

ASX RELEASE – Wednesday, 22 August 2012

FY 2012 RESULTS



- Record Net Profit After Tax up 39% to \$6.7 million
- 7th consecutive record Total Transactional Value up 32% to \$100 million
Revenue up 33% to \$24 million
- 2.0c Final Dividend (Full year 3.0c)
- Strong Balance Sheet with Net Assets \$18 million
- Customer database grows to 1.38 million accounts

New innovations in online lottery technology and increasing numbers of customers buying lotteries on the Internet have driven Jumbo Interactive to a record Net Profit After Tax of \$6.7 million in FY12, an increase of 39% over FY11.

Total Transactional Value (TTV) increased 32% from \$76 million to \$100 million and Revenue increased 33% from \$18 million to \$24 million. Revenue is now reported on a Net Revenue inflow basis to reflect new accounting standards.

“The growth of Internet lotteries shows no signs of slowing down as customers continue to be attracted to the convenience and excitement of new technology”, said Mr Mike Veverka, CEO of Jumbo Interactive Limited.

The Company benefited from investments in in-house interactive lottery technology that improved social media marketing and sales via smartphones. This technology has a dual benefit by also giving Jumbo a competitive edge in international markets as well as driving domestic sales.

“Development of new products and new markets increased last year and this will accelerate further in the year ahead as the global Internet lottery market gathers pace”, said Mr Veverka.

Jumbo has intensified its push into overseas markets through increased involvement with the WLA (World Lotteries Association), NASPL (North American Association of State and Provincial Lotteries) and APLA (Asia Pacific Lottery Association) in the year ahead.

“I wish to thank the Board and our staff for their valuable contribution in achieving this record result and I look forward to an important year ahead for Jumbo”, said Mr Veverka.

Summary of Results for FY 2012

	FY 2012	FY 2011	% change
TTV	\$100 mil	\$76 mil	+ 32%
Revenue	\$24 mil	\$18 mil	+33%
EBITDA	\$10.5 mil	\$7.0 mil	+50%
EBIT	\$8.3 mil	\$5.5 mil	+51%
NPBT	\$9.0 mil	\$5.8 mil	+55%
NPAT	\$6.7 mil	\$4.8 mil	+39%
EPS (basic)	16.7c	12.1c	+38%
EPS (diluted)	16.6c	12.1c	+37%

Interactive Lottery Assets

Advances in social media, e-retailer and mobile technologies have driven the size of the customer database to 1.38 million accounts on the Company's flagship website www.ozlotteries.com. This growing database together with large jackpots throughout the year was a key driver of sales. Expenses relating to the development of new products and new markets increased from \$1.0 million in 2011 to \$1.5 million in 2012. This has produced new products used to market lotteries with social media, smartphones and the web that are being used to grow the Australian market as well as providing a competitive advantage in establishing Jumbo in new markets overseas.

The image shows a screenshot of the OzLotteries Facebook page. At the top, the Facebook logo and a search bar are visible. The main content area features a large graphic with the text "TREASURE HUNT" and a gold medal with the Jumbo logo. Below this, a post from OzLotteries dated 10 August reads: "It's Friday, the Olympics are coming to a close and we have a \$20M Superdraw tomorrow. So we thought what better way to celebrate then to give away 750 FREE tickets in tomorrow's draw! Info: <http://bit.ly/OOF5Zn>".

Below the main post, there are several user comments:

- Jamie Winch (10 August): "Thank you Oz Lotteries for hosting such a great game! I found my free Lotto game, and I have a feeling that it's a winner!"
- Mel Wintersen (10 August): "Found mine! Look on the 'about' page!"
- Rick Wilson (10 August): "I looked for about 5 minutes... just hit refresh..."

At the top left of the page, there is a line graph showing a steady upward trend, with a callout box indicating 10,084 likes. The OzLotteries logo and tagline "Bring fun to life!" are also visible.

Domestic Initiatives

During FY 2012, Jumbo continued to work with our partner lotteries (the Tatts Group and SA Lotteries) to grow the lottery market while respecting responsible gaming commitments and the needs of all industry stakeholders, including other lottery sales channels. Jumbo plays an important role in the Australian lottery industry with over \$22 million in additional State Government revenue raised from sales in 2012, \$17 million in 2011 and \$15 million in 2010.

In December 2011, Jumbo signed a five year supply and marketing contract with SA Lotteries. Work is almost finished on developments that will allow South Australians to access www.ozlotteries.com via a link from www.salotteries.com.au. This is expected to have a positive effect on revenue.

In December 2008, Jumbo signed a five year co-branded website contract with NSW Lotteries (now owned by the Tatts Group) to handle lottery sales for customers coming from www.nswlotteries.com.au. In May 2012, the Tatts Group began directly accepting online orders from NSW customers bringing that state into line with other states. As previously advised, this will have the effect of reducing revenue from the co-branded site although growth of NSW customers for Ozlotteries.com is still expected to continue through ongoing marketing initiatives. The contract will be reviewed prior to its completion in December 2013. Jumbo values its long association with the Tatts Group dating back to 1984 and has two current supply contracts in NSW and Victoria.

Jumbo's 32% TTV growth was in line with the overall market growth for Internet lotteries in Australia. The Internet lottery market currently represents 7% of the total lottery market. Other overseas lottery markets are also recording strong growth, with the UK and Finland already reaching an Internet market share of 15% and 30% respectively.

There are approximately 14 million people in Australia actively using the Internet over the age of 18 of which Jumbo has so far acquired 1.38 million accounts in the OzLotteries.com customer database.

“Jumbo will continue to invest in developing the market and work closely with the Tatts Group and SA Lotteries to achieve all stakeholder aims”, said Mr Mike Veverka.

International Initiatives

Jumbo is actively pursuing opportunities in international markets, most notably the US market since the green light for Internet lottery sales was given by the US Department of Justice in December 2011. The North American lottery market is \$60 billion compared to \$4 billion in Australia.

Expenses relating to development of new markets and new technology assets have increased to \$1.5 million in 2012 compared to \$1.0 million in 2011. Final touches are being made to important new products scheduled for release in September 2012 at the World Lottery Summit in Montreal (<http://www.world-lotteries.org/wls2012>). Jumbo is a member of both NASPL (North American Association of State and Provincial Lotteries) and the WLA (World Lottery Association) and an active participant in the advancement of the lottery industry.

These new products take advantage of the trend towards social media, interactive gaming and e-retailing. The growing popularity in social media has seen new marketing initiatives, particularly on Facebook, become significant drivers of new customers. Interactive gaming has brought new ways to play lotteries on the Internet that appeal to a younger customer demographic. E-retailing innovations are enabling many new retailers, particularly traditional retailers, to market lotteries to customers using interactive techniques.

Jumbo Annual General Meeting

Details of the Company's Annual General Meeting are as follows:

Date: Tuesday, 30 October 2012

Time: 5:00pm

Venue: Lady Theiss Room
Customs House
399 Queen Street
Brisbane, QLD, 4000

About Jumbo Interactive

In 2000, the Company sold its first lottery ticket on the Internet and since then has developed www.ozlotteries.com into a popular place for lotteries to be played.

Jumbo has proven its ability to open up new lottery markets with its innovative technology and Internet marketing initiatives that have brought lotteries to new demographics via the Internet.

International markets are key targets for the Company, in particular the \$60 billion North American and \$110 billion European lottery markets.

Jumbo employs over 75 staff, has its headquarters in Brisbane and plays an important role in the Australian lottery industry with over \$22 million in additional State Government revenue raised from sales in 2012, \$17 million in 2011 and \$15 million in 2010.

For further information:

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