

17 August 2004

The Directors
Jumbuck Entertainment Limited
GPO Box 2113
MELBOURNE VIC 3001

Dear Sirs

INDEPENDENT ACCOUNTANT'S REPORT

1. INTRODUCTION

The Directors of Jumbuck Entertainment Ltd (Jumbuck or Company) have requested BDO to report on the Statement of Financial Position of Jumbuck as at 30th June 2004 and its Pro Forma Statement of Financial Position as at 30th June 2004.

This report is for lodgment by Jumbuck with the ASX as a pre quotation disclosure.

2. SCOPE OF OUR REPORT

Background

BDO conducted an audit of the financial report of Jumbuck for the financial year ending 30th June 2004 including the Statement of Financial Position as set out in Appendix A and B to this report.

The audit opinion dated 17 August 2004 in respect of the financial report of Jumbuck for the financial year ending 30th June 2004 is unqualified.

Report on Pro Forma Information

We have conducted an audit review (which is not an audit) of the Pro Forma Statement of Financial Position of Jumbuck as at 30th June 2004, as set out in Appendix A and B to this report.

The purpose of the Pro Forma Statement of Financial Position is to show the financial effects on Jumbuck as if the issue of 700,000 shares @ \$0.20 each pursuant to a Short Form Prospectus dated 12th August 2004 had taken place as at 30th June 2004.

We have reviewed the financial information in order to state whether anything has come to our attention that would indicate that the Pro Forma Statement of Financial Position contained therein is not presented fairly on the basis of the assumptions included in Note 5 of Appendix B and in accordance with the measurement requirements, but not the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements and was limited primarily to enquiries and discussions with a Director and appropriate personnel of Jumbuck and analytical procedures applied to the financial data, performance of certain limited verification procedures and comparison for consistency in application of accounting standards and policies. The significant accounting policies of Jumbuck are detailed in Appendix B.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. As we have not performed an audit on the Pro Forma financial information of Jumbuck as at 30th June 2004 as set out in Appendices A and B to this report, we do not express an audit opinion thereon.

3. STATEMENTS

Pro Forma Financial Information

Based on the scope of our audit review (which is not an audit) nothing has come to our attention which would require any modification to the Pro Forma Statement of Financial Position, as set out in Appendix A, in order for it to present fairly the financial position of Jumbuck as at 30th June 2004, on the basis of the assumptions stated in Note 4 of Appendix B and in accordance with the measurement requirements, but not the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements, had the transactions taken place on 30th June 2004.

4. SUBSEQUENT EVENTS

To the best of our knowledge and belief, and based on the work we have performed as described in the scope paragraph above, we are not aware of any material transactions or events subsequent to 30th June 2004, other than those disclosed in this report, that would require a comment on, or adjustment to, the information referred to in our report or that would cause the information included in this report to be misleading.

5. DISCLOSURES

BDO does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in this matter. BDO will receive a fee for the preparation of this report.

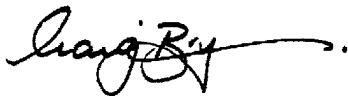
The partners of BDO do not hold nor have any interest in any ordinary shares of the company. BDO will receive a professional fee based on normal terms and conditions for the preparation of this report and received a fee for the audit of the financial report for the year ending 30th June 2004.

Consent for the lodgement with the ASX of the Independent Accountants Report in the form and context in which it appears in this report is hereby given.

Yours faithfully

BDO

BDO
Chartered Accountants



C M J BRYAN
Partner

APPENDIX A

STATEMENTS OF FINANCIAL POSITION

Set out below is the audited Statement of Financial Position of Jumbuck Entertainment Ltd (Jumbuck) as at 30th June 2004, and the Pro Forma Statement of Financial Position of Jumbuck as at 30th June 2004 on the basis of the assumptions contained in Note 4 of Appendix B. The significant accounting policies upon which the Statement of Financial Position and the Pro Forma Statement of Financial Position of the Group are based are contained in Appendix B.

	NOTES	AUDITED JUMBUCK 30-JUNE-04 \$,000	CAPITAL RAISING \$,000	REVIEWED PROFORMA 30-JUNE-04 \$,000
<u>CURRENT ASSETS</u>				
Cash on hand	2	1,548	135	1,683
Receivables		1,037		1,037
Other Assets		168		168
TOTAL CURRENT ASSETS		2,753	135	2,888
<u>NON-CURRENT ASSETS</u>				
Property, plant & equipment		113		113
Deferred Tax Assets		13		13
TOTAL NON-CURRENT ASSETS		126		126
TOTAL ASSETS		2,879	135	3,014
<u>CURRENT LIABILITIES</u>				
Accounts Payable		444		444
Provisions		127		127
TOTAL CURRENT LIABILITIES		571		571
TOTAL LIABILITIES		571		571
NET ASSETS		2,308	135	2,443
<u>EQUITY</u>				
Contributed Equity	3	2,274	135	2,409
Accumulated Profits/(Losses)		34		34
TOTAL EQUITY		2,308	135	2,443

The Statement of Financial Position should be read in conjunction with the accompanying notes detailed in Appendix B.

APPENDIX B

NOTES TO STATEMENTS OF FINANCIAL POSITION

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by Jumbuck are detailed as follows:

(a) Basis of Accounting

The Statements of Financial Position as at 30th June 2004 have been drawn up in accordance with the measurement requirements, but not the disclosure requirements, of applicable Accounting Standards and other mandatory professional requirements.

(b) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is only taken up as income when received.

(c) Recoverable amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount, assets are written down. In determining recoverable amount, the expected cash flows have not been discounted to their present value.

(d) Property, plant & equipment

Cost and Valuation

Property, plant and equipment are brought to account at cost, less, where applicable, any accumulated depreciation or amortisation.

Depreciation

Depreciation is provided on a straight line basis.

Plant & Equipment are depreciated over 2-8 years.

(e) **Accounts payable and other payables**

Liabilities for accounts payable and other amounts are carried at costs which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on a received basis.

(f) **Revenue Recognition**

Sale of goods and Disposal of Assets

Revenue from the sale of goods is recognised upon the delivery of goods to the customers.

Rendering of a service

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

(g) **Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

	AMOUNT \$,000
2. CASH ASSETS	
Balance as at 30 th June 2004	1,548
Net proceeds of capital raising	135
Proforma Balance	1,683
3. CONTRIBUTED EQUITY	
Balance as at 30 th June 2004	2,308
Capital raising (net of costs)	135
Proforma Balance	2,443

4. ASSUMPTIONS ON WHICH THE PRO FORMA STATEMENT OF FINANCIAL POSITION IS BASED

The purpose of the Pro Forma Statement of Financial Position is to show the financial effects on Jumbuck as if the following transactions had taken place as at 30th June 2004:

- The issue of approximately 700,000 Shares at \$0.20 per share, to raise approximately \$140,000, outlined in Section 3.2 of the Short Form Prospectus;
- Costs of the Offer totalling \$5,000.