Jumbuck Entertainment Ltd

2011 Full Year Results

August 2011

Summary

Business Direction

Operating Results

Outlook and Expectations

Summary

Jumbuck Entertainment is now on a clear and focussed path, driven by its new leadership team

Business on focus

- Growth path – Premium Social Messaging
- Mature assets – maintain user base; optimise free cash flow

Results reflect transition

- Revenue* of $6.9m (2010: $12.8m)
- Operating EBITDA of ($1.4m)
- Impairment of mature assets of ($5.1m)
- NPAT of ($6.2m)
- Divested non-core assets; investing in growth catalysts

Well positioned in mobile ecosystem

- New platform – clear monetisation routes
- International footprint
- Strong relationships – carriers, broader business partners

Foundations remain strong

- Zero debt
- Cash to support growth
- 0.5 cents final dividend (1.0 cents for year), fully franked
- Working capital for growth

* Operating revenue excluding interest

Summary

Business Direction

Operating Results

Outlook and Expectations

What we saw in 2010/11

Mission

- Monetise global mobile entertainment communities
- Engage our network:
  - End users
  - Carriers
  - Broader business partners

Industry Trends

- Ecosystem wars – Apple; Google; challengers
  - Smart devices
  - Application stores
- 'Wild West' of social media – uncontrolled, unclear monetisation
- Application developers in some pain (overall – few notable exceptions)
- New economic challenge – connecting physical and virtual worlds

Operating priorities

- Mature communities: optimise free cash flow
  - New revenue sources
  - Reduce cost and complexity
  - Exit marginal positions
- New skills: CIO, Product management
- 'One Jumbuck' operations

New opportunity and focus

- Premium Social Messaging solutions
  - Addresses trends: smartphones, instant messaging, social media
  - Clear monetisation levers
  - Cuts to pain points of our partners
- Heightened relevance to partners through proactive business development – carriers, media, brands

Mature Communities: Chat and Dating

Position

Challenging revenue dynamic – but:

- Still significant user base
- Valuable acquisition sources
- Solid free cash flow

Operating Focus

Optimise free cash flow

- New revenue sources (around Smart Device platforms)
  – Micro transactions
  – Gifts and Gaming
  – Premium advertising
  – Alerts
- Move towards unified platform
  – Reduce complexity
  – Add functionality (Instant Messaging, Gifting)
- Exit marginal positions
  – Revenue doesn't justify acquisition cost

Launchpad Catalysts

Insqribe

iPhone/Android application services

- Service business – building momentum
- Application development – first release this quarter
- Platform capabilities – migrating with JMB unified platform

MyLevel

Launchpad Investment – Facebook game

- Launched May 2011
- Heavily revised game dynamics being implemented
- Second round testing in September
- Cost neutral moving forward

New Focus: Premium Social Messaging

New Focus

- New platform
- Supporting multiple products
- Appealing to a new generation of mobile use
- Accessing wide range of vertical markets

Business Proposition

As a business proposition, the Jumbuck Premium Social Messaging solution combines the best of:

- The skills and disciplines we have learned around ***Premium Services*** in the mobile chat and dating world (e.g., billing and compliance, moderation, freemium business models, the platform and application skills from the Insqribe acquisition);
- ***Instant Messaging***, applied to create premium, public content, rather than its normal private use; and
- ***Social Media***, as a channel to find premium quality content, rather than a repository for free and uncontrolled content.
- With flexible, traditional monetisation options

First Premium Social Messaging Product: The Jumbuck Heroes Platform

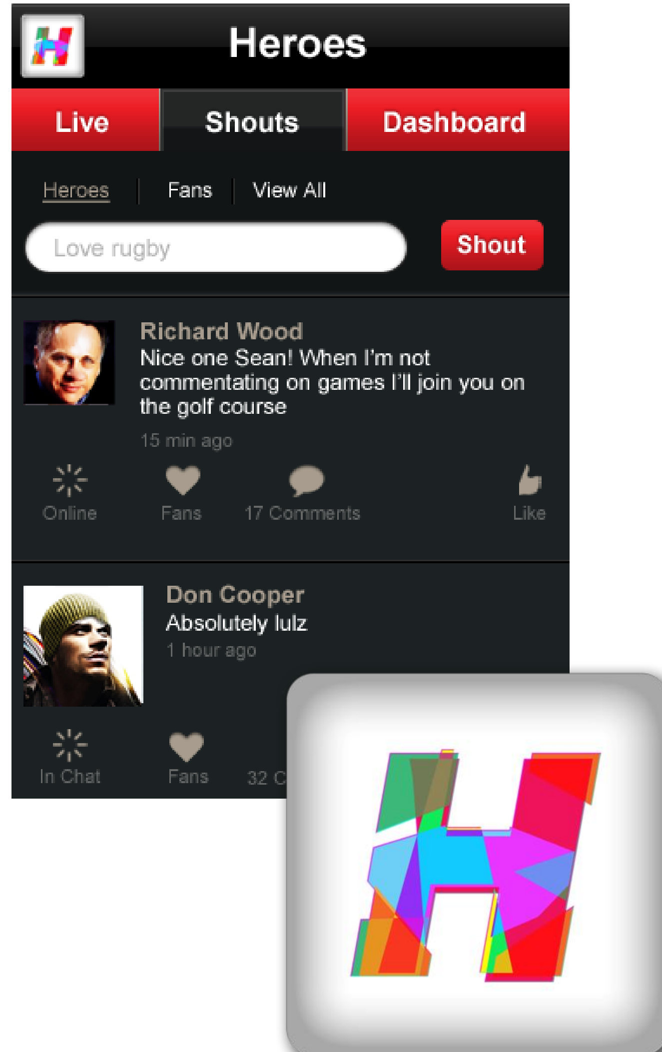
A ground breaking **Branded Social Media** platform that connects the intensity of Hero adoration, the power of brands, and the intimacy and immediacy of mobile . . .

. . . to create **unique, real time content** as Heroes interact; and fans follow, like, rate and participate . . .

. . . that taps the strength of established **Social Media** (e,g,.Twitter, Facebook, Google+) as a channel to build **awareness** and **generate traffic** . . .

. . . is **managed and moderated** to brand guidelines . . .

. . . and tied to **proven mobile revenue models** with benefits shared back to the heroes and brands aligned with them.



Jumbuck Heroes – Strong Pipeline of Opportunity

First Releases

- Sports Community (September 2011)
- Lifestyle Community (October 2011)

Active Discussions

- Brands
  - Manufacturer (Aus; Global)
  - Retail (UK; Aus)
- Sports
  - Regional
    - Football
    - Rugby
  - Further global events
- Celebrities
  - Agents (US, Europe, India)
- Social TV
  - TV Production (UK)

Supported by:

- Carriers
  - Unique content
  - Retention
- Media
  - Unique Editorial

Profit and Loss

	H1 2011	H2 2011	FY11	FY10
	($'000)	($'000)	**($'000)**	($'000)
Revenue from Operations (ex interest)	3,926	2,956	**6,882**	12,761
Operating Costs – Normal Operations	(3,693)	(3,204)	**(6,897)**	(9,779)
Foreign Exchange Impact	(138)	(16)	**(154)**	141
Change in Capitalisation	(550)	(544)	**(1,094)**	-
Operating EBITDA*	(455)	(808)	**(1,263)**	3,123
Goodwill / Impairment Adjustments	-	(5,121)	**(5,121)**	(3,734)
Restructuring Costs	(341)	-	**(341)**	(420)
EBITDA	(796)	(5,929)	**(6,725)**	(1,031)
Depreciation & Amortisation	(607)	(591)	**(1,198)**	(1,740)
EBIT	(1,403)	(6,520)	**(7,923)**	(2,771)
NPAT	(858)	(5,339)	**(6,197)**	(2,460)
Dividend per share	0.5 cents	0.5 cents	**1.0 cent**	1.5 cents

Normalised operating costs continue to reduce

Changes in capitalisation of deferred development costs

Impairment of goodwill – mature communities, MyLevel

One off expenses – internal restructuring

The Jumbuck Balance Sheet Remains Healthy

	June 2011	June 2010
	($'000)	($'000)
Cash	**6,417**	6,453
Other current assets	**2,035**	5,163
Intangible Assets	**9,656**	15,629
Total Assets	**19,047**	27,853
Borrowings	**NIL**	NIL
Current liabilities	**1,705**	2,300
Total Liabilities	**1,735**	3,391
Net Assets	**17,312**	24,462
NTA per share	**14.6 cents**	20.0 cents
Net Current Assets	**6,747**	9,316

Reflects the sale of Oztion in Sept 10 & success in collection of other receivables

Includes 5.1m writedowns – mature communities

Remain debt free

Working capital to support growth

jumbuck®

Cash Still Strong

	FY 2011	FY 2010
	($'000)	($'000)
Opening Cash	**6,453**	7,206
Net Flows From Operations	**641**	3,507
Proceeds from Forex Options	**347**	1,036
Product Development	**(964)**	(2,058)
Acquisition Costs	**(345)**	(1,938)
Proceeds from Asset Sales	**1,016**	200
Dividend Payments	**(731)**	(1,220)
Share Buyback	**-**	(280)
Closing Cash Position	**6,417**	6,453
Cash movement for the year	**(36)**	(753)

Includes ATO/IRS tax refunds of $1.9m. Includes ≈ $700k+ invested in new focus

Changes in capitalisation of deferred development costs

Final Plutolife payout

Insqribe acquisition and MyLevel investment

Oztion sale proceeds

Closing cash still strong

Dividend

- Final Dividend: 0.5 cents per share
- Record Date: 16th September 2011
- Payment Date: 7th October 2011
- Full Year Dividend: 1.0 cents per share (fully franked)

Summary

Business Direction

Operating Results

Outlook and Expectations

Jumbuck®

Jumbuck's Business Focus

Context

Community Disciplines
- Billing and Compliance
- Moderation
- mWeb; Web; WAP

International Presence
- Business development
- Product development

Industry dynamics
- Smart phones
- Social media
- Instant messaging

Cash Position
- Mature Communities
- Balance Sheet

Premium Social Messaging

- Compelling proposition
- Diverse monetisation

The Way Forward

Immediate Priorities

- Optimize revenues and free cash flow from mature chat and dating products
  - Nurture profitable areas
  - Reduce exposure in areas of marginal return
  - Control operational costs
  - Maintain international footprint

- Focus new resource investment into developing Premium Social Messaging
  - Development commercialization
  - Licensing / revenue share collaboration with partners

- Drive internal opportunities to grow sales pipeline around Premium Social Messaging
  - Leverage international relationships to shortlist initiatives

Outcomes

- Release the Hero's Platform
  - Launch Rugby Icon
  - Launch Top Ten Chefs Pty. Ltd.
  - Deploy across other communities & verticals including:
    - sport
    - new media
    - wellbeing

- Increase in community activity ahead of new revenue steams

- Return to profitability by end of FY 2012

Disclaimer

This document has been prepared based on management's current expectations and beliefs and is relevant only up to the date of this presentation.

The presentation may contain unaudited information, forward looking statements or comments which are subject to a number of factors and uncertainties. All statements and comments are made in good faith and every effort has been made to ensure the accuracy of the statements and comments. However, future operations and performance inherently involves certain risks, uncertainties and assumptions.

No statement or comment provided as part of this presentation shall be construed as a guarantee or predictor of the operations, performance or position of Jumbuck Entertainment Limited. Similarly, no warranty is provided by Jumbuck Entertainment Limited or any employee or Director of Jumbuck Entertainment Limited as to the contents of this presentation.

This presentation is not an offer for the sale of securities.

jumbuck®