



JUMBO INTERACTIVE LIMITED AND ITS CONTROLLED SUBSIDIARIES

(ABN 66 009 189 128)

APPENDIX 4E PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Current period:	1 July 2018 to 30 June 2019
Prior corresponding period:	1 July 2017 to 30 June 2018

ROUNDING OF AMOUNTS

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

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2019	2018	Change	Change
	\$'000	\$'000	\$'000	%
Continuing operations				
Revenue from continuing operations	65,212	39,775	25,437	64.0
Profit after tax attributable to members	26,420	12,127	14,293	117.9
Total comprehensive income for the period attributable to members	26,414	11,750	14,664	124.8

DIVIDENDS

Directors are pleased to declare a final fully franked ordinary dividend of **21.5 cents per share** (2018:11.0 cents) making a total fully franked ordinary dividend of **36.5 cents per share** (2018: 18.5 cents), with a franking percentage of 100% (2018: 100%) as follows:

- Record date: 30 August 2019
- Payment date: 20 September 2019

The conduit foreign income component of the dividend is nil.

The Dividend Reinvestment Plan was cancelled on 16 August 2019 as it last operated for the FY2012 interim dividend paid 30 March 2012.

ANNUAL GENERAL MEETING

Date: Thursday, 24 October 2019
Time: 5:00pm
Venue: HopgoodGanim Lawyers
Level 7
Waterfront Place
1 Eagle Street
Brisbane, QLD, 4000

EXPLANATION OF RESULTS

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

TTV, Revenue and Profit increased compared to the same period last year. Continuing improved customer activity stemming from the release of the new software platform together with increased large jackpot activity (both number and average value) in Australia during the financial year were the main reasons for the increased TTV and Revenue. For the 12 month period to 30 June 2019, the number of new online accounts increased 106% to 444,004 and the number of active online customers increased 74% to 761,863. During the financial year, there were 49 (2018: 32) large jackpots with an average value of \$38.4 million (2018: \$28.4 million). This is 53.1% higher in number and 35.2% higher in average value compared to the previous period.

Consolidated results

The higher TTV and Revenue together with continued focus on cost management (although expenses increased by 22.9%, which was mainly associated with the increased TTV and Revenue), have resulted in the 117.9% increased Profit.

The Company continues to invest in the three main pillars that support the ongoing growth of the Company with \$4,839,000 (2018: \$4,567,000) on its proprietary software platform (intangible assets), \$6,956,000 (2018: \$4,637,000) in marketing activities primarily to acquire new and retain existing customers, and \$8,731,000 (2018: \$8,119,000) on employees who provide the software development and marketing skills, customer support services, and management.

Continuing operations	2019	2018	Change	Change
	\$'000	\$'000	\$'000	%
TTV	320,659	183,146	137,513	75.1
Revenue	65,212	39,775	25,437	64.0
Gross profit	63,133	37,737	25,396	67.3
Other revenue	1,936	1,203	733	60.9
Expenses	(26,850)	(21,839)	(5,011)	22.9
EBITDA	40,188	19,415	20,773	107.0
NPBT	38,219	17,101	21,118	123.5
NPAT	26,420	11,753	14,667	124.8
Discontinued operation	-	374	(374)	>(100.0)
Profit after tax attributable to members	26,420	12,127	14,293	117.9

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

This increase in TTV resulted in an increase in Revenue at a lower rate, due to a lower margin of 20.3% (2018: 21.7%) which reduced as a result of a change in the product mix driven by the large jackpot activity.

The increase in Group expenses is primarily in relation to; (i) expenses directly linked to the increase in TTV and Revenue in the Online Lottery Segment and (ii) increased share registry related activity in the Corporate Segment. Overall expense increases in the Australia Lotteries segment were mainly through increases in marketing, electronic ID verification and merchant fees associated with the higher levels of customer activity and large jackpot activity, an increase in depreciation and amortisation with ongoing investment in the software platform, an increase in employee benefits, and other administration costs, and expenses in the Corporate segment increased largely from higher share registry related activity with an increase in the size of the share register and market capitalisation.

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

The level of customer activity, together with large jackpot activity, is an important driver of sales. The level over the last three financial year periods is summarised as follows:

	FY 2019	FY 2018	FY 2017
TTV – Internet Lotteries Australia	\$319.7 million	\$182.3 million	\$144.5 million
Reported Revenue – Internet Lotteries Australia	\$64.3 million	\$38.8 million	\$31.6 million
Customer Activity			
Number of new online accounts	444,004	214,908	161,698
Number of active online customers	761,863	437,540	354,113
OZ Lotto/ Powerball Division 1 of \$15 million or more			
Number of jackpots of \$15 million or more	49	32	31
Average Division 1 jackpot of \$15 million or more	\$38.4 million	\$28.4 million	\$24.2 million
Peak Division 1 jackpot during the financial year period	\$100 million	\$55 million	\$55 million
Aggregate Division 1 jackpots on offer during the financial year period	\$1,880 million	\$910 million	\$750 million

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

	Note	Segment Revenue and Other Income		Segment Results - NPBT	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Internet lotteries					
Australia		65,692	39,815	40,403	18,948
Internet lotteries segment		65,692	39,815	40,403	18,948
All other segments		929	878	494	476
Corporate		527	285	(2,678)	(2,323)
	2	67,148	40,978	38,219	17,101

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

Financial position

The net assets of the Group have increased by \$30,167,000 from 30 June 2018 to \$77,378,000.

The Group's working capital, being current assets less current liabilities, has increased from \$33,236,000 in 2018 to \$61,870,000 in 2019 mainly as a result of increased cash and cash equivalents of \$36,664,000. \$23,385,000 of this increase was from the issue of shares as a result of exercise of options.

Non-current assets increased by \$1,687,000 to \$16,126,000 due mainly to the investment in the software platform.

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

Significant changes in State of Affairs

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

(a) Increase in contributed equity of \$23,385,000 resulting from:

	\$'000
– Issue of 7,749,492 shares as a result of exercise of options (see note 12)	23,385
	23,385

(b) Increase in cash of \$36,664,000 resulting from:

	\$'000
– Cash raised from the issue of contributed equity in (a) above	23,385
– Other activities (see Cash Flow Statement for details)	13,279
	36,664

(c) Increase in non-current assets of \$1,687,000 resulting from:

	\$'000
– investment in website development costs net of amortisation	1,570
– Changes in other non-current assets	117
	1,687

Review of Operations

(a) Online Lottery Segment

This segment consists of Australia only.

Australia

There was a significant increase in customer activity (see Marketing KPIs below) as well as higher levels of large jackpot activity with 17 more in number (+53.1%) and \$10.0 million higher in average value (+35.2%) of large jackpots compared to FY2018, contributing to the 65.3% increase in Revenue to \$64,283,000 (2018: \$38,897,000). Other income increased to \$1,409,000 (2018: \$918,000) mainly due to increased interest revenue with higher average balances outweighing the lower average interest rates. Net profit before tax increased by 113.2% to \$40,403,000 (2018: \$18,948,000) largely due to the higher customer and jackpot activities, notwithstanding an increase in expenses of 23.3%.

The increase in expenses of 23.3% or \$4,381,000 was mainly related to increased TTV and Revenue with (i) increased marketing \$2,340,000, (ii) decreased occupancy \$145,000, (iii) increased administration expenses – largely increased depreciation and amortisation \$253,000, increased employee benefits \$216,000, and increased merchant fees \$1,321,000.

TTV for the financial year increased by 75.4% to \$319,730,000 (2018: \$182,268,000), which includes an increase of 27.5% in charity lottery sales to \$7,770,000 (2018: \$6,092,000), at 2.4% of TTV (2018: 3.3%).

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

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

The following table summarizes the Marketing KPI's:

<u>www.ozlotteries.com</u> and mobile apps	FY 2019	FY 2018
Number of new online accounts	444,004	214,908
Number of active online customers	761,863	437,540
Average spend per active online customer	\$385.44	\$371.13
Cost per Lead	\$13.81	\$17.28

The 106.6% increase in new online accounts and 74.1% increase in active online customers are due mainly to the release of the new software platform. This enabled increased marketing activity on the back of a substantial increase in large jackpot activity (53.1% increase in number and 35.2% increase in average value) and re-engagement of existing customers. The 3.9% increase in average spend per active customer is largely due to the increase in large jackpot activity and charity lottery sales growth, and the marketing initiatives. The 20.1% decrease in CPL is mostly due to the marketing mix and increased interest generated by the higher large jackpot activity.

(b) All Other Segments

This segment consists of the sale of non-lottery products and services. TTV and Revenue and other income increased to \$929,000 (2018: \$878,000) and net profit before tax increased to \$494,000 (2018: \$476,000).

(c) Corporate

The net loss increased by 15.3% or \$355,000 to NLBT \$2,678,000 (2018: NLBT \$2,323,000) mainly due to increased administration expenses of \$626,000 or 24.4% largely from increased employee benefits in salaries

and share-based payments from the exercise of staff options during the financial year, increased share registry related expenses with an increase in the size of the share register and market capitalisation, and increased directors' remuneration with the appointment of a further director on 1 January 2019, partly offset by increased revenue of 84.7% or \$242,000 from higher average balances that outweighed lower average interest rates.

Other

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

Status of Audit

The accounts are in the process of being audited.

Jumbo Interactive Limited and its Controlled Subsidiaries

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2019

		2019	2018
	Note	\$'000	\$'000
Revenue from continuing operations	3	65,212	39,775
Cost of sales		(2,079)	(2,038)
Gross profit		63,133	37,737
Other revenue/income	3	1,936	1,203
Expenses			
Distribution expenses		(28)	(28)
Marketing costs		(6,956)	(4,637)
Occupancy expenses		(742)	(887)
Administrative expenses	4	(19,117)	(16,280)
Finance costs		(7)	(7)
Profit before income tax expense		38,219	17,101
Income tax expense	5	(11,799)	(5,348)
Profit after income tax expense continuing operations		26,420	11,753
Discontinued operations	6	-	374
Profit after income tax expense for the year attributable to the owners of Jumbo Interactive Limited		26,420	12,127
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		(6)	(3)
Reclassification of foreign exchange differences on loss of control of subsidiary		-	(374)
Other comprehensive income for the year, net of tax		(6)	(377)
Total comprehensive income for the year attributable to the owners of Jumbo Interactive Limited		26,414	11,750
Earnings per share (cents per share)		Cents	Cents
From continuing and discontinued operations			
Basic earnings per share	7	43.9	23.4
Diluted earnings per share	7	42.5	22.6
From continuing operations			
Basic earnings per share	7	43.9	22.7
Diluted earnings per share	7	42.5	21.9
From discontinued operations			
Basic earnings per share	7	-	0.7
Diluted earnings per share	7	-	0.7

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 2019

	Note	2019 \$'000	2018 \$'000
Current Assets			
Cash and cash equivalents	8	84,583	47,919
Trade and other receivables		922	509
Inventories		31	57
Total current assets		85,536	48,485
Non-current assets			
Property, plant and equipment		451	280
Intangible assets		14,683	13,113
Deferred tax assets		992	1,046
Total non-current assets		16,126	14,439
Total assets		101,662	62,924
Current liabilities			
Trade and other payables	11	22,070	14,346
Current tax liabilities		1,258	594
Employee benefit obligations		338	309
Total current liabilities		23,666	15,249
Non-current liabilities			
Employee benefit obligations		517	368
Make good provision		24	24
Deferred tax liabilities		77	72
Total non-current liabilities		618	464
Total liabilities		24,284	15,713
Net assets		77,378	47,211
Equity			
Contributed equity	12	79,302	55,917
Accumulated losses		(17,399)	(17,399)
Profits appropriation reserve		15,103	9,364
Other reserves		372	(671)
Total equity		77,378	47,211

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 2019

	Contributed equity \$'000	Accumulated losses \$'000	Profits appropriati on reserve restated \$'000	Share- based payments reserve \$'000	Foreign currency translation reserve \$'000	Financial assets reserve ¹ \$'000	Total equity restated \$'000
CONSOLIDATED GROUP							
Balance at 1 July 2017	45,492	(17,399)	15,745	1,060	304	(2,302)	42,900
Total comprehensive income for the year							
Profit for the year	-	-	12,127	-	-	-	12,127
Other comprehensive income, net of tax	-	-	-	-	(377)	-	(377)
Total comprehensive income for the year	-	-	12,127	-	(377)	-	11,750
Transactions with owners in their capacity as owners							
Issue of shares	10,425	-	-	-	-	-	10,425
Dividends paid	-	-	(18,508)	-	-	-	(18,508)
Share-based payments	-	-	-	644	-	-	644
	10,425	-	(18,508)	644	-	-	(7,439)
Balance at 30 June 2018	55,917	(17,399)	9,364	1,704	(73)	(2,302)	47,211
Total comprehensive income for the year							
Profit for the year	-	-	26,420	-	-	-	26,420
Other comprehensive income, net of tax	-	-	-	-	(6)	-	(6)
Total comprehensive income for the year	-	-	26,420	-	(6)	-	26,414
Transactions with owners in their capacity as owners							
Issue of shares	23,385	-	-	-	-	-	23,385
Dividends paid	-	-	(20,681)	-	-	-	(20,681)
Share-based payments	-	-	-	1,049	-	-	1,049
	23,385	-	(20,681)	1,049	-	-	3,753
Balance at 30 June 2019	79,302	(17,399)	15,103	2,753	(79)	(2,302)	77,378

¹ Financial assets at fair value through other comprehensive income reserve

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 2019

	Note	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		71,556	43,666
Payments to suppliers and employees		(22,800)	(22,200)
Interest received		1,463	860
Interest and other costs of finance paid		(7)	(7)
Income tax received		85	242
Income tax paid		(11,161)	(5,312)
Net cash provided by (used in) operating activities	8	39,136	17,249
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan to related party		-	100
Payments for plant and equipment		(353)	(96)
Payments for intangibles		(4,824)	(4,571)
Proceeds from sale of plant and equipment		3	1
Net cash provided by (used in) investing activities		(5,174)	(4,566)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	12	23,385	10,425
Dividends paid	13	(20,681)	(18,508)
Net cash provided by (used in) financing activities		2,704	(8,083)
Net increase in cash and cash equivalents		36,666	4,600
Net foreign exchange differences		(2)	(1)
Cash and cash equivalents at beginning of year		47,919	43,320
Cash and cash equivalents at end of year		84,583	47,919

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Jumbo Interactive Limited and its Controlled Subsidiaries

NOTES TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2019

NOTE 1: BASIS FOR PREPARATION OF PRELIMINARY FINAL REPORT

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been based on the Annual Financial Report which is in the process of being audited. There are no known likely disputes or qualifications at this time. The Financial Report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Preliminary Final Report has been prepared on an accruals basis and is based on historical costs, including financial assets measured at fair value.

NOTE 2: SEGMENT REPORTING

Jumbo determines and presents operating segments on a product and a geographic basis as this is how the results are reported internally to the Board (chief operating decision maker) and how the business is managed. The Board assesses the performance of the Group based on the net profit before tax (NPBT). Comparatives for 2018 are stated on this basis.

Segment information

(a) Description of segments

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

Internet Lotteries Australia

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

Other

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

Corporate

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

NOTE 2: SEGMENT REPORTING (CONT'D)

(b) Segment information provided to the Board

The segment information provided to the Board for the operative segments for the year ended 30 June 2019 is as follows:

2019	Internet Lotteries Australia \$'000	Other \$'000	Corporate \$'000	Total continuing operations \$'000
Total segment sales revenue	64,283	929	-	65,212
Intersegment revenue	-	-	-	-
Total sales revenue from external customers	64,283	929	-	65,212
Other revenue/income from external customers	1,409	-	527	1,936
Total revenue and other income from external customers (note 3)	65,692	929	527	67,148
Net profit before tax	40,403	494	(2,678)	38,219
Income tax expense				(11,799)
Net profit after tax				26,420
Profit/(loss) from discontinued operations				-
Profit for the year per P&L				26,420
Interest revenue	936	-	527	1,463
Depreciation and amortisation	(3,342)	(91)	-	(3,433)
Foreign exchange gain/(loss)	398	-	-	398

There was no impairment charge or other significant non-cash item recognised in 2019 relating to the segments.

NOTE 2: SEGMENT REPORTING (CONT'D)

The segment information provided to the Board for the operative segments for the year ended 30 June 2018 is as follows:

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

There was no other significant non-cash item recognised in 2018 relating to the segments.

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group	
	2019 \$'000	2017 \$'008
Revenue		
— Revenue from sale of goods	2,324	2,293
— Revenue from rendering services	62,888	37,482
Revenue from continuing operations	<u>65,212</u>	<u>39,775</u>
Other income/ revenue		
— Interest received	1,463	860
— Other revenues		
- Foreign exchange gains	398	261
- Export market development grant	67	70
- Other	8	12
	<u>1,936</u>	<u>1,203</u>
Total	<u>67,148</u>	<u>40,978</u>

NOTE 4: PROFIT FOR THE YEAR

	Consolidated Group	
	2019 \$'000	2018 \$'000
Profit before income tax from continuing operations includes the following specific expenses:		
Cost of sales		
— Sale of goods	870	889
— Rendering of services	1,209	1,149
	<u>2,079</u>	<u>2,308</u>
Occupancy expenses		
— Operating lease rentals – minimum lease payments	742	887
Administration expenses		
Depreciation of non-current assets		
— Plant and equipment	139	116
Amortisation of non-current assets		
— Leasehold improvements	40	40
— Intangibles	3,254	3,018
	<u>3,433</u>	<u>3,174</u>
Employee benefits expense		
— Salaries and other benefits	7,842	7,268
— Defined contribution superannuation expense	889	851
	<u>8,731</u>	<u>8,119</u>
Impairment of assets – domain names	-	10
Bank merchant fees and charges	2,987	1,667
Other administration expenses	3,966	3,310
Total administration expenses	<u>19,117</u>	<u>16,280</u>

NOTE 5: INCOME TAX EXPENSE

	Consolidated Group	
	2019	2018
	\$'000	\$'000
a. The components of tax expense comprise:		
– Current tax	11,732	5,472
– Deferred tax arising from origination and reversal of temporary differences	59	(132)
– Under/over provision overseas tax prior years	8	8
Total income tax expense/(benefit) in profit and loss	<u>11,799</u>	<u>5,348</u>
b. Reconciliation:		
Profit before income tax expense	<u>38,219</u>	<u>17,475</u>
– Tax at the Australian tax rate of 30% (2018: 30%)	11,466	5,243
– Income tax effect of overseas tax rates	30	(96)
– Share options expensed during year	314	193
– Other	(11)	8
Total income tax expense/(benefit) in profit and loss	<u>11,799</u>	<u>5,348</u>

NOTE 6: DISCONTINUED OPERATIONS

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

Financial information relating to the discontinued operation for the nine month period to the date of voluntary administration, is set out below:

	2019	2018
	\$'000	\$'000
Revenue	-	-
Expenses	-	-
Loss before income tax	-	-
Income tax (expense)/benefit	-	-
Loss after income tax from discontinued operation	-	-
Loss on loss of control of subsidiary on voluntary administration	-	-
Reclassification of foreign currency translation reserve ¹	-	374
Profit/(loss) on loss of control before income tax	-	374
Income tax (expense)/benefit	-	-
Profit/(loss) on loss of control after income tax	-	374
Profit/(loss) for the year from discontinued operation	-	374

NOTE 6: DISCONTINUED OPERATIONS (CONT'D)

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

	2019	2018
	\$'000	\$'000
Profit attributable to owners of the parent entity relates to:		
Profit/(loss) from continuing operations	26,420	11,753
Profit/(loss) from discontinued operation	-	374
	<u>26,420</u>	<u>12,127</u>
	2019	2018
	\$'000	\$'000
Net cash inflow/(outflow) from operating activities	-	-
Net cash inflow/(outflow) from investing activities	-	-
Net cash inflow/(outflow) from financing activities	-	-
Net cash increase/(decrease) in cash generated from discounted operation	<u>-</u>	<u>-</u>

NOTE 7: EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Basic earnings per share		
Profit/(loss) from continuing operations	26,420	11,753
Profit/(loss) from discontinued operation	-	374
Profit after tax attributable to owners of Jumbo Interactive Limited used to calculate basic earnings per share	<u>26,420</u>	<u>12,127</u>
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>60,231,699</u>	<u>51,851,806</u>
	\$'000	\$'000
Diluted earnings per share		
Profit/(loss) from continuing operations	26,420	11,753
Profit/(loss) from discontinued operation	-	374
Profit after tax attributable to owners of Jumbo Interactive Limited used to calculate diluted earnings per share	<u>26,420</u>	<u>12,127</u>
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	60,231,699	51,851,806
Adjustments for calculation of diluted earnings per share: — options	<u>1,981,119</u>	<u>1,819,000</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<u>62,212,818</u>	<u>53,670,806</u>

NOTE 8: CASH AND CASH EQUIVALENTS

	Note	Consolidated Group	
		2019 \$'000	2018 \$'000
Total cash and cash equivalents		<u>84,583</u>	<u>47,919</u>
<i>Included in the above balance:</i>			
General account balances		73,799	40,085
Online lottery customer account balances	11	<u>10,784</u>	<u>7,834</u>
		<u>84,583</u>	<u>47,919</u>

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

	Consolidated Group	
	2019 \$'000	2018 \$'000
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit for the year after income tax	26,420	12,127
Non-cash flows		
Amortisation	3,294	3,058
Depreciation	139	116
Impairment losses on assets	-	10
Share option expense	1,049	644
Other	2	5
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(Increase) in trade receivables	(138)	43
Decrease/(Increase) in other receivables	(275)	(104)
Decrease/(Increase) in inventories	26	5
Decrease/(increase) in DTA	54	(138)
Decrease/(increase) in foreign exchange reserve	(6)	(377)
Increase/(decrease) in trade payables	6,026	205
Increase/(decrease) in other payables	1,698	1,143
Increase/(decrease) in other provisions	178	96
Increase/(decrease) in DTL	5	6
Increase/(decrease) in provision for income tax	<u>664</u>	<u>410</u>
Cash flow from operations	<u>39,136</u>	<u>17,249</u>

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

	Consolidated Group	
	2019 \$'000	2018 \$'000
Facilities with Banks		
Credit facility	850	850
Facilities utilised		
- Bank guarantees	(478)	(478)
- Commercial credit card	(295)	(295)
Amount available	<u>77</u>	<u>77</u>

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

NOTE 9: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interest in Associate – Lotto Points Plus Inc., USA	Place of business/ Country of incorporation	2019	2018	2019	2018
		%	%	\$'000	\$'000
<i>Unlisted shares</i>					
Lotto Points Plus Inc	New York, USA	30.9	30.9	-	-
Net investment in associate company				<u>-</u>	<u>-</u>

NOTE 10: FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

Unlisted securities comprise investments in:

- Sorteo Games Inc., USA. The Company owns 7% of the issued share capital of Sorteo Games Inc. Shares in Sorteo Games Inc are carried at fair value of \$nil (2018: \$nil).
- Lottery Rewards Inc., USA. The Company owns 5.4% of the issued share capital of Lottery Rewards Inc directly (0.2%) and indirectly (5.2%). Shares in Lottery Rewards Inc are carried at fair value of \$nil (2018: \$nil).

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated Group		
	Note	2019 \$'000	2018 \$'000
Total trade and other payables		22,070	14,346
<i>Included in the above balance:</i>			
Trade creditors and other payables		11,286	6,512
Customer funds payable	8	10,784	7,834
		22,070	14,346

NOTE 12: ISSUED CAPITAL

	2019 Shares	2019 \$'000	2018 Shares	2018 \$'000
At the beginning of the reporting period	54,374,265	55,917	50,674,265	45,492
Shares issued during the year				
- Exercise of options	7,749,492	23,385	3,700,000	10,425
	<u>62,123,757</u>	<u>79,302</u>	<u>54,374,265</u>	<u>55,917</u>

NOTE 13: DIVIDENDS

	Consolidated Group	
	2019 \$'000	2018 \$'000
Ordinary shares		
Dividends paid during the financial year	<u>20,681</u>	<u>18,508</u>
	<u>20,681</u>	<u>18,508</u>
Dividends paid in cash or satisfied by the issue of shares under the Dividend Reinvestment Plan during the financial years ended 30 June 2019 and 30 June 2018 were as follows:		
- Paid in cash	<u>20,681</u>	<u>18,508</u>
	<u>20,681</u>	<u>18,508</u>

NOTE 14: NET TANGIBLE ASSETS PER SECURITY

	Consolidated Group	
	2019 Cent	2018 Cent
Net Tangible Assets per ordinary share	99.4	60.9

NOTE 15: FAIR VALUE MEASUREMENTS

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

Fair value hierarchy

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

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

Recognised fair value measurements

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

	Note	Consolidated Group	
		2019	2018
		\$'000	\$'000
Financial assets at fair value through other comprehensive income	10	-	-

NOTE 16: EVENTS AFTER THE REPORTING PERIOD

Apart from (i) the licencing agreement signed with Endeavour Foundation, and (ii) the final dividend declared of 21.5 cents per share, that have all been communicated to shareholders in separate ASX announcements on 16 August 2019, the directors are not aware of any matter or circumstance that has arisen that has significantly affected, or may significantly affect, the operations of the Group in the financial years subsequent to 30 June 2019.