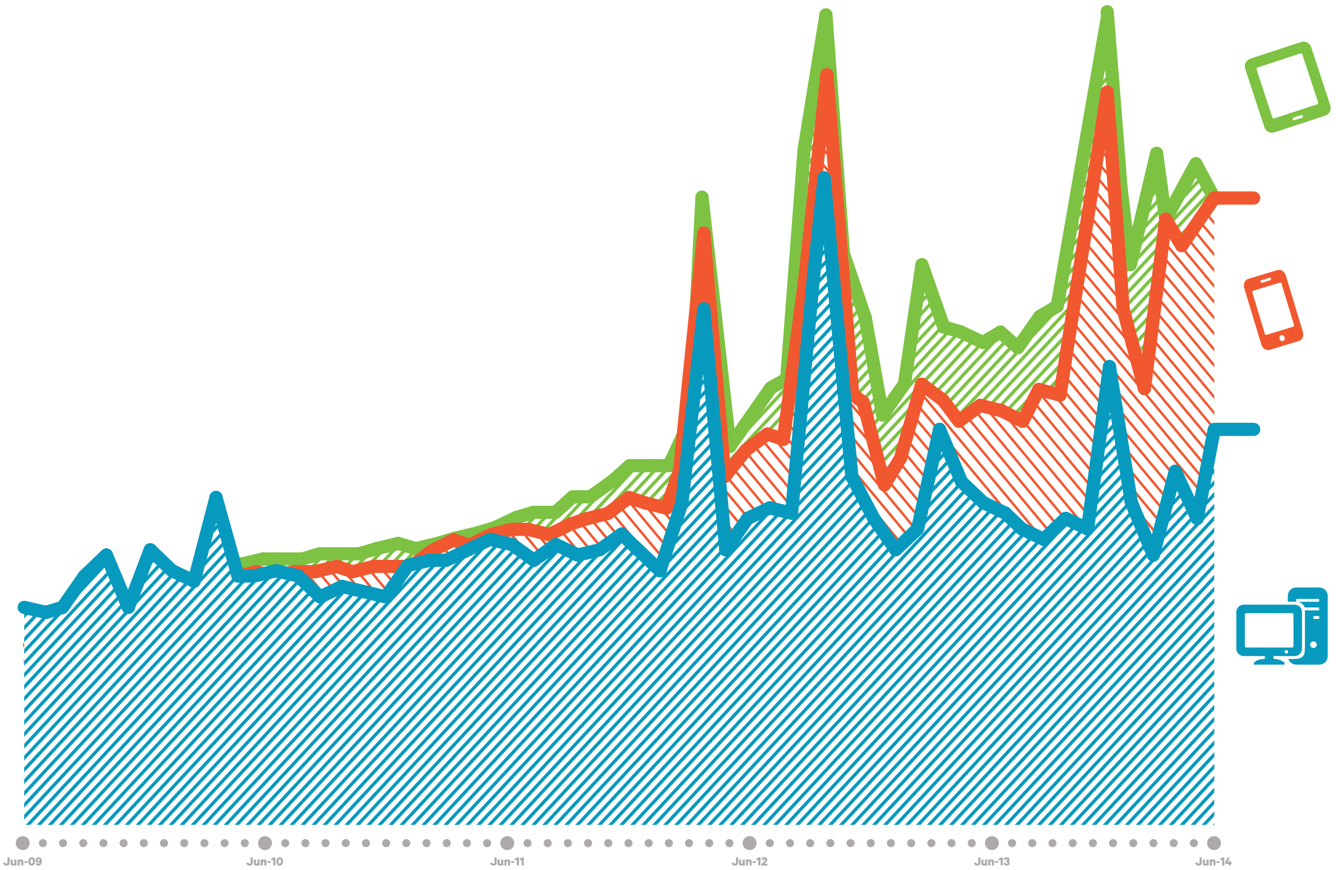
Online Transition

Digital disruption has transformed many industries including travel, accommodation and retail sales. **Lotteries are also going through an online transition** and customers around the world are enjoying the quick, easy and convenient way to purchase their regular lottery tickets online.

OzLotteries.com websites visits

Desktop **Smartphone** **Tablet**

Smartphones and tablets are gaining mass market appeal, enabling customers to buy online anywhere at any time.




39%
of tickets are now purchased on a mobile device

Funding for charity and worthwhile causes

Jumbo understands clearly the driving force behind all lotteries around the world is the need for a reliable and sustainable source of funding for local charities and worthwhile causes.

This understanding has been earned from 14 years in the industry and has shaped Jumbo's business model. Our goals are the same as the lotteries goals - to provide reliable and sustainable funding for local charities and worthwhile causes. This can only be achieved through long term partnerships, responsible marketing and commission-based remuneration. Local customer expectations and stakeholder concerns are researched and used to shape activities to ensure a healthy long term partnership.

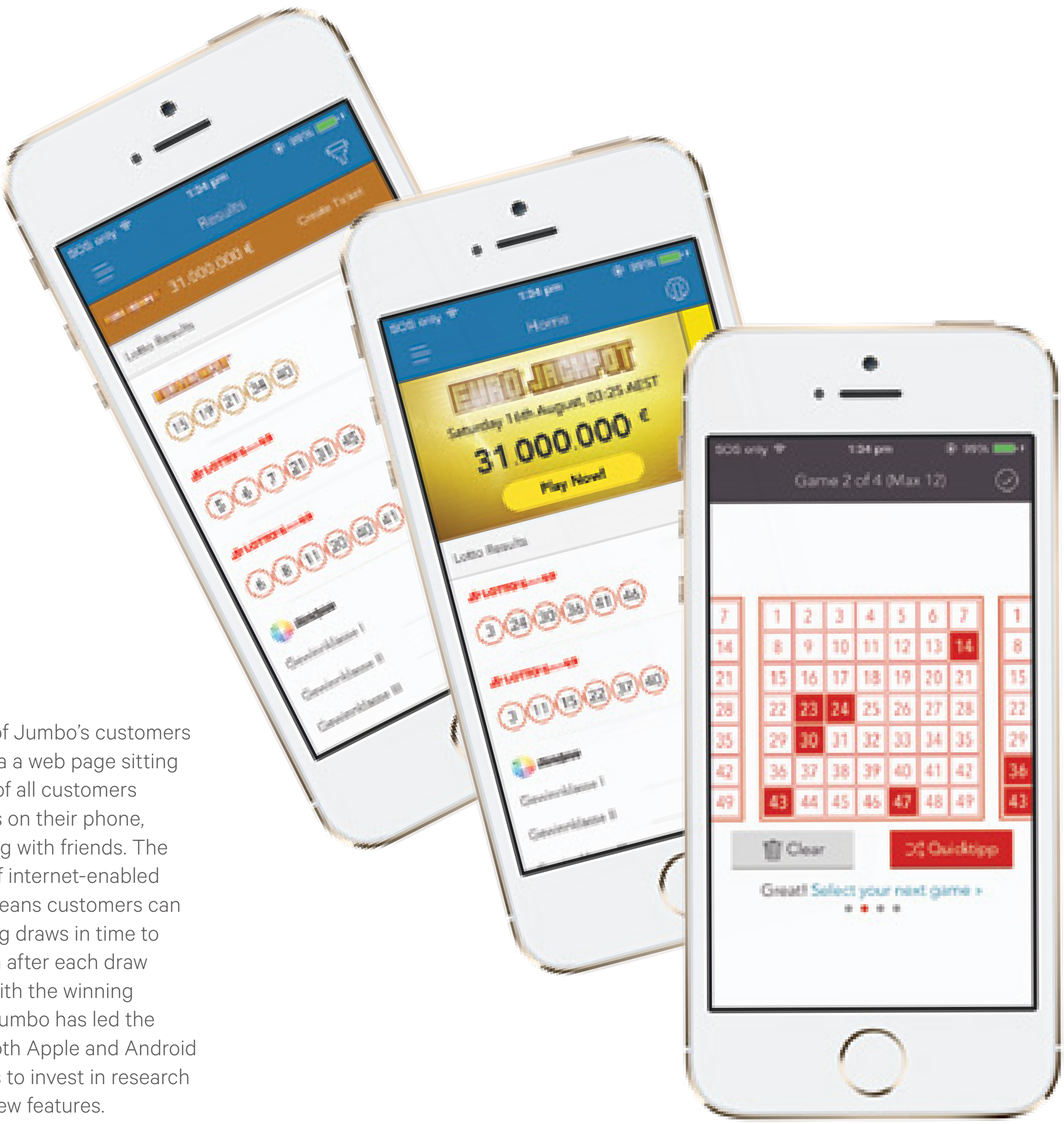
Jumbo is proud to support the WLA (World Lottery Association), NASPL (North American Association of State and Provincial Lotteries) and APLA (Asia Pacific Lottery Association) and is an enthusiastic participant at all events.

Jumbo staff raising money for local charities

Products and Innovation

Customers who play their favourite lottery at Jumbo are treated with the best available technology, care and excitement available anywhere in the world.

Jumbo is the only internet lottery company with a platform fully developed in-house and is therefore able to keep pace with the rapid advancements on the internet.



Mobile

Five years ago, 100% of Jumbo's customers bought their tickets via a web page sitting at a desk. Today 39% of all customers are now buying tickets on their phone, on the move or relaxing with friends. The phenomenal growth of internet-enabled mobile devices now means customers can be alerted to upcoming draws in time to buy their tickets. Then after each draw another alert is sent with the winning numbers and prizes. Jumbo has led the industry in apps for both Apple and Android devices and continues to invest in research and development of new features.

Retailer

The unique e-retailer system enables traditional retailers to participate in internet sales and grow in-store foot traffic simultaneously. Jumbo understands the importance of existing traditional retailers and has created a harmonious business model which addresses the many issues these retailers face as well as the convenience on the internet that customers demand. Smart Signs is one example where physical signs advertising upcoming draws can be used to direct customers to complete their purchase on their mobile phone but still reward the retailer owning that sign.

Social Media

Lotteries are a social pastime by nature which makes it perfect for the rapid rise in popularity of social media. Jumbo has seen explosive growth in the OzLotteries.com Facebook page with the number of “likes” tripling to over 70,000. Jumbo is developing more products designed for social media to stay at the forefront of this worldwide trend.

New Technologies

As the various industries and technologies converge, new style lottery games will be needed and Jumbo is addressing these needs today. New games involving digital instants, new interfaces and group play are being researched and developed to keep Jumbo at the forefront of this rapidly changing industry.

Leadership Team

The board and management team have the skills and ability to deliver Jumbo's vision of being the leading global lottery e-retailer.

Left to right
Brian J. Roberts; David Todd; Kate Waters; Xavier Bergade; Bill Lyne; Mike Veverka; David Barwick; Brad Board; Fernando Carrillo; Gerhard J. Sparrer.

David Barwick > Chairman and Non-Executive Director

David Barwick has over 40 years experience in the management and administration of publicly listed companies in Australia and North America. During this period David has held the positions of Chairman, Managing Director or President of over 30 public companies with strengths in strategic planning, restructuring and financing entities. He is currently Chairman of Jumbo Interactive Limited as well as of Metallica Minerals Limited.

Bill Lyne > Non-Executive Director and Company Secretary

BCom, CA, FICSA, FGIA, FAICD, F Fin

Bill Lyne is the Principal of Australian Company Secretary Service that provides secretarial, corporate compliance and governance services to public company clients in a wide range of industries. Prior to this, Bill was Company Secretary and CFO of First Australian Building Society, having previously spent many years in credit and lending positions in merchant banking. Bill holds a Bachelor of Commerce and is a Chartered Accountant. He is a Fellow of the Institute of Chartered Secretaries & Administrators (UK), Governance Institute of Australia, and the Australian Institute of Company Directors. He also has life membership with the Financial Services Institute of Australasia.

Mike Veverka > Chief Executive Officer & Executive Director

BEng (Hons)

Mike Veverka is CEO and founder of Jumbo Interactive. He has a proven track record in business and computing, establishing several successful startups to meet new consumer demands for online products. His entrepreneurial flair and ambition for innovation were displayed at the age of fifteen when he created and sold his first software package to Hewlett Packard. Mike worked as a design engineer and computer programmer before founding 'Squirrel Software Technologies' that provided some of Australia's first internet services and e-commerce software. As founder and leader, Mike plays a pivotal role in the growth strategy, innovation and promotion of Jumbo.

David Todd > Chief Financial Officer

MBA, GradDipACG, CAIB(SA), BCom, FGIA, FICSA

David has extensive capabilities in business administration with strengths in credit risk management and international business. His experience in financial management spans 25 years in the banking industries of South Africa, New Zealand and Australia, and small cap and SME environments. David holds a Bachelor of Commerce, a Master of Business Administration, an Associate Diploma in Banking, and a Graduate Diploma of Advanced Corporate Governance. He is a Fellow of the Governance Institite of Australia and a Fellow of the Institute of Chartered Secretaries and Administrators (UK). David brings a wealth of commercial expertise to Jumbo Interactive as Chief Financial Officer.

Kate Waters > Head of HR & Lottery Operations - Australia

DipBus, DipHR

Kate has progressed through the ranks of Jumbo over the past seven years to become a member of the Key Management Personnel. Her extensive role involves managing Jumbo's Head Office & Australian business' human resource needs ensuring team harmony and productivity. This also includes premises management and travel as well as work place health and safety responsibilities. Kate has recently absorbed the role of Head of Australian Lottery Operations which involves oversight of day to day customer management procedures and customer service for OzLotteries.com.

Brad Board > Chief Marketing Officer

Brad has significant experience in marketing lotteries online in his role as Chief Marketing Officer at Jumbo Interactive. He has provided strategic direction for the successful growth of the Oz Lotteries brand and product in Australia, and has negotiated mutually beneficial lottery e-retail agreements for Jumbo Interactive internationally. Brad is responsible for marketing strategy across all channels and ensures that the online experience and service offering delivered by Jumbo effectively engages and satisfies customers in Australia and internationally.

Xavier Bergade > Chief Technology Officer

As Chief Technology Officer, Xavier ensures that Jumbo's technology services are continually improving and innovating while remaining secure for customer transactions. Recently Xavier has been responsible for the adaptation of the successful Australian OzLotteries.com website to other markets. JumboLotto websites in Mexico and Germany will soon be live and available for online lottery purchases for customers in these markets. Ensuring capabilities for customer purchases on any device demands that websites continually evolve as new mobile and computer products are released to market with unprecedented frequency.

Brian J. Roberts > President, North America

DipEC Cert(OM)

Brian has extensive experience in lotteries and gaming, software development and production and is a recognised creative innovator. His experience in the lottery and gaming industry spans over 40 years with senior roles including Director of Creative Content Development at GTECH, COO and Senior Vice President of Marketing at On-Point Technology Systems, President of LotoMark and Vice President of Lottery Operations at International Totalizator and Lottery Systems. Brian has developed, implemented and managed gaming systems across many international jurisdictions. He holds over twenty issued and pending gaming industry USA patents.

Gerhard J. Sparrer > Managing Director, Germany

Gerhard was responsible for successfully building up Stanleybet Germany, a subsidiary of leading European gaming group Stanleybet International that provides virtual, sports and lottery products. He is a serial entrepreneur starting several successful high-tech companies. His previous roles include co-founder and CEO of Maxxio Technologies AG, and Managing Director of a Siemens Group company, Datentechnik Intercom GmbH. Gerhard has extensive experience in and knowledge of the European gaming market. He has a pioneering spirit, commitment to new technology and a willingness to satisfy customers.

Fernando Carrillo > Country Manager, Mexico

BEcon

Fernando has worked in the Mexican and Latin American lottery industry for over six years. Prior to joining Jumbo, he managed the nationwide lottery network as Mexico's General Manager for Gtech. Before working in the gaming industry, Fernando managed e-business and data for Telmex, the biggest telecommunications company in Latin America. His studies in management, leadership and strategy at the Kellogg School of Management (Northwestern University) complement Fernando's broader knowledge of economics, finance and operations management.

Financial Report

Sales and customer accounts on Jumbo's flagship website www.OzLotteries.com grew 4% and 10% respectively at a time when prizes and jackpots went through a natural downcycle and were 18% lower then the previous year.

Directors' Report

The Directors of Jumbo Interactive Limited (the Company), present their report on the consolidated entity (the Group), consisting of Jumbo Interactive Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2014.

Directors

The following persons were Directors of the Company 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)

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.

Principal Activities and Significant Changes in Nature of Activities

The principal activity of the Group during the financial year was the retail of lottery tickets through the internet and mobile devices, sold both in Australia and eligible overseas jurisdictions.

There were no significant changes in the nature of the Group's principal activities that occurred during the financial year.

Dividends

Details of dividends paid to members of the Company during the financial year are as follows:

Final dividend of 1.5 cent per share on ordinary shares for the year ended 30 June 2013 paid on 27 September 2013	$653,290
Interim dividend of 1.5 cent per share on ordinary shares for the year ended 30 June 2014 paid on 28 March 2014	$658,540
	$1,311,830

In addition to the above dividends, on 22 August 2014, the directors declared a final ordinary dividend for the financial year ended 30 June 2014 of 1.5 cents per ordinary share (2013: 1.5 cents per ordinary share) to be paid on 26 September 2014, a total estimated distribution of $658,540 based on the number of ordinary shares on issue at 22 August 2014. As the dividend is fully franked, there are no income tax consequences for the owners of Jumbo Interactive Limited relating to this dividend.

Operating and Financial Review 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 Company reports revenue on a net revenue inflow basis where it considers that it acts more as an Agent than as a Principal such as the sale of lottery tickets. The gross amount received for the sale of goods and rendering of services is advised as Total Transaction Value (TTV) for information purposes. Refer to Note 2(d) for details.

The Company reports a slight decline in overall revenue and profit as a result of an 18% decrease in major prizes and jackpot activity in Australia (aggregate Division 1 OZ Lotto and Powerball jackpots of $15 million or more) compared to the previous year during which time there was relatively higher activity.

The consolidated profit of the Group amounted to $2,784,958 (2013: $2,982,157), after providing for income tax $1,781,676 (2013: $2,333,761) – refer Note 6 for tax expense details, which is a 6.6% decrease on the results reported for the year ended 30 June 2013. Net reportable operating revenues decreased 4.2% to $24,133,876 (2013: $25,191,215) and TTV decreased by 2.6% to $106,295,739 (2013: $109,086,062).

Other revenue, being mainly interest on cash, decreased by 3.4% to $1,070,897 (2013: $1,108,744) due to lower average cash and cash equivalent balances and lower average interest rates and an easing in the strengthening of the AUD foreign exchange rate during the 2014 financial year compared to the 2013 financial year. There was a once-off increase in other income of approximately $150,000 relating to a make-good provision that was subsequently reversed.

Group earnings before interest, tax, depreciation and amortisation decreased by $711,228 from $6,681,262 to $5,970,034.

Although there was a small contribution to TTV and revenue from Germany, the decline in overall TTV and revenue was due to lower large jackpot activity in Australia and slight reduction in margin. A small increase in the gross profit margin in Australia resulted from more direct sales than affiliate sourced sales compared to 2013. The commencement of business in Germany and ongoing efforts in Mexico exceeded the reduced expenses in Australia, leading to an overall reduction in profits.

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

	FY 2014	FY 2013
TTV	$106.2 million	$109.1 million
Reported Revenue	$24.1 million	$25.2 million
OZ Lotto/ Powerball		
Number of jackpots of $15 million or more	36	39
Average Division One jackpot of $15 million or more	$25.7 million	$29.0 million
Peak Division One jackpot during the financial year period	$70 million	$100 million
Aggregate Division One jackpots of $15 million or more during the financial year period	$925million	$1,130 million

Like-for-Like Underlying Financial Forecasts of Core Operations
Below is a summary of the financial results, and to provide the user a like-for-like comparison of core operating activities, including adjustments for non-core activities.

The lower level of large jackpot activity in the current financial year compared to 2013 led to a small reduction in TTV. This, together with a small decline in margin, lowered revenue slightly and has had a reducing effect on like-for-like NPAT of core operations of approximately $750,000. A relative increase in customer acquisition spending resulted in increased marketing expenses with a reducing effect of approximately $150,000 on like-for-like NPAT of core operations.

	FY 2014 $m	FY 2013 $m	YoY change %
TTV	106.2	109.1	(2.7)
Reported Revenue	24.1	25.2	(4.4)
International expansion costs	Nominal	-	-
Like-for-like Revenue	24.1	25.2	(4.4)
EBITDA	6.0	6.7	(10.4)
International expansion costs[1]	3.2	3.5	(8.6)
Like-for-like EBITDA of core operations	9.2	10.2	(9.8)
Reported Profit After Tax	2.8	3.0	(6.7)
International expansion costs[1]	3.0	2.5	20.0
Changed treatment of customer acquisition costs[2]	0.1	0.8	(87.5)
Tax concession overclaim[3]	-	0.5	(100.0)
Like-for-like NPAT of core operations	5.9	6.8	(13.2)

[1] these costs relate to international expansion activities including depreciation on international website development costs. As noted previously, the Company continues to focus on securing offshore expansion opportunities.

These expenses relate to general marketing costs to find target jurisdictions as well as increased employee costs and establishment costs in jurisdictions that have been signed. To date, the Company has been successful in expanding into Germany and has plans to enter more international markets in the future.

All these expenses have been fully recognised in the Group's consolidated profit and loss and funded from operating cash flows with significant payback opportunities expected in the years ahead.

[2] previously, customer acquisition costs were capitalized and amortised over an 18 month period. From 1 July 2012, these costs are expensed as they are incurred. This changed treatment does not affect Net Cash Flows and will reduce the variance between reported Net Profit After Tax and Operating Cash Flows.

[3] the Company undertakes a large R&D program with regards to its proprietary website developments. When the 2012 income tax return was just finalised, some R&D costs were identified that are non-deductible for tax purposes that were incorrectly claimed over the past four years. This had the effect of carried forward income tax losses being fully utilised earlier than previous with a consequential adjusted tax payable in the 2013 financial year of $6,065 for the period to 2011 and $552,033 for 2012.

Further discussion on the Group's operations now follows:

Review of Operations

a. Internet Lotteries Segment

The Company continues to make significant investment in its internet intellectual properties, notably OzLotteries.com and during the current financial year www.Jumbolotto.de, as well as its customer database and management of same. The 2.2% decline in net reportable operating revenues to $23,845,402 (2013: $24,403,335) was due the 2.2% lower TTV of $105,795,770 (2013: $108,267,254) which in turn was a result of lower jackpot activity this financial year compared to 2013.

These investments, investments in staff and improvements to underlying technology, as well as ongoing efforts to expand into overseas markets have increased the operating costs. This has resulted in a decrease of 16.6% in operating profit contribution to $5,301,703 (2013: $6,354,472).

Australia

Lower large jackpot activity reduced TTV and revenues, and reduced expenses led to an improved operating profit.

TTV for the financial year was $105,706,982 (2013: $108,267,952), Revenues $23,836,781 (2013: $24,403,335) and operating profit $6,765,422 (2013: $6,354,472), whilst still bearing costs of approximately $2.6 million relating to international expansion activities (2013: approximately $3.5 million).

Germany

The German website www.Jumbolotto.de went live 23 December 2013. Since then, efforts have been concentrated on optimising the website, expanding staff numbers and skills, and testing and identifying marketing channels. The business is now well placed for growth with planned significant investment in customer acquisitions and the website over the next few years.

TTV for the financial year was $88,788 (2013: $nil) generating revenue of $8,621 and an operating loss of $1,114,642 (2013: loss $6,008).

Mexico

Although the website www.Jumbolotto.mx was delivered, it did not become operational as expected due to events beyond the Company's control relating to its business partner. Expectations are that the website will be operational in the current financial year. The fair value of the approximate $2.5 million investment in Sorteo Games Inc., USA was reduced to $nil due to uncertainty with regards to future cash flows of that company. Refer Notes 9 and 15 for further details.

The operating loss for Mexico was $349,077 (2013: $nil).

b. All Other Segments

This segment consists of the sale of non-lottery products and services and is primarily an exploration in leveraging off the current lottery customer database. Revenues decreased to $508,749 (2013: $866,479) following rationalisation of the product range with a resulting operating profit of $12,883 (2013: loss $84,962).

c. Summary of Results

The results for the Group are summarised below:

	2014 $	2013 $	2012 $	2011 $	2010 $
Total Transaction Value	$106.3 million	109.1 million	100.3 million	75.9 million[1]	66.0 million[1]
EBITDA	$5,970,034	6,681,262	10,515,449	7,024,810[1]	2,392,566
PROFIT - NPAT	$2,784,958	2,982,157	6,743,525	4,834,455	(7,311,048)[2]

[1] Continuing operations.

[2] After impairment losses of $8,290,292.

Five Year Asset Growth

	2014 $	2013 $	2012 $	2011 $	2010 $
Cash at Bank[1]	$25.4 million	24.5 million	21.7 million	11.8 million	9.5 million
Net Assets	$19.8 million	20.5 million	18.1 million	10.1 million	6.4 million
NTA	$11.8 million	13.8 million	11.3 million	3.7 million	0.4 million

[1] Includes cash held under term deposit and customer account balances payable (refer to Note 11: Cash and Cash Equivalents and Note 20: Trade and Other Payables for details).

Five Year Share Price Analysis

	2014 $	2013 $	2012 $	2011 $	2010 $
PROFIT - NPAT	$2,784,958	2,982,157	6,743,525	4,834,455[2]	(7,311,048)[1]
EPS	6.4¢	6.9¢	16.7¢	12.1¢[2]	(17.0¢)[1]
Share Price	130.0¢	150.0¢	105.0¢	37.0¢	27.0¢
Shares on Issue	43.9 million	43.6 million	42.4 million	39.5 million	43 million
Market Cap	$57.1 million	65.3 million	44.5 million	14.6 million	11.6 million

[1] After impairment losses of $8,290,292.

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

Financial Position

The net assets of the Group have decreased by $691,688 from 30 June 2013 to $19,817,537. This decrease is largely due to the decline in fair value of the available-for-sale financial asset to $nil, notwithstanding a reasonable operating performance of the Group.

The Group's working capital, being current assets less current liabilities, has improved marginally from $11,315,057 in 2013 to $11,553,705 in 2014. Non-current assets decreased by $1,252,181 to $8,547,487 due mainly to the abovementioned decline in fair value that more than offset the increased investment in intangible assets.

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 non-current assets of $1,252,181 as a result of:	$
A change in the fair value of investment in Sorteo Games Inc., USA (see Note 16: Available-for-sale financial assets for details)	(2,530,054)
Investment in website development costs net of amortisation (see Note 19: Intangible Assets for details)	1,489,657
Changes in other non-current assets	(211,784)
	(1,252,181)

b. Decrease in reserves in Equity (see Note 24: Contributed Equity for details):	$
A change in the fair value of investment in Sorteo Games Inc., USA and recognised through Other Comprehensive Income (see Note 16: Available-for-sale financial assets for details)	(2,530,668)
	(2,530,668)

Likely Developments, Key Business Strategies and Future Prospects

The Company continues its efforts to grow its core domestic lottery market in Australia while respecting responsible gaming commitments and the needs of all industry stakeholders, including other lottery channels.

The following lottery agreements are held with the Tatts Group:

- Victoria (five years which expired 30 June 2013 – extended on a 30 days' notice basis);
- New South Wales (five years which expired 4 December 2013 – extended on a 30 days' notice basis);
- South Australia (five years expiring 29 December 2016); and
- Northern Territory (five years expiring 27 September 2017)

The Company has a strong relationship with Tatts and continues to pursue renewal of the expired agreements for further five year periods.

The domestic internet lottery market represents 7% of the total domestic lottery market compared to overseas lottery markets which have recorded strong growth such as the more mature markets of UK and Finland where internet market share has reached 15% and 30% respectively. Based on this, there is still good growth potential in the domestic market.

In addition to the ongoing focus on its core domestic market, the Company continues to actively pursue opportunities in international markets in:

- the USA where the North America lottery market is $60 billion;
- Mexico where the lottery market is $1.3 billion; and
- Europe

The Company continues with its 50/50 owned New York based joint venture company established in November 2012 to provide new generational lottery solutions incorporating internet, physical merchandising and lottery affinity/loyalty programs to US retailers.

Sales in the $10 billion German lottery market, selling the national lottery games in Germany to its residents, commenced in December 2013 through the licence obtained during the year and subsequent agreements signed with the 16 länder (states).

New products and technologies are being developed to take advantage of the trend towards social media, interactive gaming and e-retailing, which is expected to have the Company well placed in the domestic market and give it a competitive edge in the international markets.

Although the costs to establish these overseas businesses will depress profits for the next two years approximately, the Group will be well placed for strong results in the medium to long term.

Matters Subsequent to the End of the Financial Year

There were no material events after the balance sheet date.

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

David K Barwick

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 40 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 30 public companies covering a broad range of activities.

Other current directorships[1]
Current Director and Chairman of Metallica Minerals Limited (since 11 March 2004).

Interest in shares and options[2]
None

Special responsibilities
Chairman (non-executive); Chair of the Nomination and Remuneration Committee; and member of the Audit and Risk Management Committee.

Former directorships (in the last three years)[3]
Previous Director and Chairman of MetroCoal Limited (from 6 July 2007 to 30 June 2012), previous Chairman and Director of Orion Metals Limited (from 28 November 2008 to 30 September 2012), and previous Director and Chairman of Planet Metals Limited (since 9 June 2009 to 4 September 2013).

Mike Veverka

Qualifications
Bachelor of Engineering (Honours)

Experience
Mike Veverka has been Chief Executive Officer and 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 subsidiary Benon Technologies Pty Ltd 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.

Other current directorships[1]
None

Interest in shares and options[2]
9,060,471 ordinary shares in Jumbo Interactive Limited.

Special responsibilities
Chief Executive Officer

Former directorships (in the last three years)[3]
None

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 two 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 Governance Institute of Australia and has been a presenter at GIA courses in company secretarial practice.

Other current directorships[1]
None

Interest in shares and options[2]
None

Special responsibilities
Chair of the Audit and Risk Management Committee; member of the Nomination and Remuneration Committee; and Company Secretary.

Former directorships (in the last three years)[3]
None

[1] Current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

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

[3] Directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of Directors

The number of meetings of the Board of Directors (including board committees) held during the year ended 30 June 2014 and the number of meetings attended by each Director is set out below:

	Board		Audit and Risk Management Committee		Nomination and Remuneration Committee	
Name	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
David Barwick	16	16	6	6	5	5
Mike Veverka	15	15	-	-	-	-
Bill Lyne	16	16	6	6	5	5

Share Options

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price of shares	Number under option
14 December 2011	14 December 2014	$0.70	300,000
3 September 2013	3 September 2018	$4.00	2,300,000
6 November 2013	6 November 2018	$4.00	400,000
7 August 2014	3 September 2018	$4.00	100,000
			3,100,000

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 or since the financial year ended 30 June 2014, the following ordinary shares of Jumbo Interactive Limited were issued on the exercise of options granted. No amounts are unpaid on any of the shares.

	Grant date	Issue price of shares	Number of shares issued
Employees	15 February 2011	50 cents	150,000
Employees	14 December 2011	70 cents	200,000
			350,000

During or since the end of the financial year, 1,750,000 options were granted and 100,000 options were cancelled by Jumbo Interactive Limited to the following Directors and key management personnel, including the five most highly remunerated officers, of the Group as part of their remuneration

Name	Position	Number of options granted	Number of ordinary shares under option
Mike Veverka	Director	400,000	400,000
Brad Board	KMP	350,000	350,000
David Todd	KMP	350,000	350,000
Xavier Bergade	KMP	350,000	350,000
Kate Waters[1]	KMP	200,000	200,000
		1,650,000	1,650,000

[1]300,000 options were granted 3 September 2013 and 100,000 options were cancelled 7 August 2014 due to a change in remuneration structure subsequent to the financial year end.

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.

a. Policy for determining the nature and amount of KMP remuneration

The Remuneration Policy of Jumbo Interactive Limited has been designed to align director and Key Management Personnel (KMP) objectives with shareholder and business objectives by providing a remuneration component and offering specific 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 KMP 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 KMP of the Group is as follows:

- The Remuneration Policy, setting the terms and conditions for the directors and KMP, was developed by the Nomination and Remuneration Committee and approved by the Board.
- All KMP receive a base salary (which is based on factors such as individual performance skills, level of responsibilities, experience and length of service), superannuation, options (by invitation) and performance incentives.
- Performance incentives are generally only paid once predetermined key performance measures have been met.
- The Board reviews KMP 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 KMP is measured against criteria agreed annually with each KMP 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 KMP and reward them for performance that results in long term growth in shareholder wealth. Refer below for further details of performance based remuneration.

KMP are also entitled to participate in the employee share option arrangements.

The Directors and KMP receive a superannuation guarantee contribution required by the government, which is currently 9.50% (9.25% up to 30 June 2014) 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 KMP is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes, Binomial or Monte Carlo Simulation methodologies.

Fixed compensation
Fixed compensation consists of a base salary as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Group, and with reference to other KMP of comparable companies. If considered necessary, external consultants provide analysis and advice to ensure the Directors' and KMP compensation is competitive in the market place.

Performance linked compensation
Performance linked compensation includes short term incentives only and is designed to reward KMP for superior performance. The short term incentive (STI) is an "at risk" bonus provided in the form of cash. The Group does not have long term incentives (LTI) such as the issue of ordinary shares or the grant of options over ordinary shares as a part of performance linked compensation due to the relatively small market capitalisation of the Company, the concentrated shareholding of the Company which could become further concentrated under such a scheme, and the desire of the Board to limit shareholding dilution to as low a level as possible. The Board did not exercise any discretion on the payment of bonuses.

Non-executive Directors
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 may be sought if 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. The total compensation for all non-executive Directors, last voted upon by shareholders at the 2009 AGM, is not to exceed $250,000 per annum and is set with reference to other non-executive Directors of comparable companies. Fees for non-executive Directors are not linked to the performance of the Group.

Fees are paid as follows and comprise cash and statutory superannuation:

Chairman of Board	$76,475
Non-executive Directors	$54,625
Membership of Audit and Risk Management Committee and Nomination and Remuneration Committee	No additional fees
Chairman of Audit and Risk Management Committee	No additional fees
Chairman of Nomination and Remuneration Committee	No additional fees

Performance Based Remuneration
As part of the KMP remuneration package there is a performance based component, consisting of key performance indicators (KPI). The intention of this program is to facilitate goal congruence between executives with that of the business and shareholders. These KPI are set annually, with a certain level of consultation with KMP to ensure buy-in. The KPI target areas the Board believes hold greater potential for group expansion and profit, covering both financial and non-financial as well as short and long-term goals. The level set for each KPI is based on combination of an improvement on the previous year results, budgeted figures and market sector standards (Consumer Discretionary Sector – ASX code: XDJ). Performance in relation to the KPI is assessed annually by the Board, with bonuses being awarded depending on the number and deemed difficulty of the KPI achieved. Following the assessment, the KPI are reviewed by the Board in light of the desired and actual outcomes, and their efficacy is assessed in relation to the Group's goals and shareholder wealth before the KPI are set for the following year.

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

Performance conditions linked to remuneration
The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various "at risk" cash bonus reward schemes.

Short term incentive bonus
Incentive payments are based on the achievement of financial targets of profit, return on equity and total shareholder return and non-financial targets of strategic benefit such as signing of lottery agreements both domestically and internationally. Payments of incentives for the 2014 financial year result were based on the Group's overall financial performance (with some KPIs being achieved) and commercialisation of the Germany licence and agreements.

Long term incentive bonus

Options are issued to KMP as part of their remuneration at the discretion of the Board. These options are not issued based upon performance criteria, but are issued to increase goal congruence between KMP, directors and shareholders.

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

The following table shows the total transaction value 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. Analysis of the figures shows an increase in profits each year, except 2010 when an impairment of the software division was recognised (this division was subsequently closed in the 2011 financial year) and the current year. The lower profit in 2013 was due to (i) a change in the treatment of customer acquisition costs and (ii) increased costs relating to international expansion. The latter has led to agreements being secured in Mexico, USA and Germany during the financial year which are expected to have a positive contribution to profits in future financial years. The general improvement in the Company's performance over the past five years has been reflected in the Company's share price with an increase each year. The Board is of the opinion that these results can be attributed, in part, to the Remuneration Policy and is satisfied with the upwards trend in shareholder wealth over the past five years.

	2014	2013	2012	2011	2010
Total Transaction Value	$106.3 mil	$109.1 mil	$100.3 mil	$75.9 mil[1]	$66.0 mil[1]
Net profit/(loss) – overall operations	$ 2,784,958	$ 2,982,157	$6,743,525	$4,834,455	($7,311,048)
Net profit/(loss) – continuing operations	$ 2,784,958	$ 2,982,157	$6,476,516	$4,932,851	$3,260,797[2]
Net profit/(loss) – discontinued operations	-	-	$267,009[5]	($98,396)[4]	($10,571,845)[3]
Share price at year end	130.0¢	150.0¢	105.0¢	37.0¢	27.0¢
Dividends paid per share	3.0¢	3.5¢	1.5¢	0.5¢	0.5¢
Total shareholder return	(11.3%)	46.2%	187.8%	38.9%	27.9%
Earnings per share	6.4¢	6.9¢	16.7¢	12.1¢	(17.0¢)
Return on capital employed – overall operations	14.1%	14.5%	37.3%	47.9%	(114.6%)
Return on capital employed – continuing operations	14.1%	14.5%	35.8%	48.9%	51.1%
Return on capital employed – discontinued operations	-	-	1.5%	(1.0%)	(165.7%)

[1] Continuing operations.

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

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

[4] 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.

[5] This is only the tax effect of the subsidiary placed into voluntary administration.

b. Key Management Personnel

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

David K Barwick
Chairman (non-executive)

Mike Veverka
Director and Chief Executive Officer

Bill Lyne
Non-executive Director and Company Secretary

David Todd
Chief Financial Officer

Xavier Bergade
Chief Technology Officer

Kate Waters
Head of Human Resources and Lottery Operations - Australia

Brad Board
Chief Marketing Officer

Details of Remuneration

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

2014

	Short term employee benefits			Post employment benefits
	Cash salary, fees and leave $	Cash bonus $	Non-monetary benefits $	Superannuation $
Directors				
David Barwick	70,000	-	-	6,475
Mike Veverka	372,463	45,000	-	25,000
Bill Lyne	50,000	-	-	4,625
Bill Lyne – as Company Secretary	21,238	-	-	-
Other key management personnel				
David Todd	200,000	22,500	-	20,581
Xavier Bergade	200,000	24,900	-	20,803
Kate Waters	130,000	10,790	-	13,023
Brad Board	165,769	16,650		16,874
Total key management personnel remuneration	1,209,470	119,840	-	107,381

[1] Includes share based payments over the remaining term on those options exercised during the financial year.

2013

	Short term employee benefits			Post employment benefits
	Cash salary, fees and leave $	Cash bonus $	Non-monetary benefits $	Superannuation $
Directors				
David Barwick	70,000	-	-	6,300
Mike Veverka	378,605	124,500	-	25,000
Bill Lyne	50,000	-	-	4,500
Bill Lyne – as Company Secretary	25,691	-	-	-
Other key management personnel				
David Todd	200,000	62,250	-	23,603
Xavier Bergade	200,000	63,750	-	23,738
Kate Waters	130,000	29,575	-	14,362
Brad Board[2]	120,577	51,188		15,459
Total key management personnel remuneration	1,174,873	331,263	-	112,962

[1] Includes share based payments over the remaining term on those options exercised during the financial year.

[2] Brad Board became a member of KMP on 19 December 2012.

Long term benefits		Share based payments			
Long service leave $	Termination benefits $	Options[1] $	Total $	Proportion of remuneration that is performance based %	% of value of remuneration that consists of options %
-	-	-	76,475	-	-
6,909	-	23,416	472,788	9.5	5.0
-	-	-	54,625	-	-
-	-	-	21,238	-	-
3,838	-	12,028	258,947	8.7	4.6
3,838	-	13,909	263,450	9.5	5.3
2,495	-	10,310	166,618	6.5	6.2
3,838	-	12,028	215,159	7.7	6.6
20,918	-	71,691	1,529,300		

Long term benefits		Share based payments			
Long service leave $	Termination benefits $	Options[1] $	Total $	Proportion of remuneration that is performance based %	% of value of remuneration that consists of options %
-	-	-	76,300	-	-
10,179	-	2,961	541,245	23	1
-	-	-	54,500	-	-
-	-	-	25,691	-	-
5,273	-	-	291,126	21	-
5,158	-	2,989	295,635	22	1
2,922	-	4,878	181,737	16	3
2,359	-	-	189,583	27	-
25,891	-	10,828	1,655,817		

c. Cash bonuses

Key management personnel are also entitled to a short-term cash incentive based on performance criteria described in section (a) to this Remuneration Report. These were paid out on 23 December 2013 and 28 August 2014. Details of these short-term incentives recognised as remuneration, forfeited or available for vesting in later years is outlined below:

KMP	Included in remuneration $	Forfeited in year $	Available for vesting in future years[1] $
David Barwick	n/a	n/a	n/a
Bill Lyne	n/a	n/a	n/a
Mike Veverka	45,000	195,000	28,000
David Todd	22,500	97,500	14,000
Xavier Bergade	24,900	95,100	12,000
Kate Waters	10,790	41,210	-
Brad Board	16,650	73,350	-

[1] bonuses totalling $54,000 that have been accrued and were included in the 2013 financial year compensation details have not yet been paid, and are now expected to be paid in the 2015 financial year.

d. Options and rights granted as remuneration

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

2014	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 exercisable
Directors							
Mike Veverka	400,000	-	$0.334	$4.00	-	6 Nov 2018	6 Nov 2013
	400,000	-			-		
Other key management personnel							
David Todd	350,000	-	$0.170	$4.00	-	3 Sept 2018	3 Sep 2013
Xavier Bergade	350,000	-	$0.170	$4.00	-	3 Sept 2018	3 Sep 2013
Brad Board	350,000	-	$0.170	$4.00	-	3 Sept 2018	3 Sep 2013
Kate Waters[1]	200,000	-	$0.170	$4.00	-	3 Sept 2018	3 Sep 2013
	1,250,000	-					

[1]300,000 options were granted 3 September 2013 and 100,000 options were cancelled 7 August 2014 due to a change in remuneration structure subsequent to the financial year end.

Options will vest in key management personnel when the share price equals the exercise price, as measured by the five business day moving average, and on condition that they are currently employed by the Jumbo Interactive Limited Group at the time of vesting. If the 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.

e. Equity instruments issued on exercise of remuneration options

Details of equity instruments issued during the period to key management personnel as a result of options exercised that had previously been granted as compensation are as follows:

2014	Number of shares issued on exercise of options	Number of options exercised	Amount paid per share $	Amount unpaid per share
Other key management personnel				
Xavier Bergade	150,000	150,000	0.50	-
	150,000	150,000		

f. Value of options to key management personnel

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

	Grant details			For the financial year ended 30 June 2014					Overall		
	Date	No.	Value per option at grant date[1] $	Exercised[2] No.	Value at date Exercised[3] $	Lapsed No.	Lapsed $	Vested No.	Vested %	Unvested %	Lapsed %
Other key management personnel											
Xavier Bergade	15 Feb 2011	150,000	0.065	150,000	226,500	-	-	-	-	-	-
		150,000		150,000	226,500	-	-	-	-	-	-

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

[2] All options exercised resulted in the issue of ordinary shares in Jumbo Interactive Limited on a 1:1 basis. All persons exercising options paid the applicable exercise price.

[3] The value of the options that have been exercised during the year as shown in the above table was determined as the intrinsic value of the options at exercise date i.e. the excess of the market value at exercise date over the strike price of the option.

g. Equity instruments held by key management personnel

Options and rights holdings

Details of options and rights held indirectly or beneficially by key management personnel are as follows:

	Balance at 1 July 2013	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at 30 June 2014	Vested at 30 June 2014	Total vested and exercisable at 30 June 2014	Total vested and unexercisable at 30 June 2014
Mike Veverka	-	400,000	-	-	400,000	-	-	-
David Todd	-	350,000	-	-	350,000	-	-	-
Xavier Bergade	150,000	350,000	(150,000)	-	350,000	-	-	-
Kate Waters	-	300,000	-	-	300,000	-	-	-
Brad Board	-	350,000	-	-	350,000	-	-	-
	150,000	1,750,000	(150,000)	-	1,750,000	-	-	-

Shareholdings

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

30 June 2014	Balance at 1 July 2013	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year[1]	Balance at 30 June 2014
Mike Veverka	9,290,221	-	-	(229,750)	9,060,471
David Todd	20,000	-	-	-	20,000
Xavier Bergade	-	-	150,000	-	150,000
Kate Waters	-	-	-	-	-
Brad Board	-	-	-	-	-
	9,310,221	-	150,000	(229,750)	9,230,471

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

h. Other transactions and balances

	Consolidated Group 2014 $	2013 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Elegant Properties Pty Ltd and Rosch Realty Pty Ltd are solely owned by Mr Mike Rosch, the father of Mr Mike Veverka, the CEO and executive director of the Company. Elegant Properties Pty Ltd rented an office from the Group and provided services during this financial year and Rosch Realty Pty Ltd provided an agent service during the previous financial year.		
Office rent received	10,236	4,550
Sales commission paid	-	6,000
Services paid	2,613	17,018
Mrs Julie Rosch, the mother of Mr Mike Veverka, the CEO and Executive Director of the Company, is engaged as a full time employee within the Group.		
Salary and superannuation	81,938	79,864

i. Employment contracts of directors and KMP

The employment conditions of non-executive directors are formalised by letters of appointment and KMP 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 written notice or making payment in lieu of notice, based on the individual's annual salary component. 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: Base salary for the year ending 30 June 2014 of $360,000, plus superannuation, plus incentive bonus potential of up to 66.66% of base subject to KPI achievement and Nomination and Remuneration Committee approval, 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 12 months base salary plus bonus.

David Todd

Contract term: Ongoing
Base salary: Base salary for the year ending 30 June 2014 of $200,000, plus superannuation, plus incentive bonus potential of up to 60% of base subject to KPI achievement and Nomination and Remuneration Committee approval, 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: Base salary for the year ending 30 June 2014 of $200,000, plus superannuation, plus incentive bonus potential of up to 60% of base subject to KPI achievement and Nomination and Remuneration Committee approval, 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.

Kate Waters
Contract term: Ongoing
Base salary: Base salary for the year ending 30 June 2014 of $130,000, plus superannuation, plus incentive bonus potential of up to 40% of base subject to KPI achievement and Nomination and Remuneration Committee approval, 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.

Brad Board
Contract term: Ongoing
Base salary: Base salary for the year ending 30 June 2014 of $200,000, plus superannuation, plus incentive bonus potential of up to 60% of base subject to KPI achievement and Nomination and Remuneration Committee approval, 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.

End of Remuneration Report

Indemnifying Officers or Auditor

During the financial year, the Company 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, or insurance paid on behalf of, 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	
	2014 $	2013 $
Taxation services		
Amounts paid or payable to a related practice of BDO		
Tax compliance services - tax returns	27,212	37,345
Transfer pricings	58,594	-
Other tax advice	12,000	29,693
Other services		
Amounts paid or payable to a related practice of BDO		
Accounting advice	-	3,180
Total fees for non-audit services	97,806	70,218

On the advice of the Audit and Risk Management Committee, the Directors are 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 and Risk Management 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 and Risk Management 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 the Directors.

David K Barwick
Chairman

Brisbane
28 August 2014

Auditor's Independence Declaration

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DECLARATION OF INDEPENDENCE BY TIMOTHY KENDALL TO THE DIRECTORS OF JUMBO INTERACTIVE LIMITED

As lead auditor of Jumbo Interactive Limited for the year ended 30 June 2014, 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 Jumbo Interactive Limited and the entities it controlled during the period.

T J Kendall
Director

BDO Audit Pty Ltd
Brisbane, 28 August 2014

Corporate Governance Statement

Introduction

This statement summarises the corporate governance practices that have generally applied in Jumbo Interactive Ltd (the Company) throughout the reporting period except where otherwise stated. It is structured along the same lines as the ASX Corporate Governance Council's Principles and Council 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"*. The Company 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.

The Company 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"*. The Company's Board is so structured, and its Directors adequately discharge their responsibilities and duties for the benefit of shareholders.

The Board presently comprises only two non-executive Directors (David Barwick, Chairman and Bill Lyne, also the Company Secretary) and the Chief Executive Officer (Mike Veverka). Fundamental requirements for Jumbo Directors are a deep understanding of business management and financial markets and such experience, complemented where possible with industry knowledge, are desirable attributes for Board membership. All Board members meet the fundamental requirements, 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.

The Board considers that David Barwick and Bill Lyne both meet this criterion. On the other hand, Mike Veverka is considered to not be independent because he is a substantial shareholder in the Company (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.

The Board has established a Nomination and Remuneration Committee which operates under a Board approved **Nomination and Remuneration Committee Charter.** In accordance with the Council's Recommendations the Nomination and Remuneration Committee Charter requires it to have three non-executive Directors, with a majority being independent.. However, at the present time it has only two members, being the non-executive Directors, David Barwick (as the Chair) and Bill Lyne, both of whom have relevant 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.

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 the Company, 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, the Company 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 approved a **Whistleblower 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 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 Diversity Policy outlines requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving these objectives. Accordingly, the Board developed the following objectives in 2012 regarding gender diversity and aims to achieve these objectives over the five years to 2017 as director and senior positions become vacant and appropriately qualified candidates become available:

Group	Nº	2014	2017
Women on the Board	-	-	To have at least 1 woman on the Board
Women in senior management roles	1	20 %	Maintain at least the current number (one) of women
Women employees in the Company	44	38 %	Achieve the percentage of women in excess of 40%
Total employees in the Company	116	100 %	

The Company also has a documented **Share Trading Policy** for Directors, key management personnel and other staff and consultants which was revised in June 2013 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 and Risk Management 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"*. The Company has an established Audit and Risk Management Committee which operates under an **Audit and Risk Management 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 and Risk Management Committee's Charter requires it to have three non-executive Directors, with a majority being independent. 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"*. The Company 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. This policy was revised in June 2013 and released on the ASX. 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 the Company 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"*. The Company maintains documented policies for identifying, assessing and monitoring risk, summarised in a **Risk Management Policy**. Through the Audit and Risk Managment 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 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 the past, shareholders have approved share option incentives for the Non-Executive Directors. The current Non-Executive Directors do not hold shares or options as they believe this maintains their independence.

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 Company's 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.

Current as at 30 June 2014 – approved by the Board

Jumbo Interactive Limited and its Controlled Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
Revenue	4	24,133,876	25,191,215
Cost of sales	5	(2,665,999)	(3,290,679)
Gross profit		21,467,877	21,900,536
Other revenue/income	4	1,070,897	1,108,744
Distribution expenses		(26,201)	(26,029)
Marketing costs		(4,721,395)	(3,599,335)
Occupancy expenses		(765,311)	(762,743)
Administrative expenses		(12,287,967)	(13,208,145)
Finance costs	5	(1,130)	(9,500)
Share of losses of joint ventures accounted for using the equity method		(170,136)	(87,610)
Profit before income tax expense		4,566,634	5,315,918
Income tax expense	6	(1,781,676)	(2,333,761)
Profit after income tax expense for the year attributable to the owners of Jumbo Interactive Limited		2,784,958	2,982,157
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		43,085	17,360
Change in fair value of available-for-sale financial assets		-	233,989
Items that will not be reclassified to profit or loss			
Change in fair value of financial assets at fair value through other comprehensive income.		(2,530,668)	-
Other comprehensive income for the year, net of tax		(2,487,583)	251,349
Total comprehensive income for the year attributable to the owners of Jumbo Interactive Limited		297,375	3,233,506

		¢	¢
Earnings Per Share (cents per share)			
Basic earnings per share (cents per share)	10	6.4	6.9
Diluted earnings per share (cents per share)	10	6.3	6.8

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

Jumbo Interactive Limited and its Controlled Subsidiaries

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
Current assets			
Cash and cash equivalents	11	25,366,357	24,460,703
Trade and other receivables	12	639,734	418,917
Inventories	13	49,404	55,098
Total current assets		26,055,495	24,934,718
Non-current assets			
Receivables	14	121,945	193,688
Investments accounted for using the equity method	15	1	1
Available-for-sale financial assets	16	-	2,530,054
Property, plant and equipment	18	318,062	366,059
Intangible assets	19	7,592,694	6,314,304
Deferred tax assets	22	514,785	395,562
Total non-current assets		8,547,487	9,799,668
Total assets		34,602,982	34,734,386
Current liabilities			
Trade and other payables	20	13,417,446	12,496,899
Current tax liabilities	22	884,185	752,946
Provisions	23	200,159	369,816
Total current liabilities		14,501,790	13,619,661
Non-current liabilities			
Provisions	23	163,950	133,857
Deferred tax liabilities	22	119,705	471,643
Total non-current liabilities		283,655	605,500
Total liabilities		14,785,445	14,225,161
Net assets		19,817,537	20,509,225
Equity			
Contributed equity	24	29,759,572	29,544,572
Accumulated losses		(17,398,827)	(17,398,827)
Profits appropriation reserve		9,075,627	7,602,499
Other reserves		(1,618,835)	760,981
Total equity		19,817,537	20,509,225

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

Jumbo Interactive Limited and its Controlled Subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Contributed equity $	Accumulated losses $	Profits appropriation reserve $	Share-based payments reserve $	Foreign currency translation reserve $	Financial assets revaluation reserve $	Total equity $
CONSOLIDATED GROUP							
Balance at 1 July 2012	28,876,572	(17,398,827)	6,129,682	499,710	(23,428)	-	18,083,709
Total comprehensive income for the year							
Profit/(loss) for the year	-	-	2,982,157	-	-	-	2,982,157
Other comprehensive income	-	-	-	-	-	-	
Foreign currency translation differences	-	-	-	-	17,360	-	17,360
Available-for-sale financial asset reserve	-	-	-	-	-	233,989	233,989
Total comprehensive income for the year	-	-	2,982,157	-	17,360	233,989	3,233,506
Transactions with owners in their capacity as owners							
Issue of shares	668,000	-	-	-	-	-	668,000
Dividends paid	-	-	(1,509,340)	-	-	-	(1,509,340)
Share-based payments	-	-	-	33,350	-	-	33,350
Total transactions with owners in their capacity as owners	668,000	-	(1,509,340)	33,350	-	-	(807,990)
Balance at 30 June 2013	29,544,572	(17,398,827)	7,602,499	533,060	(6,068)	233,989	20,509,225
Total comprehensive income for the year							
Profit/(loss) for the year	-	-	2,784,958	-	-	-	2,784,958
Other comprehensive income							
Foreign currency translation differences	-	-	-	-	43,085	-	43,085
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	(2,530,668)	(2,530,668)
Total comprehensive income for the year	-	-	2,784,958	-	43,085	(2,530,668)	297,375
Transactions with owners in their capacity as owners							
Issue of shares	215,000	-	-	-	-	-	215,000
Dividends paid	-	-	(1,311,830)	-	-	-	(1,311,830)
Share-based payments	-	-	-	107,767	-	-	107,767
Total transactions with owners in their capacity as owners	215,000	-	(1,311,830)	107,767	-	-	(989,063)
Balance at 30 June 2014	29,759,572	(17,398,827)	9,075,627	640,827	37,017	(2,296,679)	19,817,537

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

Jumbo Interactive Limited and its Controlled Subsidiaries

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
Cash flows from operating activities			
Receipts from customers		26,107,856	27,822,996
Payments to suppliers and employees		(19,279,766)	(18,833,903)
Interest received		827,507	918,060
Interest and other costs of finance paid		(1,130)	(9,500)
Income tax received		29,326	87,249
Income tax paid		(2,150,923)	(1,216,734)
Net cash inflows/(outflows) from operating activities	28 (a)	5,532,870	8,768,168
Cash flows from investing activities			
Payments for investments		(614)	(2,296,066)
Loan to joint venture		(55,494)	(241,080)
Payments for property, plant and equipment		(218,376)	(209,863)
Payments for intangibles		(3,265,980)	(2,011,160)
Proceeds from sale of property, plant and equipment		2,884	17,813
Net cash inflows/(outflows) from investing activities		(3,537,580)	(4,740,356)
Cash flows from financing activities			
Proceeds from issue of shares	24	215,000	668,000
Repayment of borrowings		-	(444,771)
Dividends paid		(1,311,830)	(1,509,340)
Net cash inflows/(outflows) from financing activities		(1,096,830)	(1,286,111)
Net increase in cash and cash equivalents		898,460	2,741,701
Net foreign exchange differences		7,194	32,205
Cash and cash equivalents at beginning of year		24,460,703	21,686,797
Cash and cash equivalents at end of year	11	25,366,357	24,460,703

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 Consolidated Financial Statements

For the year ended 30 June 2014

Note 1: Corporate Information

The financial statements of Jumbo Interactive Ltd (the 'Company') for the year ended 30 June 2014 were authorised in accordance with a resolution of the Directors on 28 August 2014 and cover the consolidated entity consisting of Jumbo Interactive Ltd its subsidiaries (the 'Group') as required by the Corporations Act 2001. Jumbo Interactive Limited is a for-profit entity for the purposes of preparing these financial statements.

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 (ASX: JIN).

The Company's registered office and principal place of business is at Level 1, 601 Coronation Drive, Toowong QLD 4160 Australia..

Note 2: Summary of Significant Accounting Policies

a. Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have also been prepared on a historical cost basis, except for available-for-sale financial assets and held-for-trading investments that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal groups held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

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

b. 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 control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.

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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and statement of financial position respectively. Total comprehensive income is attributable to owners of Jumbo Interactive Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Joint Arrangements

Joint arrangements are arrangements in which one or more parties have joint control (the contractual sharing of control of an arrangement where decisions about relevant activities require unanimous consent of the parties sharing control).

Joint Venture entities

Interests in joint venture partnerships/entities are accounted for in the consolidated financial statements using the equity method. Under the equity method of accounting, the group's share of profits or losses of joint venture partnerships/entities are recognised in consolidated profit or loss and the group's share of the movements in reserves of joint venture partnerships/entities are recognised in consolidated other comprehensive income. The cumulative movements are adjusted against the carrying amount of the investment. Details of joint venture entities are set out in Note 15.

When the group's share of post-acquisition losses in a joint venture exceeds its interest in the joint venture (including any long term interests that form part of the group's net investment in the joint venture), the group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the associate.

Changes in ownership interest

Transactions with non-controlling interests that increase or decrease the group's ownership interest in a subsidiary, but which do not result in a change of control, are accounted for as transactions with equity owners of the group. An adjustment is made between the carrying amount of the group's controlling interest and the carrying amount of the non-controlling interests to reflect their relative values in the subsidiary. Any difference between the amount of the adjustment to the non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Jumbo Interactive Limited.

Where the group loses control of a subsidiary but retains significant influence, joint control, or an available-for-sale investment, the retained interest is remeasured to fair value at the date that control is lost and the difference between fair value and the carrying amount is recognised in profit or loss. This fair value is the initial carrying amount for the retained investment in associate, joint venture or available-for-sale financial asset. If no ownership interest is retained, or if any remaining investment is classified as available-for-sale, any amounts previously recognised in other comprehensive income in respect of the entity are accounted for as if the group had directly disposed of the related assets or liabilities and may be recognised in profit or loss. To the extent that the group retains significant influence or joint control, balances of other comprehensive income relating to the associate or joint venture entity will only be reclassified from other comprehensive income to profit or loss to the extent of the reduced ownership interest so that the balance of other comprehensive represents the group's proportionate share of other comprehensive income of the associate/joint venture.

If the group's ownership interest in an associate or a joint venture is reduced, but the group retains significant influence or control, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss, where appropriate.

c. Business Combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity and transaction costs arising on the issue of debt as part of the consideration are accounted for in accordance with note 2(r).

Where the group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or joint venture, the group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the group had disposed directly of the previously held interest.

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.

Contingent consideration is classified as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the group's controlling shareholder's consolidated financial statements.

d. Foreign Currency Translation

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

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.

Foreign exchange gains and losses are presented in profit and loss on a net basis within other income or other expenses, unless they relate to borrowings, in which case they are presented as a part of finance costs.

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

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 the Company 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.

e. 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.

Revenue from the sale of lottery tickets and related services are recognised on a net inflow basis.

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 is recognised when the service is provided.

Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Dividends

Dividends are recognised as revenue when the Group's right to receive payment is established. Dividends received in the entity's separate financial statements that are paid out of pre-acquisition profits of a subsidiary, associate or joint venture are recognised as revenue when the entity's right to receive payment is established.

f. 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 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 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 installments.

g. 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.

h. 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.

i. Trade Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts, and have repayment terms between seven and 30 days. Collectability 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.

j. 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.

k. Investments and Other Financial Assets

All investments and other financial assets (except for those at 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.

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category of financial assets, and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of the end of the reporting period). After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income (available-for-sale investments reserve). Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in other comprehensive income. Interest on corporate bonds classified as available-for-sale is calculated using the effective interest rate method and is recognised in finance income in profit or loss.

Investments in subsidiaries, associates and joint venture entities are accounted for in the consolidated financial statements as described in note 2(a).

Financial Assets At Fair Value Through Other Comprehensive Income

Equity investments are classified as fair value through Other Comprehensive Income. After initial recognition at fair value (being cost), the Company has elected to present in Other Comprehensive Income changes in the fair value of equity instrument investments.

Unrealised gains and losses on investments are recognised in the financial assets revaluation reserve until the investment is sold or otherwise disposed of, at which time the cumulative gain or loss is transferred to profits appropriation reserve.

The Company derecognises an investment when it is sold or it transfers the investment and the transfer qualifies for derecogniition in accordance with AASB 9. Upon derecognition, unrealised gains/losses net of tax relating to the investment are transferred from the financial assets revaluation reserve to profits appropriation reserve.

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.

l. Fair Values

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

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.

m. 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 - up to six 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.

n. 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.

o. 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 annually, 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 19(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 19(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
During the 2013 financial year, management revised the treatment of customer acquisition costs within the existing policy to expensing the costs as they are incurred.

Previously, expenditure on customer acquisition was recognised at cost of acquisition with a finite life and 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 were tested semi-annually at each reporting date for impairment and carried at cost less accumulated amortisation and any impairment losses. Previous customer acquisition costs were fully amortised in November 2013.

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 two and a half years.

p. 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 30 day payment terms.

q. 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.

r. 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 credit outstanding for large business (source: Reserve Bank of Australia) being 5.44% (2013: 5.44%), as the Group repaid all borrowings outstanding during the 2013 financial year.

s. 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 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.

t. Employee Benefits

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, and accumulating sick leave expected to be settled wholly within 12 months after 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.

Other long-term employee benefit obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the reporting period. They 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.

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

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.

Termination Benefits

The Group recognises termination benefits as an expense and a liability on the earlier of when the Group:

- Can no longer withdraw the offer and the benefits; and
- Recognises costs for restructuring under AASB 137 Provisions, Contingent Liabilities and Contingent Assets and which involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

u. 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.

v. 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.

w. Share-Based Payments

The Group may provide benefits to employees (including Directors) or consultants of the Group in the form of share-based payment transactions, whereby services may be undertaken 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 to Directors, employees and consultants is recognised as an 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 or consultants 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 as appropriate. 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.

x. Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of the Company, 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.

y. 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.

z. 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.

aa. Critical Accounting Estimates and Judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal actual results. The judgments, estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Joint Ventures

As discussed in Note 2(a), joint ventures are accounted for using the equity method. The fair value of the group's interest is determined based on a value-in-use calculation which is determined by discounting projected future cash flows using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset. With specific reference to Lotto Points Plus LLC, a key judgment by management is that merchandising agreements are signed up as anticipated by the joint venture.

Fair Value of Available-for-Sale financial Assets on 1 July 2013 when AASB 9 adopted

A key management judgement of this fair value is that it equated to the original cost of balance of the equity securities at 30 June 2013

Available-for-sale financial assets

Available-for-sale financial assets are accounted for as detailed in Note 2(k). With specific reference to the group's interest in Sorteo Games Inc, a key management judgement is the uncertainty of future economic benefits of Sorteo.

Goodwill and other intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other intangible assets have suffered any impairment in accordance with the accounting policy stated in Note 2(o). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. 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. With specific reference to the internet lottery segment CGU, a key judgment by management is that the reseller agreements with the Tatts Group will continue. Refer to Note 19(c) for details.

No impairment has been recognised in respect of goodwill, domain names and intellectual property at the end of the reporting period.

ab. Change in Accounting Standards

i. AASB 9 Financial Instruments

AASB9 introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align risk management activities undertaken by entities when hedging financial and non-financial risks.

While AASB9 does not need to be applied until 1 January 2017, the Group has decided to adopt it from 1 July 2013. The main effects resulting from the adoption were:

- The group elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, because the business model is to hold these equity investments for long-term strategic investment and not for trading. As a result, assets with a fair value of $2,530,054 were reclassified from available-for-sale to financial assets at fair value through other comprehensive income.
- There was no difference between the previous carrying amount and the revised carrying amount of the financial assets at 1 July 2013 to be recognised in opening retained earnings.

The impact of these changes in the entity's accounting policy on individual line items in the financial statements can be summarised as follows:

Statement of Profit or Loss and other comprehensive income	Previous policy $	Adjustment $	Revised policy $
2014			
Impairment of available-for-sale financial assets	(2,296,679)	2,296,679	-
Profit before income tax expense	2,269,955	2,296,679	4,566,634
Profit after income tax expense for the year attributable to the owners of Jumbo Interactive Limited	488,279	2,296,679	2,784,958
Other Comprehensive Income			
Items that may be reclassified to profit or loss Change in fair value of available-for-sale financial assets	(233,989)	233,989	-
Items that will not be reclassified to profit or loss Change in fair value of financial assets at fair value through other comprehensive income	-	(2,530,668)	(2,530,668)
Other comprehensive income for the year, net of tax	(190,904)	(2,296,679)	(2,487,583)
Total comprehensive income for the year attributable to the owners of Jumbo Interactive Limited	297,375	-	297,375
	¢	¢	¢
Basic earnings per share (cents)	1.1	5.3	6.4
Diluted earnings per share (cents)	1.1	5.2	6.3

Statement of Changes in Equity	Previous policy $	Adjustment $	Revised policy $
2014			
Profits appropriation reserve	6,778,948	2,296,679	9,075,627
Financial assets revaluation reserve	-	(2,296,679)	(2,296,679)
Total equity	19,817,537	-	19,817,537

There is no effect of the change in accounting policy in the annual financial statements for the year ended 30 June 2013.

This changed accounting policy has no effect on the Consolidated Statement of Financial Position, other than the changes in equity per above, or on net change in cash.

ac. New, revised or amending Accounting Standards and Interpretations adopted

There are six new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 that have affected accounts recognised in the current period or any prior period financial statements. The impact on the accounting policies of the Group are discussed below.

i. Consolidation standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. There is no material impact on the Group's consolidated financial statements of these new and revised standards.

AASB 10 Consolidated Financial Statements (AASB 10)
AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interest and changes in control remain the same.

AASB 11 Joint Arrangements (AASB 11)
AASB 11 supersedes AASB 131 Interest in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangements. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangements. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates.

AASB 12 Disclosure of Interest in Other Entities (AASB 12)
AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Consequential amendments to AASB 127 Separate Financial Statements (AASB 127) and AASB 128 Investments in Associates and Joint Ventures (AASB 128)

AASB 127 Consolidated and Separate Financial Statements was amended to AASB 127 Separate Financial Statements which now deals only with separate financial statements. AASB 128 brings investments in joint ventures into its scope, however AASB 128's equity accounting methodology remains unchanged.

ii. AASB 13 Fair Value Measure (AASB 13)
AASB 13 does not affect which items are required to be fair-valued but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods on or after 1 January 2013.

iii. AASB 119 Employee Benefits (2011)
Historically the Group calculated its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments to AASB 119 require that such liabilities be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement. This change has had no material impact on the Group's consolidated financial statements.

iv. AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011
AASB2012-5 makes amendments to AASB101 Presentation of Financial Statements, AASB116 Property, Plant and Equipment and AASB132 Financial Instruments: Presentation that are applicable for annual periods on or after 1 July 2013. None of these amendments have a material impact on the Group's consolidated financial statements.

ad. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group
At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

i. AASB2013-3 Amendments to AASB 136 – recoverable Amount Disclosures for Non-Financial Assets
These amendments are applicable to annual reporting periods on or after 1 January 2014. The disclosure requirements of AASB 136 Impairment of Assets have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is to be disclosed. The adoption of these amendments from 1 July 2014 may increase disclosures by the Group.

Note 3: Parent Entity Information

The *Corporations Act 2001* 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 2 (a).

	2014 $	2013 $
Current assets	3,893,194	3,654,205
Non-current assets	4,772,696	7,320,855
Total assets	8,665,890	10,975,060
Current liabilities	1,662,843	1,621,477
Non-current liabilities	4,079,025	1,839,616
Total liabilities	5,741,868	3,461,093
Net assets	2,924,022	7,513,967
Issued capital	29,759,572	29,544,572
Share based payment reserve	640,827	533,060
Available-for-sale financial assets reserve	(2,296,679)	233,989
Retained earnings/(accumulated losses)	(26,037,236)	(26,037,236)
Profits Appropriation Reserve	857,538	3,239,582
Total shareholders' equity	2,924,022	7,513,967
Profit/(loss) for the year	(1,070,212)	4,748,922
Total comprehensive income for the year	(3,366,892)	4,982,912

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 21: Borrowings, and are ongoing.

The parent entity has also provided a guarantee in favour of the Lotteries Commission of South Australia in respect of payment obligations of a subsidiary company in terms of the Agent agreement between its subsidiary and the favouree.

Contractual commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2014 (2013: $0).

Contingent liabilities

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

Note 4: Revenue and other Income

	2014 $	2013 $
Sales revenue		
Revenue from sale of goods	2,008,256	2,356,860
Revenue from rendering services	22,125,620	22,834,355
	24,133,876	25,191,215
Other revenue/income		
Interest		
Cash	848,917	918,060
Other income		
Foreign exchange gains	24,869	112,084
Other	197,111	78,600
	1,070,897	1,108,744
	25,204,773	26,299,959

Note 5: Profit/(Loss) for the Year

	Consolidated Group	
Profit before income tax from operations includes the following specific expenses:	**2014 $**	**2013 $**
Cost of sales		
Sale of goods	1,051,733	1,258,899
Rendering of services	1,614,266	2,031,780
Finance costs		
Interest on financial liabilities not at fair value through profit and loss	1,130	1,477
Fees arising from financial liabilities not at fair value through profit and loss	-	8,023
Depreciation of non-current assets[1]		
Plant and equipment	198,708	118,291
Amortisation of non-current assets[1]		
Leasehold improvements	64,781	68,067
Intangibles	1,987,589	2,095,563
Other expenses		
Operating lease rentals – minimum lease payments	765,311	762,743
Employee benefits expense[1]	4,911,352	5,255,959
Defined contribution superannuation expense[1]	589,559	511,377
Bad debts written off[1]	-	346,446

[1] Included in administration expense

Note 6: Income Tax Expense

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
a. The components of tax expense comprise:			
Current tax		2,280,434	1,985,168
Deferred tax arising from origination and reversal of temporary differences	22	(471,161)	68,084
Under/over provision deferred tax prior years		(3,285)	4,326
Under/over provision tax prior years		(31,383)	276,183
Under/over provision overseas tax prior years		7,071	-
Total income tax expense/(benefit) in profit and loss		1,781,676	2,333,761
b. Reconciliation:			
Tax at the Australian tax rate of 30% (2013: 30%)		1,369,990	1,594,776
Income tax effect of overseas tax rates		414,670	50,578
R&D expense		(27,725)	146,235
Share options expensed during year		32,330	10,005
Other		3,000	688,251
Under/over provision for income tax in prior year		(31,383)	276,178
R&D concession/credit		20,794	(432,262)
Total income tax expense/(benefit) in profit and loss		1,781,676	2,333,761

Note 7: Key Management Personnel (KMP)

a. Key management personnel compensation

	Consolidated Group 2014 $	Consolidated Group 2013 $
Short term employee benefits	1,329,310	1,506,136
Post employment benefits	107,381	112,962
Other long term benefits	20,918	25,891
Share based payments	71,691	10,828
	1,529,300	1,655,817

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. Other transactions and balances

	Consolidated Group	
	2014 $	**2013 $**
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Elegant Properties Pty Ltd and Rosch Realty Pty Ltd are solely owned by Mr Mike Rosch, the father of Mr Mike Veverka, the CEO and executive director of the Company. Elegant Properties Pty Ltd rented an office from the Group and provided services during this financial year and Rosch Realty Pty Ltd provided an agent service during the previous financial year.		
Office rent received	10,236	4,550
Sales commission paid	-	6,000
Services paid	2,613	17,018
Mrs Julie Rosch, the mother of Mr Mike Veverka, the CEO and Executive Director of the Company, is engaged as a full time employee within the Group.		
Salary and superannuation	81,938	79,864

Note 8: Auditor's Remuneration

	Consolidated Group	
	2014 $	**2013 $**
Audit services		
Amounts paid/payable to BDO for audit or review of the financial statements for the entity or any entity in the Group	104,061	99,084
	104,061	99,084
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	27,212	37,345
transfer pricing consulting	58,594	-
other taxation advice	12,000	29,693
	97,806	67,038
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	-	3,180
	-	3,180
Total	201,867	169,302

Note 9: Dividends

a. Ordinary dividends

	Consolidated Group 2014 $	Consolidated Group 2013 $
Final fully franked ordinary dividend of 1.5 (2012: 2.0) cent per share franked at the tax rate of 30% (2012: 30%)	658,540	856,050
Interim fully franked ordinary dividend of 1.5 (2013: 1.5) cent per share franked at the tax rate of 30% (2013: 30%)	653,290	653,290
Total dividends paid or provided for	1,311,830	1,509,340
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2013 and 30 June 2012 were as follows:		
Paid in cash	1,311,830	1,509,340
	1,311,830	1,509,340

b. Dividends not recognised at the end of the reporting period

	Consolidated Group 2014 $	Consolidated Group 2013 $
In addition to the above dividends, since year end the Directors have recommended the payment of a final 2014 fully franked ordinary dividend of 1.5 (2013: 1.5) cents per share franked at the rate of 30% (2013: 30%). The aggregate amount of the proposed dividend expected to be paid on 26 September 2014, but not recognised as a liability at year end, is:	658,540	653,288

c. Franked dividends

	Consolidated Group 2014 $	Consolidated Group 2013 $
The franked portions of dividends recommended after 30 June 2014 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 2014.		
Franking credits available for subsequent financial years based on a tax rate of 30% (2013: 30%):	4,367,814	2,774,210

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 $282,232 (2013: $279,981).

Note 10: Earnings per Share

Reconciliation of earnings used in calculating earnings per share

	Consolidated Group 2014 $	Consolidated Group 2013 $
Basic earnings/(loss) per share		
Profit after tax attributable to owners of Jumbo Interactive Limited used to calculate basic earnings per share	2,784,958	2,982,157
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	43,758,055	43,050,857
Diluted earnings/(loss) per share		
Profit after tax from continuing operations attributable to owners of Jumbo Interactive Limited used to calculate diluted earnings per share	2,784,958	2,982,157
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	43,758,055	43,050,857
Adjustments for calculation of diluted earnings per share: — options	326,434	1,027,309
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	44,084,489	44,078,166

Note 11: Cash and Cash Equivalents

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
Total cash and cash equivalents		25,366,357	24,460,703
General account balances			
Cash at bank and in hand		1,368,035	3,241,041
Short term bank deposits		15,049,626	13,622,929
		16,417,661	16,863,970
Customer Funds			
Cash at bank and in hand		4,348,696	2,996,733
Short term bank deposits		4,600,000	4,600,000
Online lottery customer account balances	20	8,948,696	7,596,733

Customer account balances being deposits and prize winnings earmarked for payment to customers on demand.

Note 12: Trade and Other Receivables

	Consolidated Group 2014 $	Consolidated Group 2013 $
Current		
Trade receivables	125,792	194,755
Allowance for doubtful debts	-	-
	125,792	194,755
Other receivables	162,585	103,136
Joint venture receivable	155,796	-
Prepayments	195,561	121,026
	639,734	418,917

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 seven days to 30 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 2014 $	Consolidated Group 2013 $
Opening balance	-	-
Provision for doubtful receivables	-	-
Reversal of amounts provided	-	-
Closing balance	-	-

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 21(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.

	2014			2013		
Consolidated Group	Total $	Amount Impaired	Amount not impaired $	Total $	Amount Impaired	Amount not impaired $
Not past due	103,968	-	103,968	177,328	-	177,328
Past due 30 days	-	-	-	-	-	-
Past due 60 days	-	-	-	1,147	-	1,147
Past due 90 days	21,824	-	21,824	16,280	-	16,280
Past due 90 days+	-	-	-	-	-	-
Total	125,792	-	125,792	194,755	-	194,755

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 2014 the Group had current trade receivables of $0 (2013: $0) that were impaired.

Note 13: Inventories

	Consolidated Group	
	2014 $	**2013 $**
Current		
Finished goods at cost	49,404	55,098

Note 14: Receivables – Non-Current

	Consolidated Group	
	2014 $	**2013 $**
Opening balance at cost	241,080	241,080
Loan advance	55,494	-
Capitalised expenses	63,209	-
Foreign currency translation increment	19,908	40,218
	379,691	281,298
Share of joint entity's profit/(loss) brought forward	(87,610)	
Share of joint entity's results for the financial year period:		
Revenues	327,166	25,022
Expenses	(497,302)	(112,632)
Loss before income tax	(170,136)	(87,610)
Income tax benefit	-	-
Loss after income tax	(170,136)	(87,610)
Net interest in joint venture	121,945	193,688

The receivable is due to be repaid by 4 December 2017 and the effect of discounting is considered not to be material. This receivable is not past due nor impaired.

Note 15: Investments Accounted for Using the Equity Method

	Consolidated Group	
	2014 $	**2013 $**
Interest in Joint Venture		
The Company has a 50% interest in the joint venture entity Lotto Points Plus Inc, incorporated in the USA, which is involved in the provision of retailer-based lottery merchandising and affinity programs combined with internet lottery solutions in the USA.		
The voting power held by the Company is 50%.		
The interest in joint venture entities is accounted for in the consolidated financial statements using the equity method of accounting.		
Unlisted shares at cost	1	1

Note 16: Equity instruments at fair value through Other Comprehensive Income and Available-For-Sale Financial Assets (Non-Current)

	2014 $	2013 $
Unlisted securities		
Equity investments		
Available-for-sale financial assets - at cost	-	2,530,054
Financial assets at fair value through other comprehensive income - at fair value	-	-

Unlisted securities

Unlisted securities comprise an investment in Sorteo Games Inc., USA. The Company owns 7% of the issued share capital of Sorteo Games Inc. The Company does not control Sorteo Games Inc because it is not able to govern the activities of this entity so as to obtain benefits from it. Shares in Sorteo Games Inc are carried at fair value of $nil (2013: at cost of $2,530,054).

Available-for-sale financial assets reconciliation:	
Opening value at cost at 1 July 2012	2,296,065
Foreign currency translation increment	233,989
Closing value at cost 30 June 2013	2,530,054
Reclassification to financial assets at fair value through other comprehensive income on 1 July 2013	(2,530,054)
Closing value at 30 June 2014	-
Financial assets at fair value through other comprehensive income reconciliation:	
Opening balance at 1 July 2013	-
Fair value of financial assets reclassified from available-for-sale assets on 1 July 2013	2,530,054
Additional cost	614
Change in fair value of financial assets at fair value through other comprehensive income	(2,530,668)
Fair value at 30 June 2014	-

Fair value

Refer to Note 32 for more information about fair value of equity securities

Note 17: 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 2(b).

Direct subsidiaries of the ultimate parent entity Jumbo Interactive Limited:	Country of Incorporation	Percentage Ownership 2014 %	2013 %
Benon Technologies Pty Ltd	Australia	100	100
TMS Global Services Pty Ltd	Australia	100	100
Jumbo Ventures Pty Ltd	Australia	100	100
Intellitron Pty Ltd	Australia	100	100
Manaccom Pty Ltd	Australia	100	100
Jumbo Lotteries Pty Ltd	Australia	100	100
Jumbo Interactive Asia Pty Ltd	Australia	100	100
Cook Islands Tattslotto Pty Ltd	Cook Islands	1	1
Jumbo Interactivo de Mexico SA de CV	Mexico	100	100
Jumbo Interactive GmbH[2]	Germany	100	100

Subsidiaries of TMS Global Services Pty Ltd:	Country of Incorporation	Percentage Indirect Ownership 2014 %	2013 %
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
Jumbo Lotteries NC, Inc.	United States of America	100	100

Note 18: Property, Plant and Equipment

Plant and equipment	Consolidated Group 2014 $	2013 $
At cost	1,128,393	1,063,856
Accumulated depreciation	(824,352)	(762,508)
	304,041	301,348
Leasehold improvements - at cost	309,837	295,746
Accumulated amortisation	(295,816)	(231,035)
	14,021	64,711
Total property, plant and equipment	318,062	366,059

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

a. Movements in Carrying Amounts

Consolidated Group	Plant and Equipment $	Leasehold Improvements $	Total $
Year ended 30 June 2013			
Balance at the beginning of year	231,789	128,583	360,372
Additions	205,663	4,195	209,858
Disposals	(17,813)	-	(17,813)
Depreciation/amortisation expense	(118,291)	(68,067)	(186,358)
Carrying amount at the end of year	301,348	64,711	366,059
Year ended 30 June 2014			
Balance at the beginning of year	301,348	64,711	366,059
Additions	204,285	14,091	218,376
Disposals	(2,884)	-	(2,884)
Depreciation/amortisation expense	(198,708)	(64,781)	(263,489)
Carrying amount at the end of year	304,041	14,021	318,062

Note 19: Intangible Assets

	Consolidated Group	
	2014 $	2013 $
Goodwill	3,686,355	3,686,355
Accumulated impaired losses	(854,805)	(854,805)
Net carrying value	2,831,550	2,831,550
Intellectual property	53,499	53,499
Accumulated impairment losses	(23,404)	(23,340)
Net carrying value	30,095	30,159
Website development costs	9,331,585	6,081,799
Accumulated amortisation	(5,498,246)	(3,738,117)
Net carrying value	3,833,339	2,343,682
Customer acquisition costs	4,446,799	4,446,799
Accumulated amortisation (and impairment)	(4,446,799)	(4,264,569)
Net carrying value	-	182,230
Software costs	141,897	132,471
Accumulated amortisation	(133,951)	(131,040)
Net carrying value	7,946	1,431
Domain names - cost	889,764	888,342
Net carrying value	889,764	888,342
Other	39,204	192,641
Accumulated amortisation	(39,204)	(155,731)
Net carrying value	-	36,910
Total intangibles	7,592,694	6,314,304

a. Movements in Carrying Amounts

Consolidated Group:	Goodwill $	Intellectual property $	Website development costs $	Customer acquisition costs $	Software $	Domain names $	Other $	Total $
Year ended 30 June 2013								
Balance at the beginning of year	2,831,550	30,265	1,327,085	1,277,521	778	854,337	77,171	6,398,707
Additions acquired	-	-	-	-	4,998	34,005	-	39,003
Additions internally developed	-	-	1,927,157	-	-	-	-	1,972,157
Amortisation charge	-	(106)	(955,560)	(1,095,291)	(4,345)	-	(40,261)	(2,095,563)
Closing value at 30 June 2013	2,831,550	30,159	2,343,682	182,230	1,431	888,342	36,910	6,314,304
Year ended 30 June 2014								
Balance at the beginning of year	2,831,550	30,159	2,343,682	182,230	1,431	888,342	36,910	6,314,304
Additions acquired	-	-	-	-	9,453	1,422	-	10,875
Additions internally developed	-	-	3,255,104	-	-	-	-	3,255,104
Amortisation charge	-	(64)	(1,765,447)	(182,230)	(2,938)	-	(36,910)	(1,987,589)
Closing value at 30 June 2014	2,831,550	30,095	3,833,339	-	7,946	889,764	-	7,592,694

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 $4,723,103 (2013: $3,414,254). 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	
	2014 $	**2013 $**
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	889,764	888,342
Total	889,764	888,342

The recoverable amount of the cash-generating unit is based on a value-in-use calculation using a discounted cash flow model based on a one year projection approved by management and extrapolated over a five year period using a steady rate, together with a terminal value. The growth rate used in these projections does not exceed the historical growth rate of the relative cash-generating unit.

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

- Annual growth rate of 3% (2013: 3%)
- Terminal growth rate of 3% (2013: 3%)
- Discount rate of 17% being the calculated weighted average cost of capital based on the capital asset pricing model (2013: 17%)
- Reseller agreements with expiry periods will be renewed as and when they expire and those with notice periods will remain in place.

Management determined projections 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.

The recoverable amount of the goodwill of the internet lottery CGU is estimated to be $29,346,552 which exceeds the carrying amount at 30 June 2014 by $26,515,002. If a discount rate of 100% and growth rate of 0% was used instead of 17% and 3% respectively, the recoverable amount of goodwill would equal the carrying amount. Should the lottery reseller agreements be cancelled or not extended for further periods when they expire, an impairment loss would be recognised up to the maximum carrying value of $2,831,550.

The recoverable amount of the internet lottery CGU of $29,346,552 also exceeds the carrying value of all intangible assets (including goodwill, domain names and website development costs) of that segment by $22,126,611.

Note 20: Trade and Other Payables

	Note	2014 $	2013 $
Total trade and other payables		13,417,446	12,496,899
Current			
Trade creditors		2,060,739	2,390,179
GST payable		415,393	604,598
Sundry creditors and accrued expenses		1,440,156	1,532,981
Employee benefits		552,462	372,408
		4,468,750	4,900,166
Customer funds payable			
Current			
Customer funds payable	12	8,948,696	7,596,733

Note 21: Borrowings

There were no outstanding interest bearing liabilities for the financial year ended 2014 (2013: $nil)

Bank overdraft

A bank overdraft facility of $500,000 (2013: $500,000) is repayable on demand and currently bears interest at a current floating rate of 9.34% (2013: 10.24% p.a.). This facility was undrawn for the financial year ended 2014 (2013: $nil).

a. Assets pledged as security

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

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.

c. Defaults and breaches

There have been no defaults or breaches during the financial year ended 30 June 2014.

Note 22: Tax

Current	Consolidated Group 2014 $	2013 $
Income tax payable	884,185	752,946

NON-CURRENT	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	5,013	100,064	105,077
Amortisation	383,256	(36,535)	346,721
Other	14,062	5,783	19,845
Balance at 30 June 2013	402,331	69,312	471,643
Property plant and equipment			
depreciation	105,077	(43,542)	61,535
Amortisation	346,721	(307,606)	39,115
Other	19,845	(790)	19,055
Balance at 30 June 2014	471,643	(351,938)	119,705

NON-CURRENT	Opening Balance $	Charged to Profit or Loss $	Closing Balance $
Deferred tax assets comprise temporary differences recognised in the profit or loss as follows:			
Property plant and equipment			
depreciation	75,029	26,454	101,483
Amortisation	33,787	(22,878)	10,909
Accruals	80,963	(41,323)	39,640
Provisions	158,313	57,602	215,915
Other	46,242	(18,627)	27,615
Balance at 30 June 2013	394,334	1,228	395,562
Property plant and equipment			
depreciation	101,483	32,260	133,743
Amortisation	10,909	-	10,909
Accruals	39,640	37,350	76,990
Provisions	215,915	58,549	274,464
Other	27,615	(8,936)	18,679
Balance at 30 June 2014	395,562	119,223	514,785

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 2(f) occur:

- Gross capital losses $4,156,464 (2013: $3,884,942)

Note 23: Provisions

	Consolidated Group	
	2014 $	**2013 $**
Current		
Long service leave	200,159	216,379
Make good provision	-	153,437
	200,159	369,816
Non-current		
Long service leave	163,950	133,857
	163,950	133,857

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	153,437
Provisions reversed during the year	(153,437)
Balance at end of the year	-

Note 24: Contributed Equity

	Consolidated Group		Consolidated Group	
	2014 Shares	**2014 $**	**2013 Shares**	**2013 $**
Share capital				
Fully paid ordinary shares	43,902,560	29,759,572	43,552,560	29,544,572

Movements in ordinary share capital

Date	**Details**	**Number of shares**	**Issue price $**	**$**
1 July 2012	Opening balance	42,412,560		28,876,572
Shares issued during the year				
29 August 2012	Exercise of options	390,000	0.700	273,000
17 September 2012	Exercise of options	50,000	0.500	25,000
20 December 2012	Exercise of options	150,000	0.500	75,000
15 January 2013	Exercise of options	100,000	0.700	70,000
1 February 2013	Exercise of options	10,000	0.500	5,000
25 February 2013	Exercise of options	40,000	0.500	20,000
4 March 2013	Exercise of options	400,000	0.500	200,000
29 August 2012	Exercise of options	390,000	0.700	273,000
30 June 2013	Closing balance	43,552,560		29,544,572
Shares issued during the year				
17 October 2013	Exercise of options	100,000	0.700	70,000
18 October 2013	Exercise of options	100,000	0.700	70,000
23 January 2014	Exercise of options	150,000	0.500	75,000
30 June 2014	Closing balance	43,902,560		29,759,572

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.

b. Options

i. 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 29: Share-Based Payments.

ii. For information relating to share options issued to third parties during the financial year, refer to Note 29: 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 was a change in the strategy adopted by management to control the capital of the Group for the current financial year which strategy is to ensure that the Group's gearing ratio remains less than 40% (2013: less than 40%). The gearing ratios for the year ended 30 June 2014 and 30 June 2013 are as follows:

		Consolidated Group	
	Note	2014 $	2013 $
Total borrowings	21	-	-
Total equity		19,817,537	20,509,225
Total capital		19,817,537	20,509,225
Gearing ratio		0%	0%

Note 25: Capital and Leasing Commitments

a. Operating lease commitments

	Consolidated Group	
	2014 $	2013 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable		
Not later than one year	781,102	765,890
Later than one year but not later than six years	3,589,072	93,596
	4,370,174	859,486

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

Note 26: Contingent Liabilities

	Consolidated Group	
Estimates of the potential financial effect of contingent liabilities that may become payable:	**2014 $**	**2013 $**
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.	385,710	160,763
	385,710	160,763

Note 27: 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 (the Board). Comparatives for 2013 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 Board that are used to make strategic decisions.

The Board considered the business from both a product and a geographic perspective and has identified the reportable segments.

Internet Lotteries segment consists of retail of lottery tickets sold both in Australia and eligible international jurisdictions, and internet database management/marketing. The Board monitors the performance of the regions on a separate basis. Accordingly, there are three operating segments: internet lotteries Australia, internet lotteries Germany and internet lotteries Mexico.

All other segments include operating segments of non-lottery business activities that are not reportable in terms of AASB 8 and revenues from external customers are derived from the sale of software products. Comparative figures for 2013 are stated on this basis.

b. Segment information provided to the Board

2014

The segment information provided to the Board for the reportable segments for the year ended 30 June 2014 is as follows:

Germany and Mexico became reportable segments in the 2014 financial year

	Internet Lotteries Australia $	Internet Lotteries Germany $	Internet Lotteries Mexico $	Total Internet Lotteries $
Total segment revenue/income	23,836,781	8,621	308,450	24,153,852
Intra-segment revenue	-	-	(308,450)	(308,450)
Revenue from external customers	23,836,781	8,621	-	23,845,402
NPBT	6,765,422	(1,114,642)	(349,077)	5,301,703
Interest revenue	714,491	-	3	714,494
Finance costs expense	41	1,087	-	1,128
Depreciation and amortisation	2,017,408	28,779	855	2,047,042

There was no impairment charge or other significant non-cash item recognised in 2014 relating to the segments.

2013

The segment information provided to the Board for the reportable segments for the year ended 30 June 2013 is as follows:

	Internet Lotteries $
Total segment revenue/income	24,403,335
Intra-segment revenue	-
Revenue from external customers	24,403,335
NPBT	6,354,472
Interest revenue	810,150
Finance costs expense	978
Depreciation and amortisation	2,168,753
Bad debt written off	346,446

There was no impairment charge or other significant non-cash item recognised in 2013 relating to the segments.

c. Other segment information

i. Segment revenue

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

Revenues from external customers are derived principally from the sale of lottery tickets and provision of related services.

Segment revenue reconciles to total revenue/other income from continuing operations as follows:

	Consolidated Group	
	2014 $	**2013 $**
Total Internet Lotteries segment revenue	23,845,402	24,403,335
All other segments	508,749	866,480
Interest revenue	848,917	918,060
Other	1,705	112,084
Total revenue/other income from operations (note 4)	25,204,773	26,299,959

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $22,669,631 (2013: $23,336,409), and the total revenue from external customers in other countries is $2,535,142 (2013: $2,963,550). Revenues of $1,056,162 (2013: $1,705,713) are from external customers 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 Board 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 profit before income tax is provided as follows:

	Consolidated Group	
	2014 $	**2013 $**
NPBT	5,301,703	6,354,472
All other segments	12,883	(84,962)
Other	1,705	-
Interest revenue	848,917	918,060
Corporate expenses		
Finance costs expense	(2)	(8,522)
Share based payments expense	(107,767)	(33,350)
Directors' remuneration	(131,100)	(130,800)
Salaries and wages	(687,848)	(807,977)
Other	(671,857)	(891,003)
Profit before income tax from operations (per P&L)	4,566,634	5,315,918

Note 28: Cash Flow Information

a. Reconciliation of Cash Flow from Operations with Profit after Income Tax

	Consolidated Group	
	2014 $	**2013 $**
Profit/(loss) for the year after income tax	2,784,958	2,982,157
Non-cash flows		
Amortisation	2,052,370	2,163,630
Depreciation	198,708	118,291
Unrealised foreign currency (gain)/loss	20,311	(62,326)
Share of losses of joint ventures accounted for using the equity method	170,136	87,610
Capitalised expenses of joint venture	(63,209)	-
Share option expense	107,767	33,350
Other	35,891	17,360
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(increase) in trade receivables	68,963	(31,077)
Decrease/(increase) in other receivables	(289,780)	13,878
Decrease/(increase) in inventories	5,694	43,526
Decrease/(increase) in DTA	(119,223)	(1,228)
Increase/(decrease) in trade payables	(329,440)	856,040
Increase/(decrease) in other payables	1,249,987	1,276,173
Increase/(decrease) in other provisions	(139,564)	65,281
Increase/(decrease) in DTL	(351,938)	69,312
Increase/(decrease) in provision for income tax	131,239	1,136,191
Cash flow from operations	5,532,870	8,768,168

b. Facilities with Banks

	Consolidated Group	
	2014 $	**2013 $**
Credit facility	1,550,000	1,211,000
Facilities utilised		
Overdraft	-	
Multi Option/Chattel mortgages	-	-
Loans	-	-
Bank guarantees	(385,710)	(160,763)
Amount available	1,164,290	1,050,237

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 21 for terms of these facilities.

c. Non-Cash Financing and Investing Activities

i. Joint Venture

Interest of 7.00% pa payable on the US$365,567 loan to Lotto Points Plus LLC is being capitalised

Note 29: Share Based Payments

Share-based payment expense recognised during the financial year	Consolidated Group 2014 $	Consolidated Group 2013 $
Options issued under employee option plan	107,767	27,088
Options issued to third parties for services received	-	6,262
	107,767	33,350

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

Employees

The weighted average fair value of options granted during the 2014 year was 18.9 cents (2013: no options were issued to employees). 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 2014 were as follows:

	2014		2013
Options are granted for no consideration, have a five year life, and are exercisable when the five day volume weighted average price equals the exercise price			
Grant date:	3 Sep 2013	6 Nov 2013	-
Share price at grant date:	$2.17	$2.31	-
Exercise price:	$4.00	$4.00	-
Expected volatility:	69.144%	86.156%	-
Expected dividend yield	1.38%	1.30%	-
Risk free rate	3.31%	3.49%	-

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.

2014

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
KMP and staff options									
15 February 2011	$0.50	15 February 2014	150,000	-	-	(150,000)	-	-	-
14 December 2011[1]	$0.70	14 December 2014	500,000	-	-	(200,000)	-	300,000	300,000
3 September 2013	$4.00	3 September 2018	-	2,400,000	-	-	-	2,400,000	-
6 November 2013	$4.00	6 November 2018	-	400,000	-	-	-	400,000	-
			650,000	2,800,000	-	(350,000)	-	3,100,000	300,000
Third party options									
14 December 2011[1]	$0.70	14 December 2014	400,000	-	(400,000)	-	-	-	-
			400,000	-	(400,000)	-	-	-	-
Total			1,050,000	2,800,000	(400,000)	(350,000)	-	3,100,000	300,000

[1] during the financial year a third party with 500,000 existing options became an employee of the Group

2013

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
KMP and staff options									
21 October 2009	$0.70	30 October 2012	390,000	-	-	(390,000)	-	-	-
15 February 2011	$0.50	15 February 2014	800,000	-	-	(650,000)	-	150,000	150,000
			1,190,000	-	-	(1,040,000)	-	150,000	150,000
Third party options									
14 December 2011	$0.70	14 December 2014	1,000,000	-	-	(100,000)	-	900,000	500,000
			1,000,000	-	-	(100,000)	-	900,000	500,000
Total			2,190,000	-	-	(1,140,000)	-	1,050,000	650,000

The weighted average exercise price for the year ended 30 June 2014 was $3.38 (2013: $0.64).

The weighted average remaining contractual life of share options outstanding at 30 June 2014 was 3 years 10 months (2013: 1 years 4 months).

Note 30: Events After the Reporting Date

There are no material events after the reporting date.

Note 31: 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, and accounts receivable and payable.

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 at the reporting date.

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 and Risk Management 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 and Risk Management 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. The Group policy is to manage between 50% and 100% of interest bearing debt using capped and fixed interest rates. At 30 June 2014 the Group interest bearing debt was $0 (2013: $0).

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 and Risk Management Committee.

The Audit and Risk Management 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:

	2014		2013	
	$	%	$	%
Australia	41,014	32.6	35,467	18.2
Fiji	48,256	38.4	103,249	53.0
Cook Islands	-	-	15,533	8.0
Samoa	36,522	29.0	40,506	20.8
	125,792	100	194,755	100

The Group's most significant customer, located in Samoa, accounts for 29% of trade receivables as at 30 June 2014 (2013: 21%).

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	
	2014 $	**2013 $**
Financial Assets		
Cash and cash equivalents - AA rated	25,366,357	24,460,703
Loans and receivables	761,679	612,605
Financial assets at fair value through Other Comprehensive Income	-	-
Available for sale financial assets	-	2,530,054
Financial Liabilities		
Trade and other payables	13,417,446	12,496,899

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	
	2014 $	**2013 $**
Less than six months	13,417,446	12,496,899
	14,417,446	12,496,899

ii. 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 2014, 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	
	2014 $	**2013 $**
Change in profit/(loss):		
increase in interest rates by 2% (2013: 2%)	507,327	489,214
decrease in interest rates by 2% (2013: 2%)	(507,327)	(489,214)
Change in equity:		
increase in interest rates by 2% (2013: 2%)	507,327	489,214
decrease in interest rates by 2% (2013: 2%)	(507,327)	(489,214)

Foreign Currency Risk Sensitivity Analysis

At 30 June 2014, 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	
	2014 $	**2013 $**
Change in profit/(loss):		
improvement in AUD to FJD by 3% (2013: 3%)	(47,213)	(53,847)
decline in AUD to FJD by 3% (2013: 3%)	50,133	57,178
Change in equity:		
improvement in AUD to FJD by 3% (2013: 3%)	(47,213)	(53,847)
decline in AUD to FJD by 3% (2013: 3%)	50,133	57,178

At 30 June 2014, the effect on profit/(loss) and equity as a result of changes in the value of the Australian Dollar to the Euro, with all other variables remaining constant is as follows:

	Consolidated Group	
	2014 $	**2013 $**
Change in profit/(loss):		
improvement in AUD to EUR by 3% (2013: 3%)	(33,439)	(180)
decline in AUD to EUR by 3% (2013: 3%)	33,439	180
Change in equity:		
improvement in AUD to EUR by 3% (2013: 3%)	(33,439)	(180)
decline in AUD to EUR by 3% (2013: 3%)	33,439	180

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

Note 32: Fair Value Measurement

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

Fair value hierarchy

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

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

As Jumbo Interactive Limited only holds unlisted equity securities, which are initially measured at cost, all available-for-sale financial assets fall within Level 3 of the fair value hierarchy.

Recognised fair value measurements

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

30 June 2014	Note	Level 3 $	Total $
Financial assets at fair value through Other Comprehensive Income	16	-	-

30 June 2013	Note	Level 3 $	Total $
Available-for-sale financial assets	16	2,530,054	2,530,054

Disclosed fair values

The group also has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes to the financial statements.

Due to their short-term nature, the carrying amount of trade receivables and payables are assumed to approximate their fair values. The fair value of non-current receivables disclosed in note 14 are based on cash flows discounted using the current lending rate of 7.00% (2013: 7.00%) for loans to joint venture parties (Level 3).

The carrying amount of current trade and other payables disclosed in note 20 are assumed to approximate their fair values because the impact of discounting is not significant.

Valuation techniques used to derive level 3 fair values

Description	Valuation approach	Unobservable inputs	Range of inputs	Relationship between unobservable inputs and fair value
Unlisted equity securities in Sorteo Games Inc	Discounted cash flow	Weighted average cost of capital (WACC)	20%	Increased long-term profit growth rate and a lower WACC would increase the fair value Decreased long-term profit growth rate and a higher WACC would decrease the fair value
		Future free cash flow	Uncertain	
		Long term profit growth rate	Uncertain	

Reconciliation of level 3 movements

The following table sets out the movement in level 3 fair values for unlisted equity securities.

	$
Opening balance 1 July 2013	2,530,054
Other increases	614
Change in fair value of available-for-sale financial assets	(2,530,668)
Closing balance 30 June 2014	-

Valuation process for level 3 fair values

Valuations of unlisted equity securities are performed by the CFO every six months to ensure that they are current for the half-year and annual financial statements. Valuations are reviewed and approved by the Audit and Risk Management Committee.

Note 33: 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 and third party share options. This reserve can be reclassified as retained earnings if options lapse.

c. Financial Assets Revaluation Reserve

The financial assets revaluation reserve comprises changes in the fair value of available-for-sale investments which are recognised in other comprehensive income including when the investments are sold or re-classified.

Note 34: Company Details

The registered office of the Company is:

Jumbo Interactive Limited, Level One, 601 Coronation Drive, Toowong, QLD, 4066.

The principal places of business are:

- Level One, 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 Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement 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 2014 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 37 to 45 of the Directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2014, 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.

David K Barwick
Chairman

Brisbane
28 August 2014

Independent Auditor's Report

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Australia

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 2014, the consolidated statement of profit or loss and other 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, 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 company'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 company'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 2014 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 2.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 37 to 45 of the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

Tim Kendall

T J Kendall
Director

Brisbane, 28 August 2014

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 43,902,560 ordinary shares on issue, each fully paid. There are 2,276 holders of these ordinary shares as at 31 July 2014. Shares are quoted on the Australian Securities Exchange under the code JIN and on the German Stock Exchange.

In addition, there are an aggregate total 3,100,000 options over ordinary shares on issue but not quoted on the Australian Securities Exchange.

a. Distribution of Shareholders Number as at 31 July 2014

	Number	
Category (size of Holding)	**Holders of Ordinary Shares**	**Ordinary Shares Held**
1 – 1,000	495	270,121
1,001 – 5,000	997	2,858,478
5,001 – 10,000	375	3,008,663
10,001 – 100,000	366	8,976,596
100,001 – and over	43	28,788,702
	2,276	43,902,560

b. The number of shareholdings held in less than marketable parcels is:

	Number	
	Holders of Ordinary Shares	**Ordinary Shares Held**
	177	30,953

c. The names of the substantial shareholders listed in the holding Company's register as at 31 July 2014 are:

Name	Ordinary Shares	Percentage Held
Vesteon Pty Ltd and associates	9,060,471	20.6
Forager Funds Management Pty Ltd	2,647,998	6.0
Watermark Funds Management Pty Ltd	2,189,531	5.0

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 July 2014

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. VESTEON PTY LTD	8,481,359	19.32
2. NATIONAL NOMINEES LIMITED	4,225,861	9.63
3. UBS NOMINEES PTY LTD	2,328,430	5.30
4. JP MORGAN NOMINEES AUSTRALIA LIMITED	2,122,637	4.83
5. BNP PARIBAS NOMS PTY LTD <DRP>	888,980	2.02
6. BOND STREET CUSTODIANS LIMITED <INTELLIGENT INV WHOLESALE>	880,110	2.00
7. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	814,737	1.86
8. MR BARNABY COLMAN CADDICK	737,000	1.68
9. MR VICTOR JOHN PLUMMER	600,000	1.37
10. MR MIKE VEVERKA <VEVERKA S/F A/C>	579,112	1.32
11. WARAWONG PTY LTD <WARAWONG SUPER FUND ACCOUNT>	530,000	1.21
12. MR JAMES GARDINER	500,000	1.14
13. MR JOHN WILDE + MRS ELIZABETH WILDE <UTOPIA A/C>	447,996	1.02
14. MR CRAIG KUHN	400,000	0.91
15. UNAVAL NOMINEES PTY LTD <UNAVAL RETIREMENT FUND A/C>	400,000	0.91
16. IMPALA SUPERANNUATION NOMINEES PTY LTD <IMPALA SUPER FUND>	395,000	0.90
17. CITYCORP NOMINEES PTY LIMITED	358,201	0.82
18. MR GRANT BUXTON PORTER + MRS JANELLE KAY PORTER <GB & JK PORTER SUPER A/C>	275,000	0.63
19. MR DAVID PLATT + MRS SUE PLATT <PLATT SUPER FUND A/C>	270,000	0.61
20. MR JOHN ROSAIA	204,000	0.46
	25,438,423	57.94

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

3. The address of the principal registered office in Australia is

Level One, 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 July 2014

Options over Unissued Shares.
A total of 3,100,000 options are on issue to employees for services rendered

Exercise Price	Expiry Date	Number on Issue	Number of Holders
$0.70	14 December 2014	300,000	1
$4.00	3 September 2018	2,400,000	9
$4.00	6 November 2018	400,000	1

7. Other Disclosures

There are no other disclosures.

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 One
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 Pty Ltd
Level 10
12 Creek Street
Brisbane Qld 4000
Telephone: 07 3237 5999
Facsimile: 07 3221 9227

Website
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