JUMBUCK ENTERTAINMENT LTD
A.B.N. 69 092 817 171

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

		2004/05 $000	2003/04 $000
Revenue	Up 143.6%	7,293	2,994
Profit from ordinary activities after income tax attributable to members	Up 200.9%	2,702	898
Net profit for the period attributable to members	Up 200.9%	2,702	898
Dividends declared and paid for the year ended 30 June			
Dividends per Share (Cents)			
Interim dividend		0	0
Final dividend		0	0
Total dividends		0	0

No dividend has been declared or paid in respect of 2004 and 2005

	2004/05 Cents	2003/04 Cents
2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA BACKING)	9.83	6.75

3. DIVIDEND REINVESTMENT PLANS

The company does not operate a dividend reinvestment plan

4. ANNUAL FINANCIAL REPORT

Refer attached 2005 Financial Report

For further information please contact:

Kevin V Campbell
Chairman
Jumbuck Entertainment Limited
Telephone: (613) 9691 4910
Facsimile: (613) 9670 7932
Email: kvcampbell@bigpond.com

Paul G Choiselat
Managing Director
Jumbuck Entertainment Limited
Telephone: (613) 9691 4900
Facsimile: (613) 9600 1500
Email: pchoiselat@beconwood.com.au

Tamira Herbst
Company Secretary
Jumbuck Entertainment Limited
Telephone: (613) 9691 4910
Facsimile: (613) 9670 7932
Email: therbst@beconwood.com.au

JUMBUCK ENTERTAINMENT LTD

2005 FINANCIAL REPORT

Jumbuck Entertainment Ltd

ABN 69 092 817 171

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Jumbuck Entertainment Ltd

ABN 69 092 817 171

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present to you the Annual Financial Report of Jumbuck Entertainment Ltd ("Jumbuck") for the 2004/ 2005 financial year.

The 2004/05 year has been a defining one for Jumbuck. The Company made the transition from being a subsidiary company of Q Ltd to being separately listed on the Australian Stock Exchange in August 2004. Since that listing, Jumbuck has received acceptance and support from the investment community.

Consistent with the company's business objectives, Jumbuck continues to specialise in the development and marketing of wireless entertainment and communication applications aimed primarily at the youth consumer markets. To date, these applications have been licensed to telecommunication carriers and service providers across 5 continents.

New wireless products are constantly in development as Jumbuck continues reinforcing its reputation for operational excellence in the wireless space.

During the year, Jumbuck maintained its marketing relationship with Viacom, the parent company of Paramount Pictures, for the development of games from Viacom's film and television titles. This included, for example, the rights to develop and distribute wireless games based on Star Trek™, the original series.

Your Board and Management are focused on maintaining the company's core foundations and developing the opportunities that Jumbuck has before it as a dedicated mobile data service provider. Throughout the year, Jumbuck continued to grow its business through a combination of strategic operating initiatives and prudent business practices.

Consistent with our strategic vision for Jumbuck, the Company's Board and Management look forward to the current year being equally productive for the benefit of shareholders, the employees and other stakeholders.

I would like to take this opportunity to thank my Board colleagues for their long-standing and dedicated efforts and commitment and to recognise the committed management and staff team led by our Managing Director, Mr Paul Choiselat, and our Chief Executive Officer Mr Adrian Risch.

Kevin V. Campbell AM
CHAIRMAN

Jumbuck Entertainment Ltd

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Managing Director's Report

Year in Review – Financial Results
Jumbuck's first year as an ASX listed company was a year of outstanding growth and record profitability. Following its de-merger from Q Ltd in June 2004 and its separate listing in August 2004, Jumbuck has quickly attained a significantly improved level of financial performance. Highlights for the period include :-

- Sales Revenue growth of 143.6%
- NPAT growth of 200.9%
- EPS growth of 142.3%
- Growth in Cash Flow from Operations of 589.6%

The key focus for management during this period has been to make the transition from being a subsidiary to being a stand alone company without this having any negative impact on performance. I am pleased to report an encouraging outcome from the Jumbuck Team's effort during 2004/05.

	2004/05 $000	2003/04 $000	Change %
Revenue			
Sales Revenue	7,054	2,929	140.8
Other Revenue	239	65	
Total Revenue	7,293	2,994	143.6
EBITDA	3,683	913	303.4
Less: Depreciation	(89)	(68)	
Amortisation	(484)	-	
EBIT	3,110	845	268.0
Less: Interest	65	(2)	
Net Profit Before Tax	3,175	843	276.6
Income Tax Benefit/(Expense)	(473)	55	
Net Profit After Tax	2,702	898	200.9
EPS	6.3	2.6	142.3

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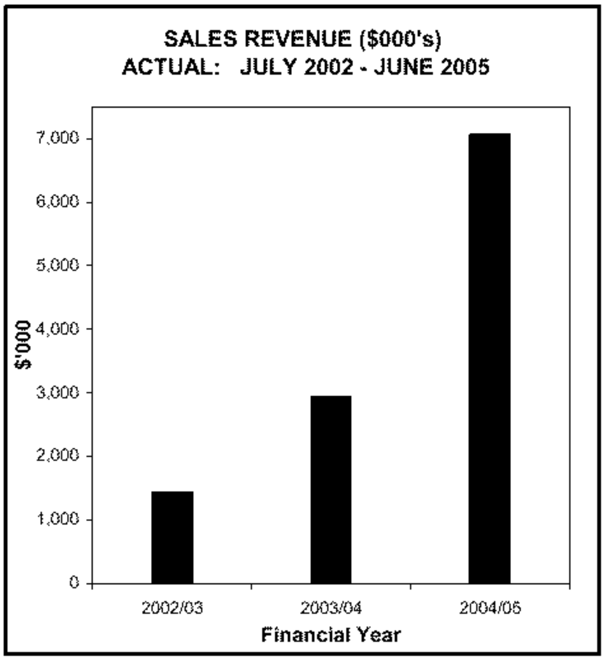
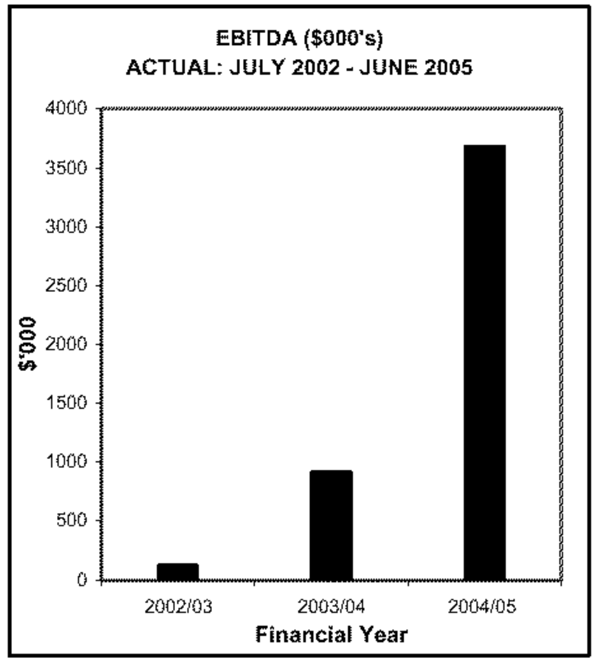
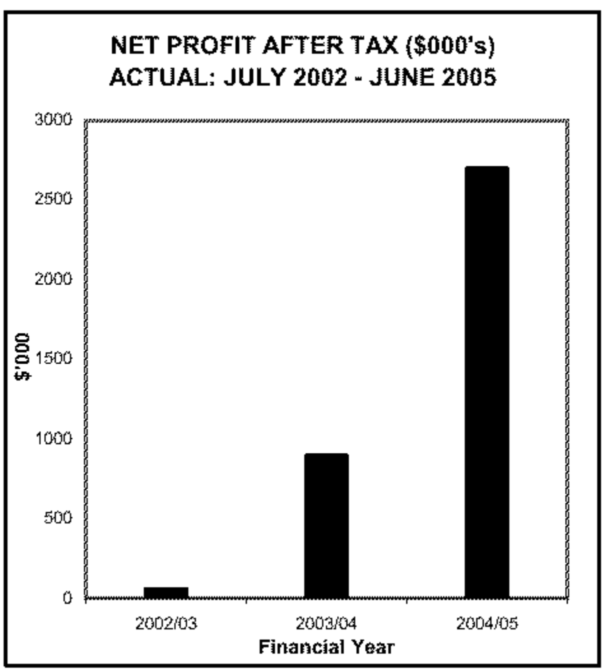
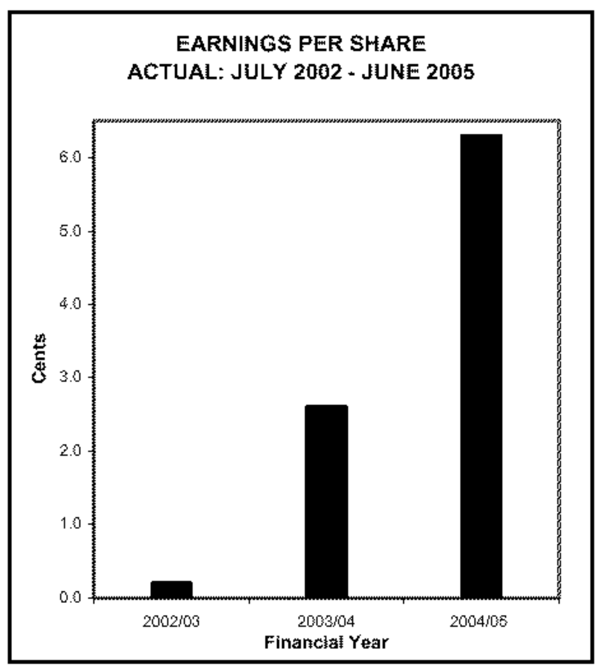
Managing Director's Report









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Managing Director's Report

Continuing to Focus on Revenue Growth

During the year under review, Jumbuck continued being both a developer of Mobile Data Services and a provider of those services to wireless carriers on five (5) continents. Growth in revenue was achieved from existing clients and from contracts with new clients entered into during 2004/05. Clients during the year under review included:

Australia
* Hutchison Three
* Optus Mobile
* Orange
* Telstra Mobile
* Vodafone (Australia)

Canada
* Bell Mobility
* Rogers AT&T
* Telus Mobility

Europe
* BASE
* KPN Mobile
* O2 Ireland (formerly Digifone)
* O2 UK
* T Mobile (UK)
* Vodafone (Ireland)
* Vodafone (UK)

Hong Kong
* HKCSL

Israel
* Pelephone
* Axiom (UAE)

New Zealand
* Telecom NZ
* Telecom NZ

Singapore
* Starhub

South America
* Bellsouth Ecuador
* Bellsouth Guatemale
* Bellsouth Nicaragua
* Bellsouth Panama
* Telecommunicationes Movilnet
* Verizon Wireless Puerto Rico

Taiwan
* CMVS

Thailand
* Hutchison CAT

USA
* Alltell
* AT&T Wireless
* Boost Mobile
* Cingular
* Midwest Wireless
* Microcell
* Nextel
* Singletouch
* Sprint PCS
* T Mobile (US)
* Verizon
* Western Wireless

Monitoring

Jumbuck are committed to chat safety initiatives and will be migrating the majority of messaging clients to moderated solutions during 2005/06. Jumbuck has been operating a 24x7x365 in-house moderation facility based in Perth for 3 years. Our expertise in this area has grown considerably during this period. We believe that Jumbuck now has one of the most advanced human moderation facilities. We are presently providing services from this facility to clients on three (3) continents and intend to continue offering this service on a global basis to meet the chat safety initiatives of Jumbuck clients.

Outlook

The Board expects that the revenue of the Company will continue improving in 2005/06 as a result of growth in revenue from our existing clients and the likely addition of new clients.

In the absence of any unforeseen circumstances, the Company and its Board is committed to producing an improved financial result in 2005/06.

Employees

The year 2004/05 has been a demanding and challenging one for the Jumbuck Team lead by Adrian Risch. I thank Adrian and staff on not being daunted by the challenge and on achieving the Company's improved performance. Adrian has been instrumental in setting the Company's strategy and capturing dramatic revenue growth in the Company's domestic and international target markets. Congratulations on an outstanding year.

Paul G Choiselat
Managing Director

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CORPORATE GOVERNANCE STATEMENT

Shareholders will be aware that under the Australian Stock Exchange ("ASX") Listing Rules, companies listed on the ASX are required to report their corporate governance practices in each annual report.

The Board of Jumbuck Entertainment Ltd takes seriously its accountability for the performance of the Company and is responsible for the corporate governance practices of the Company. The governance principles laid down by the ASX Corporate Governance Council ("ASXCGC") in its March 2003 Best Practice Recommendations ("ASXCGC Recommendations") have been carefully considered and applied to the Company's corporate governance practices and procedures, and where applicable, departures from the Recommendations.

The Board remains committed to the highest standards of ethical, responsible and accountable behaviour, and maintains a watching brief on the latest developments in Corporate Governance practices to ensure that it remains at the forefront of best practice.

For the purposes of reporting the Company's compliance with each of the ASX Corporate Governance Council's recommendation, the following information is provided:

Principle 1 – Lay Solid Foundation for Management and Oversight by the Board

The Board's responsibilities to its shareholders and the community are set out in its Corporate Governance Policy. These responsibilities include:

1. Set the strategic direction of the Company and to monitor management's performance against measurable targets;

2. Approve the annual and half year financial statements;

3. Ensure compliance with applicable laws, and that effective compliance and risk management systems are in place;

4. Ensure adequate delegations and appropriate policies are in place sufficient to effectively govern the Company;

5. Ensure adherence to remuneration and performance policies;

6. Adoption of an entity structure supportive of best practice in Corporate Governance and which is aligned to the Company's mission, vision, values, strategies, ethical standards and regulatory environment;

7. Ensure that all shareholders are treated equally;

8. Through the Audit Committee, maintain close liaison with the Company's auditors.

9. Review of its performance on a regular basis.

The Board has a number of separate Committees to assist in carrying out its responsibilities. The Committees of the Board are :-

- Audit Committee
- Remuneration Committee
- Corporate Governance Committee

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CORPORATE GOVERNANCE STATEMENT

Audit Committee
The Audit Committee is comprised of 3 Directors, a majority of whom are considered to be independent. The Company Secretary and Chief Financial Officer normally attends Audit Committee meetings. Whilst the ASXCGC Recommendation requires the Audit Committee to be comprised only of Non-executive Directors, it has not been possible for the Company to satisfy this requirement given the size and nature of the Board.

The current members of the Audit Committee are:

Hon JG Kennett	Non-executive, Independent	Chairman. Appointed to Committee, 1st July 2004. Experienced in public sector policy and administration, executive management.
Mr KV Campbell	Non-executive, Independent	Member. Appointed to Committee, 1st July 2004. Experienced in executive management, public company and Board administration.
Mr PG Choiselat	Executive	Member. Appointed to Committee, 1st July 2004. Experienced in executive management, accounting and public company management.

Remuneration Committee
The Remuneration Committee is comprised of 3 Directors, a majority of whom are considered to be independent. The Company Secretary normally attends Remuneration Committee meetings.

The current members of the Remuneration Committee are:

Mr KV Campbell	Non-executive, Independent	Chairman. Appointed to Committee, 1st July 2004.
Hon JG Kennett	Non-executive, Independent	Member. Appointed to Committee 1st July 2004.
Mr PG Choiselat	Executive	Member. Appointed to Committee, 1st July 2004.

Corporate Governance Committee
The Corporate Governance Committee is comprised of 4 Directors, two of whom are considered to be independent. The Company Secretary normally attends Corporate Governance Committee meetings.

The current members of the Corporate Governance Committee are:

Mr KV Campbell	Non-executive, Independent	Chairman, Appointed to Committee, 1st July 2004.
Hon JG Kennett	Non-executive, Independent	Member. Appointed to Committee, 1st July 2004
Mr PG Choiselat	Executive	Member. Appointed to Committee, 1st July 2004
Mr AP Risch	Executive	Member. Appointed to Committee, 1st July 2004.

Principle 2 – Structure the Board To Add Value

The Board's principal objective is to maintain and increase shareholder returns within a business and governance setting that provides for the proper and effective management of the Company's business activities and future strategic direction, details of which are contained in Principle 1 above.

Strategic direction is set by the Board through approving corporate activities and direction, setting management guidelines, and developing governance and management practices.

Management oversight is provided at a Board level, and the Board is responsible for appointing each of the Managing Director, the Chief Executive Officer, the Company Secretary, and approving the provision of services by the Chief Financial Officer. The Board approves capital expenditure commitments, acquisitions and divestments, and monitors the financial performance and reporting of the Company.

Day-to-day operational and administrative management of the Company is delegated to the Managing Director and Chief Executive Officer. Within this setting, the Managing Director and the Chief Executive Officer regularly report to the Board on all operational and financial matters, details of which are contained in Principle 7.

The Board undertakes as part of its role the identification of significant areas of business risk, implementation procedures to manage such risks and the development of policies regarding the establishment and maintenance of appropriate ethical standards. Its specific role in this area is to:

- ensure compliance in legal, statutory and ethical matters ;
- monitor the business environment;
- identify and manage business risk areas;
- identify business opportunities; and
- monitor systems established to ensure prompt and appropriate responses to shareholder complaints and enquiries.

The Board currently is comprised of 5 Directors, a majority of whom are considered independent. In considering whether a Director of the Company can be considered to be independent, regard has been given to whether or not those Directors held an interest in more than 2.0% of the Company's shares, and whether those same Directors held an interest in any other form of contractual relationship with the Company other than by virtue of their continuing service as a Non-executive Director of the Company.

The Managing Director and Chief Executive Officer are solely responsible for managing the Company on an operational basis although the Board is regularly consulted by executive management on operational matters.

The Chairman does not have an operational role and is considered to be independent. The Chairman's role is to provide leadership and to manage the Board so that it operates efficiently and effectively, and to facilitate interaction between the Chief Executive Officer and the Board.

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CORPORATE GOVERNANCE STATEMENT

The names of the current and former Non-executive and Executive Directors of Jumbuck Entertainment Ltd who were in office at any time during or since the end of the year, are:

Current:

			Appointed:
Mr KV Campbell	Non-executive, Independent	Chairman	Director: 18/02/02 Chairman: 20/04/04
Mr BR Bennie	Non-executive, Independent Executive	Director	Director: 20/04/04
Mr PG Choiselat	Executive	Managing Director	Director: 31/10/02 Managing Director: 31/10/02
Hon JG Kennett	Non-executive, Independent Executive	Director	Director: 20/04/04
Mr AP Risch	Executive	Chief Executive Officer	Director: 12/05/00 CEO: 12/05/00

Principle 3 – Promote Ethical and Responsible Decision Making

The Board has established a Corporate Governance Committee to review the governance practices of the Company, including in the areas of guiding Management and the Board in the effective identification, management and resolution of unethical business practices. As foreshadowed in the previous year's annual report, the Company has now formalised a Code of Conduct which is applicable to all Directors and employees. The Code is based on the premise, that all dealings with employees, stakeholders, the community and regulatory authorities is to be conducted fairly, diligently, honestly and lawfully.

In support of its governance obligations, the Company maintains a share trading policy (set by the Board) that restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to have been reflected in the Company's share price. In principle, the policy provides for the following:

- no trading is permitted for short-term speculative gain or whilst in possession of price sensitive information;
- trading is generally permitted, with the prior written consent of the Chairman (or nominee), during the 4-week disclosure windows immediately following the AGM and the release of the half-yearly and annual results; and
- trading outside of the permitted disclosure windows may be permitted in certain circumstances with the prior written approval of the Chairman (or nominee).

In accordance with ASX disclosure obligations, all Directors are to advise the Company of any disclosable interest immediately.

In support of their duties and responsibilities as Directors, each Executive and non-Executive Director, with prior advice to the Chairman, has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfill their duties and responsibilities as Directors of the Company.

Principle 4 – Safeguard Integrity of Financial Reporting

The Board has appointed an Audit Committee with following main responsibilities :-

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the financial reporting process;
- nominate external auditors; and
- review the existing external audit arrangements.

The Audit Committee meets regularly to review the half year and annual results of the Company, and to review the audit process, the output of that process and those representations of a formal nature made by management in support of maintaining the Company's commitment to integrity in financial reporting.

The Chief Financial Officer and the external auditors are invited to Audit Committee meetings at the discretion of the Committee. The Chief Financial Officer regularly attends at meetings of the Board (main) to present financial reports to the Board and to take questions on those reports.

The Company's external Auditors regularly attend the Annual General and other General Meetings of the Company.

Principle 5 – Make Timely and Balanced Disclosure

The Company maintains an appropriate and responsive continuous disclosure regime which supports the timely and balanced disclosure of all matters concerning the Company. The Company Secretary is responsible, on the Board's behalf, of communicating issues with the ASX.

The disclosure management framework provides for:

- compliance with the Corporations Act and the ASX Listing Rules;
- the timely disclosure to the market of all price sensitive Company information;
- a conservative approach to the release and dissemination of price or event sensitive information; and
- precludes selective or differential disclosure to selected individuals or groups or in selected situations.

Principle 6 – Respect the Rights of Shareholders

The Company supports an effective investor relations management regime to provide for the timely and effective communication with, and dissemination of information to, shareholders.

The primary source of information disclosure to shareholders, and under the ASXCGC Recommendations, continues to be the Half Yearly and Annual Reports of the Company.

The Company issues, on a regular basis, market releases and investors presentations to ensure that investors and members of the public are kept informed about new developments concerning the Company and its business operations.

Principle 7 – Recognise and Manage Risk

The Company does not have a separate Risk Committee with risk oversight, in an operational sense, being exercised at Board level. The Audit Committee has specific responsibility for risk oversight in a financial sense. Both the Managing Director and the Chief Executive Officer regularly report to the Board (and to the Audit Committee) on matters of financial integrity and risk management

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The Board undertakes as part of its role to oversee the proper management of risk inherent in conducting business. There are structures in place to verify and safeguard the integrity of the Company's financial reporting.

The Company has maintained an efficient formal sign-off process for its financial statements, with senior management, the Managing Director and Chief Executive Officer providing signed formal declarations, that their areas of responsibility are, to the best of their knowledge, correctly reflected in the statement. Notwithstanding this existing process, the Company has instigated a formal sign-off by the Managing Director and Chief Executive Officer in a form as detailed above to ensure that it complies with the ASXCGC Recommendations.

Principle 8 – Encourage Enhanced Performance

The Board has in place a process for the review of its performance, the performance of director's Committees, the Managing Director, the Chief Executive Officer and senior management.

Due to the considerable workload from the structural and operational changes that occurred during the 2003/04 year, there was no review of Board or individual director performance during the reporting period.

The review of performance of the Chief Executive Officer is undertaken by the Remuneration Committee which recommends to the Board on any remuneration adjustment or incentive payment.

The review of the performance of the senior management is undertaken by the Chief Executive Officer, who provides a recommendation to the Remuneration Committee on any remuneration adjustments or incentive payments. The Remuneration Committee then provides its recommendation to the Board for decision.

Principle 9 – Remunerate Fairly and Responsibly

Under the Constitution, the Company's shareholders are responsible for determining the total maximum sum payable to the Non-executive Directors (collectively) as remuneration for their Board and Committee services.

The Company's policies regarding the terms and conditions for remuneration relating to the appointment and retirement of non-executive Directors are approved by the Board. Professional advice is taken when appropriate.

Equity based remuneration (to the extent applicable) is determined in accordance with those thresholds set out in plans approved by the Company's shareholders in General Meeting. Currently, the Company maintains a shareholder approved Incentive Options Scheme.

The Remuneration Committee meets regularly to review and approve the remuneration and employment terms and conditions of the Managing Director, Chief Executive Officer, Executive Directors and other senior executives.

The main responsibilities of this Committee are to ensure adequate human resource levels within the Company, the selection of appropriate candidates and the setting and monitoring of employment conditions. The Committee also oversees the effective management of the Company's Incentive Options Scheme. This information is separated out and disclosed as part of the Company's annual reporting obligations.

Principle 10 – Recognise Legitimate Interests of Stakeholders

The Board has developed a Code of Conduct, which requires a high level of ethical standards, corporate behaviour and accountability for Directors and all staff of the Company.

The Company's Code commits Directors and staff to high standards of conduct and compliance with the law. Under the Code, all Directors and staff are required to :-

- Comply with the law
- Act honestly and with integrity
- Not place themselves in situations that may create conflicts of interest
- Use the Company's assets responsibly and in the best interests of the Company
- Be responsible and accountable for their actions
- Act in the best interests of shareholders

The Code also provides guidance to staff regarding its implementation, and sets out reporting lines, methods of raising concerns and alternate reporting lines in the event that Staff do not feel comfortable speaking to their manager about a particular issue.

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DIRECTORS' REPORT

Your Directors present their report on the Company for the financial year ended 30 June 2005.

Directors

The names of the Directors in office at any time during or since the end of the year are:

Current:

Mr K V Campbell	(Chairman)	Hon J G Kennett
Mr B R Bennie		Mr A P Risch (Chief Executive Officer)
Mr P G Choiselat	(Managing Director)	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The names of those persons who have been Company Secretary and who were in office at any time during or since the end of the year are:

Current:

Ms T D Herbst (appointed 25th August 2005)

Former:

Ms C Chan (resigned 25th August 2005)

Mr G A Darling (resigned 11th February 2005)

Mr D J Berinson (resigned 4th August 2004)

Principal Activities

The principal activity of the Company during the financial year was:

— Mobile data services provider to wireless mobile carriers

Operating Results

The profit of the Company after providing for income tax amounted to $2,702,112.

Dividends Paid or Recommended

No dividends have been paid or declared since the start of the financial year, and the Directors do not recommend the payment of a dividend in respect of the financial year.

Review of Operations

A review of the operations of the Company during the financial year and the results of those operations is set out in the Managing Director's Report.

Significant Changes in State of Affairs

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly, or may significantly affect, the operations of the economic entity, the results of those operations, or the state of affairs of the Company in future financial years.

After Balance Date Events

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future Developments

Likely developments in the operations of the Company and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

Environmental Issues

The Company's operations are not subject to significant environmental regulation under the law of the Commonwealth and State.

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DIRECTORS' REPORT

Information on Directors

The names and particulars of Directors of the Company in office at the date of this report are:

Kevin V Campbell AM	Chairman (non-executive) Age 61
Experience	Appointed Chairman in April 2004. Board member since 2002. Mr Campbell was at the forefront of media technology during an extensive and diverse career in the broadcasting industry in Australia for over thirty-five years. He pursues an active and varied community leadership role and holds numerous honorary board positions. He is a former managing director of TVW Enterprises Ltd, Perth, and a former chairman of the Lotteries Commission of Western Australia. He is chairman of Q Ltd, Grain Biotech Australia Pty Ltd, the Telethon Institute for Child Health Research, and Movies on-Line Limited. He is a member of the General Division of the Order of Australia.
Interest in Shares and Options	110,957 ordinary shares in Jumbuck Entertainment Ltd (including 85,556 restricted ordinary shares escrowed for 24 months from the date on which the Company is first admitted to the ASX).
Special Responsibilities	Chairman, Remuneration and Corporate Governance Committees. Member, Audit Committee.

Bruce R Bennie	Director (non-executive) 40 years
Qualifications	Bachelor of Economics
Experience	Board member since April 2004. Mr Bennie has held senior sales and management positions in major corporations, including, a number of large US based telecommunication vendors, the most recent being as sales director for Lucent Technologies Australia/NZ. He has strong skills in developing marketing strategies, contract negotiation and strategic selling to major Telecommunications companies and brings to the company over 22 years of sales, management and marketing experience in the IT& T sector.
Interest in Shares and Options	20,000 ordinary shares in Jumbuck Entertainment Ltd and options to acquire a further 188,889 ordinary shares.
Special Responsibilities	Nil.

Paul Gerard Choiselat	Managing Director (executive) 50 years
Qualifications	Mr Choiselat holds academic qualifications in business and in marketing. They include a Bachelor of Business (Accounting), a Diploma of Business (Marketing), and a Master of Business Administration. He is also a Certified Practising Accountant (CPA) and Fellow of the Chartered Institute of Company Secretaries in Australia (FCIS).
Experience	A Board member since 2002, Mr Choiselat was appointed as Managing Director in 2002. Business minded with more than 26 years business-related experience, primarily in the investment, finance, manufacture, healthcare and retail sectors, Mr Choiselat currently heads up Beconwood Securities Pty Ltd, his privately owned investment banking business. He has had extensive experience in funds management, underwriting and in venture capital. He is also the Managing Director of Q Ltd, Managing Director of Training Solutions Plus Limited, and a Non-executive Director of Healthscope Limited, an ASX listed private hospital operator. He is also a Non-executive Director of a number of Australian and international private and public investment and trading corporations, and recently retired as a member of the Board of Trustees of the Scotch College Foundation.
Interest in Shares and Options	5,945,682 ordinary shares in Jumbuck Entertainment Ltd (including 5,127,037 restricted ordinary shares escrowed for 24 months from the date on which the Company is first admitted to the ASX).
Interest in Contracts and Arrangements	Mr Choiselat is a director and shareholder of Beconwood Securities Pty Ltd which has an arrangement to supply certain facilities and services to the Jumbuck Entertainment Ltd.
Special Responsibilities	Managing Director of Jumbuck Entertainment Ltd. Involved in day to day operations. Member of the Audit, Corporate Governance and Remuneration Committees.

Hon Jeffrey Gibb Kennett AC	Director (non-executive) 57 years
Experience	Board member since April 2004. The Hon Jeffrey Kennett was an Officer in the Royal Australian Regiment, serving at home and overseas. He was a Member of the Victorian Parliament for 23 years, and was Premier of the State from 1992 to 1999. Mr Kennett is currently Chairman of Australian Seniors Finance Limited and Open Windows Australia Propriety Limited, a Director of Q Ltd and Barbu D'Anvers Propriety Limited. He is also Chairman of Beyondblue, the national depression initiative, Chairman of Enterprize Ship Trust, and a member of the Singapore Tourism Board's International Advisory Committee for Tourism.
Interest in Shares and Options	191,388 ordinary shares in Jumbuck Entertainment Ltd (including 111,112 restricted ordinary shares escrowed for 24 months from the date on which the Company is first admitted to the ASX) and options to acquire a further 222,222 ordinary shares.
Special Responsibilities	Chairman of Audit Committee. Member of the Corporate Governance and Remuneration Committees.

Adrian Paull Risch	Chief Executive Officer – 27 years.
Experience	A Board member since 2000. Mr Risch was the founder of Jumbuck Entertainment Ltd and as Chief Executive Officer manages the Company's day-to-day operations. Mr Risch has extensive experience in managing corporate IT projects and application development teams. He has an in-depth understanding of international telecommunication markets and consumer consumption of mobile data services. Mr Risch is also a director of MetOcean Engineers Pty Ltd, an international oceanography company. He is also a Member of the Australian Institute of Company Directors.
Interest in Shares and Options	2,796,337 ordinary shares in Jumbuck Entertainment Ltd (including 2,213,306 restricted ordinary shares escrowed for 24 months from the date on which the Company is first admitted to the ASX) and options to acquire a further 1,111,111 ordinary shares.
Special Responsibilities	Chief Executive Officer of Jumbuck Entertainment Ltd. Involved in day to day operations. Member of the Corporate Governance Committee.

Information on Company Secretary

The names and particulars of the Company Secretary of the Company in office at the end of the year and at the date of this report are:

Ms Cynthia Chan	Company Secretary
Qualifications	Ms Chan holds a Bachelor of Commerce degree and a Diploma in Financial Planning. She is an Affiliate Member of the Securities Institute of Australia.
Experience	Ms Chan has extensive experience in the corporate/finance and legal areas and has held company secretary positions in both listed and unlisted companies. She was appointed Company Secretary of the Company on 11th February 2005. Ms Chan is also the Company Secretary of Q Ltd and of the New Zealand listed Training Solutions Plus Ltd.
Interest in Shares and Options	15,735 ordinary shares in Jumbuck Entertainment Ltd

Ms Tamira Diane Herbst	Company Secretary
Qualifications	Ms Herbst holds a Bachelor's Degree in Law, a Bachelor's Degree in Jurisprudence and has partially completed a Master of Business (Corporate Governance). Ms Herbst was admitted as a Solicitor and Barrister of the Supreme Court of Victoria in 1989. She has extensive legal and corporate activity experience.
Experience	Ms Herbst was the Company Secretary and Legal Counsel for Grand Hotel Group before being appointed as Company Secretary. Her previous positions were as Company Secretary and Legal Counsel at Cavendish Properties Pty Ltd and as Senior Associate at CBD commercial law firms. Ms Herbst is a member of the Securities Institute of Australia (Affiliate), Australian Corporate Lawyers Association, Australian Institute of Directors, Chartered Secretaries Institute of Australia (Affiliate) and Law Institute of Victoria. She is a Director of Tourism Victoria and Deputy Chairperson of Linden St Kilda Centre for Contemporary Arts. Ms Herbst is also Company Secretary of Q Ltd and of the New Zealand listed Training Solutions Plus Ltd.
Interest in Shares and Options	Nil

REMUNERATION REPORT

This report outlines the remuneration arrangements for directors and executives of Jumbuck Entertainment Ltd.

Remuneration Policy

The Company has an established policy for determining the nature and amount of emoluments of Board Members and Senior Executives of the Company to align remuneration with the creation of shareholder value. The remuneration structure for the Senior Executives, including the Managing Director, seeks to emphasise payment for results. The objective of the reward scheme is to both reinforce the short and long terms goals of the Company and to provide a common interest between management and shareholders.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company are responsible for determining and reviewing compensation arrangements for the Directors, Chief Executive Officer (CEO) and Senior Executives.

The Remuneration Committee assesses the appropriateness of the nature and amount of the remuneration of Directors and Senior Executives on an annual basis by reference to the relevant employment market conditions with the overall objective of ensuring maximum stakeholder return from the retention of a high quality board and executive team. Professional advice is taken when appropriate.

Remuneration Structure

In accordance with the ASXCGC Recommendations, the structure of Non-executive Director and Senior Executives remuneration is separate and distinct.

Executives Directors, Secretary and Executives

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to :-

- Reward executives for achievement of pre-determined key performance indicators;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

The Remuneration for Senior Executives and staff is reviewed annually using a formal performance appraisal process.

The Remuneration Committee recommends to the Board increases in fixed remuneration each year based on the performance of individuals. In addition, the Committee reviews the performance and the remuneration of the Managing Director and recommends to the Board any short-term incentive payments and adjustments to his remuneration.

The remuneration structure is in two parts :-

- Fixed remuneration; and
- Variable remuneration.

Fixed Remuneration

Fixed remuneration comprises of payroll salary, superannuation and other benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Variable Remuneration

Comprises of a short-term incentive plan and a long-term incentive plan

Short –Term Incentive Plan

Short term incentives are used to differentiate rewards based on performance an a year by year basis. The principal performance indicator of the short-term incentive plan is based on the Company financial performance and individual achievement of specified goals, for example for achieving progress with growth initiatives.

Long-Term Incentive Plan

In April 2004, Jumbuck Entertainment Ltd established an employee option plan called the Jumbuck Entertainment Ltd Incentive Option Scheme ("Scheme"). The Scheme is designed to provide a long-term incentive for employees and directors of the Company to reward sustained superior performance and to align all interests more closely with those of Jumbuck Entertainment Ltd. It will allow them to participate in the Company's future growth and give them an incentive to increase profitability and returns to shareholders. Full time employees, part-time employees, directors and contractors of the Company are eligible to participate in the Scheme. Notwithstanding their eligibility to participate, the Directors have elected not to do so and instead submit recommendations for the grant of options for shareholder approval.

The entitlement of eligible participants under the Scheme is at the absolute discretion of the Directors.

The exercise price of each option offered pursuant to the Scheme is at the discretion of the Directors.

The total number of Options, which may be issued under the Scheme may not exceed 5% of the total number of issued shares in the Company as at the time of the proposed offer or issue. The Options hold no voting or dividend rights, and are not transferable.

During and since the end of the financial year, no Options were issued under the Jumbuck Entertainment Ltd Incentive Option Scheme. Refer to Note 24 for further details.

It is the Remuneration Committee's policy that employment contracts are entered into with senior executives. The CEO is the only executive covered by a contract currently. Details of this contract are provided on page 22.

Details of Specified Executives Remuneration

The remuneration of each of the five executives who received the highest remuneration from the Company during the financial year ended 30 June 2005 are detailed in the table below. The same five executives are also the five specified executives for the purposes of AASB 1046.

Table A

2005			**Primary**			**Post Employment**	**Equity**	**Other**	**Total**
	Salary, Fees	Superannuation Contribution	Consultancy Fees	Cash Bonus	Non-Cash Benefits	Benefits	Options		
	$	$	$	$	$	$	$	$	$
Ms C Chan	14,734	-		-	-	-	-	-	14,734
Ms M A Chuah	43,173	-		-	-	-	-	-	43,173
Mr G A Darling	44,132	-		-	-	-	-	-	44,132
Mr K M Stedman	150,000	13,500		-	-	-	-	-	163,500
Ms O P Hilton	100,102	8,836		-	-	-	-	-	108,938
Total	352,141	22,336		-	-	-	-	-	374,477

The Company did not have specified executives in 2003/04.

Company Performance

The table below shows the performance results of the Company for the last 5 years, as well as the share price at the end of the respective financial years.

	2001 $000	**2002 $000**	**2003 $000**	**2004 $000**	**2005 $000**
Revenue	91	593	1,422	2,994	7,293
Net Profit/(Loss) after tax	(489)	(10)	28	898	2,702
Share Price at Year-end	N/A	N/A	N/A	0.20*	0.80
Dividends Paid	NIL	NIL	NIL	NIL	NIL

* Jumbuck Entertainment Ltd was de-merged from its then parent company Q Ltd and listed on the Australian Stock Exchange in August 2004. The share price shown is the price at which shares were issued under the IPO of the Company.

Notwithstanding the Company's performance, no additional variable remuneration was paid to Senior Executives or staff during the year. As such, no short-term incentives were made or options granted during the financial year.

Refer to the Managing Director's Report for further discussion of the Company's result.

Employment Contract

The CEO, Mr Adrian Risch, is employed under contract. The current employment contract terminates on 30th June 2007, at which time the Company may chose to commence negotiation to enter into a new employment contract with Mr Risch. Under the terms of the present contract :-

- Mr Risch may resign from his position and thus terminate this contract by giving 6 months' written notice.
- The Company may terminate this Employment Contract by providing 6 months' written notice or provide payment in lieu of the notice period based on the fixed component of Mr Risch's remuneration).
- The Company may terminate the Contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the CEO is only entitled to that portion of the remuneration which is fixed, and only up to the date of termination.
- In the event of expiry or termination of the Contract, Mr Risch is restrained for a period of 12 months after the date of expiry or termination of the Contract from carrying on or being engaged in a business in competition with any business carried on by the Company. Mr Risch is also restrained for a period of 12 months after the date of expiry or termination of the Contract from endeavouring to entice any clients or employee of the Company.
- The Company from time to time set performance criteria for Mr Risch, in consultation with Mr Risch, against which the performance of Mr Risch in the position will be assessed.

Non-Executive Directors

The Board seeks to set an aggregate remuneration level which provides the Company with the ability to attract and retain Non-Executive Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting, to be divided between the Directors as the Directors shall determine and, in default of agreement between them, then in equal share. The aggregate remuneration of Non-Executive Directors is set at a maximum of $250,000 per annum approved by the then shareholder of the Company, Q Ltd, on 20th April 2004.

Each Non-executive Director receives a fee for being a director of the Company but no additional fees for sitting on or chairing committees. The Non-executive Directors also receive superannuation contributions, currently at 9%, and do not receive any other retirement benefits.

Non-executive Directors are encouraged by the Board to hold shares in the Company (purchased by the Directors on market). It is considered good governance for directors to have a stake in the company on whose board he or she sits.

Details of Directors Remuneration

The remuneration of each Director of the Company are detailed in the tables below:

Table B

2005

	Primary					**Post Employ-ment**	**Equity**	**Other**	**Total**
	Salary & Fees	Super-annuation Contributi-on	Consult-ancy Fees	Cash Bonus	Non-Cash Benefits	Benefits	Options		
	$	$	$	$	$	$	$	$	$
Mr K V Campbell	30,000	2,700		-	-	-	-	-	32,700
Mr P G Choiselat	70,000	6,300		-	-	-	-	-	76,300
Mr A P Risch*	180,000	16,200		-	-	-	-	-	196,200
Mr B R Bennie	10,000	900		-	-	-	-	-	10,900
Hon J G Kennett	10,000	900		-	-	-	-	-	10,900
Total	300,000	27,000		-	-	-	-	-	327,000

Table C

2004

	Primary					**Post Employ-ment**	**Equity**	**Other**	**Total**
	Salary & Fees	Super-annuation Contributio n	Consult-ancy Fees	Cash bonus	Non-Cash Benefits	Super-annuation	Options		
	$	$	$	$	$	$	$	$	$
Mr A P Risch	117,500	10,575		-	-	-	11,111	-	139,186
Mr K M Stedman	115,000	10,350		-	-	-	-	-	125,350
Mr B R Bennie	-	-		-	-	-	1,889	-	1,889
Hon J G Kennett	-	-		-	-	-	4,444	-	4,444
Total	232,500	20,925		-	-	-	17,444	-	270,869

OPTIONS

Table D

	Balance 01.07.04	Granted as Remun-eration	Options Exercised	Options expired	Balance 30.06.05	Total Vested 30.06.05	Total Exercisable
Directors							
Mr B R Bennie	188,889	-	-	-	188,889	188,889	188,889
Hon J G Kennett	222,222	-	-	-	222,222	222,222	222,222
Mr A P Risch	2,222,222	-	-	(1,111,111)	1,111,111	1,111,111	1,111,111
	2,633,333	-	-	(1,111,111)	1,522,222	1,522,222	1,522,222
Executives							
Mr D J Berinson	111,111	-	-	(111,111)	-		
Mr K M Stedman	666,667	-	-	-	666,667	666,667	666,667
	777,778			(111,111)	666,667	666,667	666,667
Total	3,411,111	-	-	(1,222,222)	2,188,889	2,188,889	2,188,889

Valuation Method and Amortisation of Options

The Company has in respect of the equity based Options component of Director's and Officer's emoluments, valued those Options using the Black-Scholes Option Pricing Model, which takes account of factors including the options exercise price, the current level and volatility of the underlying share price, the risk free interest rate, expected dividends on the underlying share, current market price on the underlying share and expected life of the option.

Meetings of Directors

The numbers of Directors' meetings and meetings of Committees of Directors held during the period each Director held office during the financial year and the relevant meetings attended by each Director are detailed in the table below.

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS					
			AUDIT & FINANCE COMMITTEE		REMUNERATION COMMITTEE		GOVERNANCE COMMITTEE *	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Mr K V Campbell	11	11	2	2	1	1	-	-
Mr B R Bennie	11	11	-	-	-	-	-	-
Mr P G Choiselat	11	11	2	2	1	1	-	-
Hon J G Kennett	11	10	2	1	1	1	-	-
Mr A P Risch	11	11	-	-	-	-	-	-

* No Governance Committee meetings were held during the year as no changes were required to the Corporate Governance Policy of the Company.

Indemnifying Officers or Auditors

During or since the end of the financial year, the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the following Directors, the Company Secretary and Executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director, Company Secretary and executive of the Company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was $4,309 for each Director, the Company Secretary and Executive:

Director:
Mr KV Campbell
Mr BR Bennie
Mr PG Choiselat
Hon JG Kennett
Mr AP Risch

Company Secretary:
Ms C Chan
Mr GA Darling
Mr DJ Berinson
Ms TD Herbst

Executive:
Ms MA Chuah (Chief Financial Officer)
Ms OP Hilton (Chief Operating Officer)
Mr KM Stedman (Marketing Executive)

There has been no indemnity granted on insurance premium paid to cover the auditor of the Company at any time during or since the financial year.

Options

No Options were granted over unissued shares during or since the financial year by the Company.

At the date of this report, the unissued ordinary shares of Jumbuck Entertainment Ltd under option are, as follows:

Grant Date	Date of Expiry	Exercise Price (Cents)	Number
24/05/04	27/11/05	60.75	1,111,111
24/05/04	27/11/05	60.75	188,889
24/05/04	27/11/05	60.75	666,667
24/05/04	14/01/06	60.75	133,333
24/05/04	18/12/06	60.75	222,222
TOTAL			2,322,222

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

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Non-audit Services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2005:

	$
Advice regarding the accounting policy proposed for product development costs	750
Administration of shareholder registration at AGM	150
	900

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2005 has been received and can be found on page 28 of the Directors' Report.

Signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors

P G Choiselat

Director

Dated this 25th day of August 2005

BDO

Chartered Accountants

563 Bourke Street Melbourne 3000
DX 30937 Stock Exchange Melbourne
Telephone (03) 9615 8500
Facsimile (03) 9615 8700
Email: bdomel@bdomel.com.au
www.bdo.com.au

DECLARATION OF INDEPENDENCE BY BDO TO THE DIRECTORS OF JUMBUCK ENTERTAINMENT LIMITED

To the best of my knowledge and belief, there have been no contraventions of:

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

BDo

BDO
Chartered Accountants

R D D Collie
Partner

Melbourne: 25th August 2005

Jumbuck Entertainment Ltd

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 $	2004 $
Revenues from ordinary activities	2	7,292,666	2,993,814
Accounting and audit fees		(82,345)	(18,628)
Advertising and marketing		(66,526)	(22,552)
Borrowing costs expense	3	-	(2,093)
Depreciation and amortisation expense	3	(572,990)	(67,920)
Employee benefits expense		(1,916,345)	(926,494)
Hosting expense		(221,284)	(189,092)
Insurance		(110,597)	(22,006)
Legal fees		(116,538)	(78,785)
Management fees		-	(1,202)
Occupancy		(155,777)	(109,287)
Other expenses from ordinary activities		(56,926)	(210,499)
Product development		(185,066)	(231,205)
Repairs and maintenance		(2,907)	(4,991)
Representation – overseas		(438,346)	(105,266)
Travel and accommodation		(192,475)	(160,659)
Profit from ordinary activities before income tax expense	3	3,174,544	843,135
Income tax benefit/(expense) relating to ordinary activities	4	(472,432)	55,174
Profit from ordinary activities after related income tax benefit/(expense)		2,702,112	898,309
Net Profit		2,702,112	898,309
Total changes in equity other than those resulting from transactions with owners as owners		2,702,112	898,309
Basic earnings per share (cents per share)	7	6.3	2.6
Diluted earnings per share (cents per share)	7	6.3	2.6

The accompanying notes form part of these financial statements

Jumbuck Entertainment Ltd

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Note	2005 $	2004 $
CURRENT ASSETS			
Cash assets	8	2,215,024	1,547,694
Receivables	9	2,443,102	1,037,074
Other assets	10	184,635	168,466
TOTAL CURRENT ASSETS		4,842,761	2,753,234
NON-CURRENT ASSETS			
Deferred tax assets	11	-	13,039
Property, plant and equipment	12	316,823	112,683
Intangibles	13	908,858	-
TOTAL NON-CURRENT ASSETS		1,225,681	125,722
TOTAL ASSETS		6,068,442	2,878,956
CURRENT LIABILITIES			
Payables	14	343,081	369,140
Current tax liabilities	15	73,801	39,347
Interest bearing liabilities	16	-	53,931
Other	17	38,265	41,790
Provisions	18	168,670	66,502
TOTAL CURRENT LIABILITIES		623,817	570,710
NON-CURRENT LIABILITIES			
Provisions	18	294,267	-
TOTAL NON-CURRENT LIABILITIES		294,267	-
TOTAL LIABILITIES		918,084	570,710
NET ASSETS		5,150,358	2,308,246
EQUITY			
Contributed equity	19	2,414,440	2,274,440
Retained profits	20	2,735,918	33,806
TOTAL EQUITY		5,150,358	2,308,246

The accompanying notes form part of these financial statements.

Jumbuck Entertainment Ltd

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 $	2004 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		6,022,404	2,508,259
Payments to suppliers and employees		(3,563,472)	(2,252,144)
Interest received		64,971	869
Borrowing costs		(448)	(2,093)
Income tax benefit		-	98,324
Income tax paid		(87,741)	-
Net cash provided by operating activities	23a	2,435,714	353,215
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(293,606)	(75,973)
Payment for development expenses		(1,392,381)	-
Net cash used in investing activities		(1,685,987)	(75,973)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		140,000	1,651,530
Share issue costs		-	(149,744)
Repayment of advances from former Parent entity		(168,466)	(348,071)
Net cash provided by/(used) in financing activities		(28,466)	1,153,715
Net increase(decrease) in cash held		721,261	1,430,957
Cash at beginning of financial year		1,493,763	62,806
Cash at end of financial year	8	2,215,024	1,493,763

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the Company of Jumbuck Entertainment Ltd. Jumbuck Entertainment Ltd is a public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. **Income Tax**

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

b. **Plant and Equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The following estimated useful lives are used in the calculation of depreciation:

Class of Fixed Asset	Years of useful life
Plant and equipment	4-5 years
Furniture and fittings	8 years

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

d. **Research and Development Expenditure**

Research and development costs were charged to profit from ordinary activities before income tax as incurred up to 30th June 2004. From 1st July 2004 development costs have been capitalised where it is expected beyond reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs.

Deferred development costs are amortised over the lesser of 15 months or the useful economic life of the product, once the product has been made available for commercial sale.

Research costs are charged to profit from ordinary activities before income tax as they are incurred.

This change in accounting policy has resulted in the deferral of $908,858 of development costs at 30 June 2005. See Note 13.

e. **Foreign Currency Transactions and Balances**

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

f. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions made by the Company to employee superannuation funds are charged as expenses when incurred.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The company operates an ownership-based remuneration scheme through the Incentive Option Scheme, details of which are provided in Note 24 to the financial statements. Other than minimal administration costs, which are expensed when incurred, the plan does not result in any expense to the Company. Options granted under this plan are recognised in the financial statements when exercised.

g. **Cash**

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

h. **Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

All revenue is stated net of the amount of goods and services tax (GST).

i. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

j. **Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

k. **Impact of Adoption of Australian Equivalents to International Financial Reporting Standards (IFRSs)**

The company is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the financial statements for the year ended 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

Management has assessed the significance of the expected changes and is preparing for their implementation. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the entity's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as follows.

Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard setters to the current AIFRS or interpretation of the AIFRS requirements changes from the continuing work of management.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Research and Development Costs

Under AASB 138, Intangible Assets, costs associated with the research phase of the development of an asset must be expensed.

The financial effect of this impact has been assessed as $nil, as no research costs were capitalised at 1 July 2004 or 30 June 2005.

ii) Impairment of Assets

Under AASB136, Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level, A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted cash flows that will be received from the asset's use and subsequent disposal.

The financial effect of this impact has been assessed as $nil, as it is not believed that there is an impairment of any of the property, plant and equipment or intangible assets at 1 July 2004 or 30 June 2005.

iii) Income Tax

Currently the entity adopts the liability method of tax effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 112: Income Taxes, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

The effect of this change is not deemed to be significant and the financial effect has been assessed as not having a material effect on profit for the year ended 30 June 2005.

	$
Reconciliation of Net Profit	
Net profit under Australian Accounting Standards	2,702,112
Net Profit under AIFRS	2,702,112
Reconciliation of Equity	
Total equity reported under Australian Accounting Standards	5,150,358
Total equity reported under AIFRS	5,150,358

NOTE 2: REVENUE

	Note	2005 $	2004 $
Operating activities			
— rendering of services		7,053,863	2,929,017
— interest received	2a	64,971	869
— Export Development Grant		173,832	63,928
		7,292,666	2,993,814
Total Revenue		7,292,666	2,993,814

a. Interest revenue from:		
— other persons	64,971	869
Total interest revenue	64,971	869

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax has been determined after:

Borrowing costs:		
— other persons	-	2,093
Total borrowing costs	-	2,093
Depreciation of non-current assets:		
— Plant and equipment	66,625	55,708
— Furniture and fittings	2,954	1,373
— Other assets	11,394	10,839
— Leasehold improvements	8,494	-
Total depreciation	89,467	67,920
Amortisation of intangibles:		
— Finished Goods - Games	416,347	-
— Finished Goods - Messaging	67,176	-
Total Amortisation	483,523	-
Total depreciation and amortisation	572,990	67,920

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES (Cont.)

	Note	2005 $	2004 $
Bad and doubtful debts:			
— trade debtors		12,000	26,178
Rental expense on operating leases			
— minimum lease payments		109,542	53,426
Foreign currency translation (losses)		(72,461)	(19,483)

NOTE 4: INCOME TAX EXPENSE

	2005	2004
a. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on profit from ordinary activities before income tax at 30 %	952,363	252,941
Add:		
Tax effect of:		
— Non-deductible legal fees	20,419	10,088
— Other non-allowable items	1,679	2,265
Less:		
— Net R & D allowable items	(502,029)	(45,535)
— Allowable tax items	-	(2,942)
— R & D Concession claims	-	(98,324)
— Recoupment of prior years tax losses	-	(173,667)
Income tax benefit attributable to profit from ordinary activities before income tax	472,432	(55,174)

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

a) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
b) conditions for deductibility imposed by the law are complied with; and
c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

	2005	2004
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and franking credits that may be prevented from distribution in subsequent financial years	87,741	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 5: DIRECTORS' AND EXECUTIVES' REMUNERATION

a. Names and positions held of Directors and Specified Executives in office at any time during the financial year are:

Directors

Mr K V Campbell	Chairman — Non-Executive
Mr P G Choiselat	Managing Director— Executive
Mr A P Risch	Director — Executive
Mr B R Bennie	Director — Non-Executive
Hon J G Kennett	Director — Non-Executive

Specified Executives

Ms C Chan	Company Secretary
Mr G A Darling	Company Secretary (resigned, 11th February 2005)
Mr D J Berinson	Company Secretary (resigned, 4th August 2004)
Ms M A Chuah	Chief Financial Officer
Ms O P Hilton	Chief Operating Officer
Mr K M Stedman	Marketing Executive

b. Directors' Remuneration

As allowed under the Corporation's Regulations 2001, the Company has chosen to disclose Directors' and Executives' remuneration in the Remuneration Report section of the Directors' Report. Refer Table B and Table C in the Remuneration Report segment of the Directors' Report.

c. Options

As allowed under the Corporation's Regulations 2001, the Company has chosen to disclose Directors' and Executives' options in the Remuneration Report section of the Directors' Report. Refer Table D in the Remuneration Report segment of the Directors' Report.

NOTE 5: DIRECTORS AND EXECUTIVES REMUNERATION (Cont.)

d. Shareholdings

Number of Shares held by Directors and Specified Executives

	Balance 01.07.04	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.06.05
Directors					
Mr B R Bennie	10,000	-	-	10,000	20,000
Mr K V Campbell	110,957	-	-	-	110,957
Mr P G Choiselat	5,945,682	-	-	-	5,945,682
Hon J G Kennett	166,113	-	-	25,275	191,388
Mr A P Risch	2,621,703	-	-	174,634	2,796,337
Specified Executives					
Mr D J Berinson	20,000	-	-	-	20,000
Ms C Chan	15,735	-	-	-	15,735
Ms M A Chuah	100,000	-	-	-	100,000
Mr G A Darling	20,000	-	-	(20,000)	-
Mr K M Stedman	712,629	-	-	431,856	1,144,485
Ms O P Hilton	20,000	-	-	-	20,000
	9,742,819	-	-	621,765	10,364,584

* Net Change other refers to shares purchased or sold during the financial year.

NOTE 6: AUDITORS' REMUNERATION	2005 $	2004 $
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report	25,500	6,000
— other services	900	4,620
	26,400	10,620

		Note	2005 $	2004 $
NOTE 7: EARNINGS PER SHARE				
a.	Reconciliation of earnings to net profit or loss			
	Net Profit		2,702,112	898,309
	Net Profit attributable to outside equity interest		-	-
	Profit used in the calculation of basic EPS		2,702,112	898,309
	Profit used in the calculation of dilutive EPS		2,702,112	898,309
b.	Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		43,066,556	34,204,797
	Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS		43,066,556	34,204,797

On 20th August 2004 the Company issued 700,000 shares pursuant to a Short Form Prospectus dated 12th August 2004.

The company had 2,322,552 options on issue at 30 June 2005 with an exercise price of 60.75 cents. These options were not included in the weighted average number of ordinary shares outstanding during the year as the average share price during the year was less than the exercise price of the options. The share price at 30 June 2005 was 80 cents.

NOTE 8: CASH ASSETS

	Note	2005 $	2004 $
Cash at bank		2,215,024	1,547,694
		2,215,024	1,547,694
Reconciliation of Cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash		2,215,024	1,547,694
Interest bearing liability (overdraft)	16	-	(53,931)
Net Cash		2,215,024	1,493,763

NOTE 9: RECEIVABLES

CURRENT

	2005 $	2004 $
Trade debtors	1,940,209	911,495
Provision for doubtful debts	(38,178)	(26,178)
	1,902,031	885,317
Other debtors	23,235	22,680
Accrued income	517,836	128,140
GST receivable	-	937
	2,443,102	1,037,074

NOTE 10: OTHER ASSETS

CURRENT

	2005 $	2004 $
Prepayments	184,635	168,466
	184,635	168,466

NOTE 11: DEFERRED TAX ASSETS

	2005 $	2004 $
Future income tax benefit		
a. The future income tax benefit is made up of the following estimated tax benefits:		
— timing differences	-	13.039
	-	13,039

NOTE 12: PLANT AND EQUIPMENT

	2005 $	2004 $
Plant and equipment		
At cost	390,726	242,433
Accumulated depreciation	(210,110)	(143,485)
	180,616	98,948
Furniture and Fittings		
At cost	32,164	12,241
Accumulated depreciation	(7,266)	(4,312)
	24,898	7,929
Other assets		
At Cost	85,897	39,832
Accumulated depreciation	(45,421)	(34,026)
	40,476	5,806
Leasehold improvements		
At Cost	79,327	-
Accumulated depreciation	(8,494)	-
	70,833	-
Total Plant and Equipment	316,823	112,683

a. Movements in Carrying Amounts

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

	Plant and Equipment $	Furniture and Fittings $	Other assets $	Leasehold $	Total $
Company:					
Balance at the beginning of year	98,948	7,929	5,806	-	112,683
Opening balance adjustment					
Additions	148,293	19,923	46,064	79,327	293,607
Depreciation expense	(66,625)	(2,954)	(11,394)	(8,494)	(89,467)
Carrying amount at the end of year	180,616	24,898	40,476	70,833	316,823

	Notes	2005 $	2004 $
NOTE 13: INTANGIBLES			
CURRENT			
Gross carrying value			
Balance at beginning of financial year		-	-
Additions from internal developments		1,392,381	-
Balance at end of financial year		1,392,381	-
Accumulated amortisation and impairment			
Balance at beginning of financial year		-	-
Amortisation expense		(483,523)	-
Balance at end of financial year		(483,523)	-
Net book value			
At beginning of financial year		-	-
At end of financial year		908,858	-
NOTE 14: PAYABLES			
CURRENT			
Unsecured liabilities			
Trade creditors		37,881	36,121
Sundry creditors and accrued expenses		278,735	135,204
GST payable		8,825	-
Amounts payable to Q Ltd		-	168,466
Amounts payable to director related entities		17,640	29,349
		343,081	369,140
NOTE 15: TAX LIABILITIES			
CURRENT			
Income tax		73,801	39,347
NOTE 16: INTEREST BEARING LIABILITIES			
CURRENT			
Bank overdraft		-	53,931
NOTE 17: OTHER			
CURRENT			
Billings in Advance		38,265	41,790
		38,265	41,790

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005	2004
		$	$
NOTE 18: PROVISIONS			
CURRENT			
Employee entitlements	18a	168,670	66,502
NON-CURRENT			
Provision for Deferred Income Tax		294,267	-
		462,937	66,502
a. Aggregate employee benefits liability		168,670	66,502
b. Number of employees at year-end			
- Casual employees		41	23
- Full time employees		24	18
Total employees		65	41
NOTE 19: CONTRIBUTED EQUITY			
43,162,448 Fully paid ordinary shares	19a	2,414,440	2,274,440
		2,414,440	2,274,440
a. **Ordinary shares**			
At the beginning of the reporting period		2,274,440	507,060
Share issued to Q Ltd at 30/6/04 – Debt/Equity swap		-	265,594
Shares issued 30/6/04 – May 2004 Prospectus		-	1,651,530
Share issue cost 30/6/04 – May 2004 Prospectus		-	(149,744)
Share issued 20/8/04 – Short Form Prospectus		140,000	-
At reporting date		2,414,440	2,274,440
		<u>No.</u>	<u>No.</u>
No of shares at the beginning of reporting period		42,462,448	20,000,000
Share issued to Q Ltd at 30/6/04 – Debt/Equity swap		-	1,328,000
Shares issued in Subdivision in 30/6/04		-	12,876,797
Share issue pursuant to Prospectus 30/6/04		-	8,257,651
Share issued 20/8/04 – Short Form Prospectus		700,000	-
At reporting date		43,162,448	42,462,448

NOTE 19: CONTRIBUTED EQUITY (Cont.)

b. **Options**

	Note	2005 No.	2004 No.
No of options at the beginning of reporting period		3,811,111	-
Options issued on 24 May 2004 at exercise price of 121.50 cents			1,111,111
Options issued on 24 May 2004 at exercise price of 60.75 cents			2,700,000
Options lapsed on 1 July 2004 at exercise price of 121.50 cents		(1,111,111)	
Options lapsed on 10 June 2005 at exercise price of 60.75 cents		(377,778)	
At reporting date		2,322,222	3,811,111

i. For information relating to the Jumbuck Entertainment Ltd Incentive Option Scheme, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 24.

ii. For information relating to share options issued to directors including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 24.

iii. At 30 June 2005, there were 2,322,222 unissued ordinary shares for which options were outstanding.

	Grant Date	Expiry date	Exercise Price (cents)	Balance 01.07.04	Options Granted	Options Excercised	Options Expired	Total Balance 30.06.05
Directors								
Mr B R Bennie	24/05/04	27/11/05	60.75	188,889	-	-	-	188,889
Hon J G Kennett	24/05/04	18/12/06	60.75	222,222	-	-	-	222,222
Mr A P Risch	24/05/04	27/11/05	60.75	1,111,111	-	-	-	1,111,111
Mr A P Risch	24/05/04	10/07/04	121.50	1,111,111	-	-	(1,111,111)	-
				2,633,333	-	-	(1,111,111)	1,522,222
Employees, former employees, consultants and former directors								
Mr D J Berinson	24/05/04	10/06/05	60.75	111,111	-	-	(111,111)	-
Mr K M Stedman	24/05/04	27/11/05	60.75	666,667	-	-	-	666,667
Mr B Milton	24/05/04	14/01/06	60.75	133,333	-	-	-	133,333
Mr P Berry	24/05/04	10/06/05	60.75	66,667	-	-	(66,667)	-
Mr J Gurfinkel	24/05/04	10/06/05	60.75	133,333		-	(133,333)	-
Mr J Tan	24/05/04	10/06/05	60.75	66,667	-	-	(66,667)	-
				1,177,778			(377,778)	800,000
Total				3,811,111			(1,488,889)	2,322,222

NOTE 20: RETAINED PROFITS/(ACCUMULATED LOSSES)

	Note	2005 $	2004 $
Retained profits/(losses) at the beginning of the financial year		33,806	(864,503)
Net profit attributable to the members of the entity		2,702,112	898,309
Retained profits at the end of the financial year		2,735,918	33,806

NOTE 21: CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

	2005	2004
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable		
— not later than 1 year	87,467	4,032
— Later than 1 year but under 5 years	81,600	-
Total non capitalised commitment	169,067	4,032
Capital commitments	-	-

The property lease is a non-cancellable lease which expires on 30th June 2007. Rent is then payable on a bi monthly basis.

NOTE 22: SEGMENT REPORTING

Primary reporting — Business segment

The Company has only one business segment:

- Mobile Data Service Provider

Secondary reporting — Geographical segments

	Segment Revenues from External Customers		Carrying Amount of Segment Assets		Acquisitions of Non-current Segment Assets	
	2005	2004	2005	2004	2005	2004
	$	$	$	$	$	$
Geographical location:						
Australia	1,922,392	833,218	4,367,426	2,189,114	1,685,988	75,973
Asia Pacific	373,189	393,859	89,276	102,062	-	-
Europe	1,224,403	1,054,567	314,128	393,046	-	-
North America	3,762,612	712,170	1,294,155	194,734	-	-
Middle East	10,070	-	3,457	-	-	-
	7,292,666	2,993,814	6,068,442	2,878,956	1,685,988	75,973

The Company's business is located in Australia, with mobile data services being exported to other countries.

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers:

There are no intersegment transfers.

NOTE 23: CASH FLOW INFORMATION	2005 $	2004 $
a. **Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax**		
Profit from ordinary activities after income tax	2,702,112	898,309
Cash flows excluded from profit from ordinary activities attributable to operating activities:		
Non-cash flows in profit from ordinary activities		
Depreciation	89,467	67,920
Amortisation of Intangible Assets	483,523	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Increase in trade and term debtors	(946,820)	(446,588)
Decrease in trade creditors and accruals	(26,060)	(91,745)
Increase in prepayments	(16,169)	(168,466)
Increase in FITB	13,039	(13,039)
Increase in Provision for Income tax	34,454	39,347
Increase in provisions	102,168	67,477
Cash flow from operating activities:	2,435,714	353,215

NOTE 24: EMPLOYEE BENEFITS

Jumbuck Entertainment Ltd has established an employee option plan called the Jumbuck Incentive Option Scheme ("Scheme"). The Scheme is designed to provide a long-term incentive for employees and Directors of Jumbuck Entertainment Ltd. It allows them to participate in Jumbuck Entertainment Ltd's future growth and provides them with an incentive to increase profitability and returns to shareholders. Full time employees, part-time employees, directors and contractors of Jumbuck Entertainment Ltd are eligible to participate in the Scheme. Notwithstanding their eligibility to participate, the Directors have elected not to do so and instead submit recommendations for the grant of options for shareholder approval pursuant to ASX Listing Rule 10.17.

The entitlement of eligible participants under the Scheme is at the absolute discretion of the Directors.

The exercise price of each option offered pursuant to the Scheme is also at the discretion of the Directors.

The total number of options which may be issued under the Scheme may not exceed 5% of the total number of issued shares in Jumbuck Entertainment Ltd as at the time of the proposed offer or issue.

The options hold no voting or dividend rights, and are not transferable.

NOTE 24: EMPLOYEE BENEFITS (Cont.)

a. Movement in the number of share options held by directors are as follows:

	2005 No.	2004 No.
Opening balance	2,633,333	-
Granted during the year	-	2,633,333
Exercised during the year	-	-
Lapsed during the year	(1,111,111)	-
Closing Balance	1,522,222	2,633,333

Movement in the number of share options held by employees, former employees, consultants and former directors are as follows:

	2005 No.	2004 No.
Opening balance	1,777,778	-
Granted during the year	-	1,777,778
Exercised during the year	-	-
Lapsed during the year	(377,778)	-
Closing Balance	800,000	1,777,778

b. Details of share options held by directors outstanding as at end of year:

Grant Date	Expiry and Exercise Date	Exercise Price	2005 No.	2004 No.
24/05/04	01/07/04	121.50 cents	-	1,111,111
24/05/04	27/11/05	60.75 cents	188,889	188,889
24/05/04	27/11/05	60.75 cents	1,111,111	1,111,111
24/05/04	18/12/06	60.75 cents	222,222	222,222
			1,522,222	2,633,333

Details of share options held by employees, former employees, consultants and former directors outstanding as at end of year:

Grant Date	Expiry and Exercise Date	Exercise Price	2005 No.	2004 No.
24/05/04	10/06/05	60.75 cents	-	377,778
24/05/04	27/11/05	60.75 cents	666,667	666,667
24/05/04	14/01/06	60.75 cents	133,333	133,333
			800,000	1,177,778

NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 26: RELATED PARTY TRANSACTIONS	2005 $	2004 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
i. Director Related Entities:		
Fees charged at arms length were paid to Q Ltd (a company associated with Messrs Campbell, Bennie, Choiselat and Kennett, directors of Jumbuck Entertainment Ltd) for printing services throughout the year.	10,174	-
Mr Choiselat, by virtue of being a Director of, and a shareholder in Beconwood Securities Pty Ltd (a substantial shareholder in Jumbuck Entertainment Ltd) had an interest in the fees and /or commercial benefits arising from the following arrangements:		
Beconwood Securities Pty Ltd has an arrangement to supply certain facilities and services to Jumbuck Entertainment Ltd, which are on normal commercial terms and conditions no more favourable than those available to other parties. Total paid to Beconwood Securities Pty Ltd	115,092	128,427
ii. Share Transactions of Directors		
Directors and director related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in members of the Company:		
Jumbuck Entertainment Ltd		
— ordinary shares	9,064,364	8,845,455
— options over ordinary shares*	1,522,222	2,633,333

Ordinary shares and options to acquire ordinary shares:

Directors and their related entities:

(a) acquired 209,909 ordinary shares in Jumbuck Entertainment Ltd;

(b) options to acquire 1,111,111 ordinary shares in Jumbuck Entertainment Ltd lapsed during the year;

(c) No options were issued during the year.

NOTE 27: FINANCIAL INSTRUMENTS

a. **Interest Rate Risk**

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate$		Fixed Interest Rate Maturing: Within Year $		1 to 5 Years $		Over 5 Years $		Non-interest Bearing $		Total $	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Assets:														
Cash	3.10	3.10	2,215,024	1,493,763	-	-	-	-	-	-	-	-	2,215,024	1,493,763
Receivables	-	-	-	-	-	-	-	-	-	-	2,443,102	1,037,074	2,443,102	1,037,074
Total Financial Assets			2,215,024	1,493,763	-	-	-	-	-	-	2,443,102	1,037,074	4,658,126	2,530,837
Financial Liabilities:														
Trade and sundry creditors			-	-	-	-	-	-	-	-	325,441	200,674	325,441	200,674
Employee entitlements			-	-	-	-	-	-	-	-	168,670	66,502	168,670	66,502
Amounts payable related			-	-	-	-	-	-	-	-	17,640	168,466	17,640	168,466
Total Financial Liabilities			-	-	-	-	-	-	-	-	511,751	435,642	511,751	435,642

b. **Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

c. **Net Fair Values**

The carrying amounts of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values. Fair values are determined by reference to standard terms and conditions, quoted market prices, where available, or discounting expected future cash flows

For other assets and other liabilities the net fair value approximates their carrying value.

NOTE 28: CONTINGENT LIABILITIES

There are no contingent liabilities.

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DIRECTORS' DECLARATION

The Directors of the company declare that:

1. the financial statements and notes, as set out on pages 29 to 50 are in accordance with the *Corporations Act 2001*:
   (a) Comply with Accounting Standards and the *Corporations Regulations 2001*; and
   (b) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the Company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view.
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.

This declaration is made in accordance with a resolution of the Board of Directors.

P G Choiselat
Director

Dated this 25th day of August 2005

BDO

Chartered Accountants

563 Bourke Street Melbourne 3000
DX 30937 Stock Exchange Melbourne
Telephone (03) 9615 8500
Facsimile (03) 9615 8700
Email: bdomel@bdomel.com.au
www.bdo.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF JUMBUCK ENTERTAINMENT LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Jumbuck Entertainment Limited (the company), for the year ended 30 June 2005.

The company has disclosed information about the remuneration of directors and executives (remunerations disclosures), as required by Accounting Standard 'AASB 1046: Director and Executive Disclosures by Disclosing Entities', under the heading 'Remuneration Report' in tables A to D of the Directors' Report, as permitted by the *Corporations Regulations 2001*.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement, and the remuneration disclosures comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

The independence declaration given to the directors in accordance with section 307C would be in the same terms if it had been given at the date of this report.

Audit Opinion

In our opinion;

1. the financial report of Jumbuck Entertainment Limited is in accordance with:

   (a) the Corporations Act 2001, including:

      (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and

      (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

   (b) other mandatory financial reporting requirements in Australia.

2. the remuneration disclosures that are contained in the Directors' Report comply with Accounting Standard AABS 1046 and the *Corporations Regulations 2001*.

BDO

BDO
Chartered Accountants

R D D Collie
Partner

Melbourne 25th August 2005

Jumbuck Entertainment Ltd

ABN 69 092 817 171

Voting Rights

Ordinary Share

On a show of hands every member present in person or by proxy or attorney or representative of a shareholder has one vote. On a poll every member present in person or by proxy or attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she is appointed, have one vote for every share held.

Options

Options do no carry voting rights.

Company Secretary

(Current)	Ms T B Herbst	(appointed, 25th August 2005)
(Former)	Ms C Chan	(resigned, 25th August 2005)
(Former)	Mr G A Darling	(resigned, 11th February 2005)
(Former)	Mr D J Berinson	(resigned, 4th August 2004)

Registered Office

5th Floor, Bank House
11 Bank Place
Melbourne
Victoria 3000

Telephone:	61 3 9691 4910
Fax:	61 3 9670 7932
Email:	therbst@beconwood.com.au

Principal Place of Business

Jumbuck Entertainment Ltd

Level 5, 500 Collins Street

Melbourne
Victoria 3000

Website: www.jumbuck.com

Share Registry

Computershare Investor Services Pty Ltd
Level 2
Reserve Bank Building
45 St George's Terrace
Perth
Western Australia 6000

Telephone:	61 8 9323 2000
Fax:	61 8 9323 2003

Stock Exchange Listings

Jumbuck Entertainment Ltd expects its Shares to be quoted by the Australian Stock Exchange shortly after the date of the Annual Report under the following code which has been reserved for the Company:

ASX Code (reserved): JMB