

APPENDIX 4E

PRELIMINARY FINAL REPORT

JUMBO INTERACTIVE LIMITED

ABN 66 009 189 128

And its Controlled Subsidiaries

Reporting period: Financial year ended 30 June 2015

Previous corresponding period: Financial year ended 30 June 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2015 \$	2014 restated \$	Change \$	Change %
Revenue from operations	29,199,753	24,799,132	4,400,621	17.7
Profit after tax attributable to members	663,261	3,250,637	(2,587,376)	(79.6)
Total comprehensive income for the period attributable to members	532,105	763,054	(230,949)	(30.3)

DIVIDENDS

Proposed final fully franked ordinary dividend of 1.5 **(one and a half) cents per share** making a total fully franked ordinary dividend of 3.0 cents per share (2014: 3.0) with a franking percentage of 100% (2014: 100%) as follows:

- Record date: 4 September 2015
- Payment date: 25 September 2015

The conduit foreign income component of the dividend is nil.

The Dividend Reinvestment Plan will be suspended for the proposed interim fully franked dividend.

ANNUAL GENERAL MEETING

Date: Thursday, 29 October 2015
Time: 5:00pm
Venue: Lady Thiess Room
Customs House
399 Queen Street
Brisbane, QLD, 4000

EXPLANATION OF RESULTS

There has been a correction of an error relating to revenue recognised in previous years (restated) which has improved the overall finances of the Company – refer to Note 4 for details.

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

The Company reports an increase in TTV and revenue due to good growth in the Australian business. The first year of operations in Germany incurred significant marketing costs which weighed on the profit. The German business is part of an effort to reposition Jumbo as a multi-jurisdictional company. This operating segment was restructured in June 2015 to reduce expenses and focus on more efficient marketing to improve the contribution made by the business.

Net reportable operating revenues increased 17.7% to \$29,199,753 (2014: \$24,799,132 restated) and TTV increased by 21.5% to \$129,999,326 (2014: \$106,960,995 restated). The consolidated profit of the Group amounted to \$663,261 (2014: \$3,250,637 restated), after providing for income tax \$1,920,374 (2014: \$1,981,253 restated) – refer Note 5 for tax expense details.

Other revenue, being mainly interest on cash, increased by 12.5% to \$1,204,810 (2014: \$1,070,897). During the financial year, the lower average cash and cash equivalent balances and lower average interest rates resulted in lower interest income and a continued weakening of the AUD foreign exchange rate resulted in a higher FX gain, compared to the 2014 financial year. There was an increase in other income of \$118,755 in respect of an export market development grant claim.

Group earnings before interest, tax, depreciation and amortisation decreased by \$1,911,134 from \$6,635,289 (2014 restated) to \$4,724,155.

Although there was a contribution to TTV and revenue from Germany, the increase in overall TTV and revenue was due primarily to growth in the customer database in Australia. The overall reduction in NPAT resulted from overseas expansion efforts in particular in Germany as well as costs relating to software development in Australia which has benefits for the entire group.

The number of large jackpots is a significant driver of sales. The sales trend over the last three financial year periods in the context of such jackpots is summarised as follows:

	FY 2015	FY 2014 restated	FY 2013 restated
TTV	\$130.0 million	\$107.0 million	\$109.8 million
Reported Revenue	\$29.2 million	\$24.8 million	\$25.9 million
OZ Lotto/ Powerball			
Number of jackpots of \$15 million or more	34	36	39
Average Division 1 jackpot of \$15 million or more	\$25.3 million	\$25.7 million	\$29 million
Peak Division 1 jackpot during the financial year period	\$70 million	\$70 million	\$112 million
Aggregate Division 1 jackpots on offer during the financial year period	\$860million	\$925million	\$1,130 million

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

		Segment Revenue and Other Income		Segment Results - NPBT	
		2015	2014 restated	2015	2014 restated
Note		\$	\$	\$	\$
Internet lotteries					
Australia		29,345,271	25,216,528	8,120,012	8,145,169
Germany		172,157	8,621	(3,591,431)	(1,114,642)
Mexico		-	3	(298,512)	(349,074)
Internet lotteries segment	14	29,517,428	25,225,152	4,230,069	6,681,453
All other segments	14	707,284	508,882	228,663	13,016
		30,224,712	25,734,034	4,458,732	6,694,469

Germany and Mexico became reportable segments in the 2014 financial year.

Review of Operations

(a) Online Lottery Segment

The Company was successful in growing the Internet lottery segment with revenue and other income increasing 17% to \$29,517,428 (2014: \$25,225,152 restated) from a 21.4% increase in TTV to \$129,291,227 (2014: \$106,461,026 restated). This was as a result of an increase in customer database size despite slightly lower jackpot activity this financial year compared to 2014. Increased investment in the Company's Internet intellectual properties, notably www.ozlotteries.com and www.jumbolotto.de, as well as ongoing efforts to expand into overseas markets, have increased the operating costs. This has resulted in a decrease of 37% in net profit before tax contribution to \$4,230,069 (2014: 6,681,453 restated).

Australia

Successful marketing campaigns resulted in an 11% increase in customer accounts to 1.92 million and 16% growth in revenue and other income to \$29,345,271 (2014: \$25,216,528 restated). Net profit before tax decreased marginally to \$8,120,012 (2014: \$8,145,169 restated) due to an increase in expenses of approximately \$1,500,000 relating to software development. Approximately \$500,000 of these expenses is non-recurring.

TTV for the financial year increased by 20% to \$127,755,614 (2014: \$106,372,238 restated),

Germany

The first full year of operations in Germany resulted in revenue and other income of \$172,157 (2014: \$8,621) due to the commencement of marketing activities, with TTV of \$1,535,613 (2014: \$88,788). This also resulted in increased costs with an associated increase in net loss before tax of \$3,591,431 (2014: loss of \$1,114,642). The business was restructured in June 2015 to reduce ongoing costs and optimize marketing efforts. This involved a number of staff changes and a move of the office from Munich to Hamburg.

Mexico

Activity in Mexico has reduced as negotiations continue with lottery administration. Minimal activity is expected in the year ahead as contract negotiations continue.

The net loss before tax for Mexico was \$298,512 (2014: loss \$349,074).

(b) All Other Segments

This segment consists of the sale of non-lottery products and services. Revenue and other income increased to \$707,284 (2014: \$508,882) and net profit before tax increased to \$228,663 (2014: \$13,016).

Other

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

NOTE: The accounts are in the process of being audited.

Jumbo Interactive Limited and its Controlled Subsidiaries

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2015

	Note	Consolidated Group	
		2015 \$	2014 restated \$
Revenue	2	29,199,753	24,799,132
Cost of sales		(2,655,599)	(2,665,999)
Gross profit		26,544,154	22,133,133
Other revenue/income	2	1,204,810	1,070,897
Expenses			
Distribution expenses		(22,158)	(26,201)
Marketing costs		(7,676,286)	(4,721,395)
Occupancy expenses		(992,605)	(765,311)
Administrative expenses	3	(16,292,122)	(12,287,967)
Finance costs		(6,041)	(1,130)
Share of losses of joint venture(s) accounted for using the equity method	9	(176,117)	(170,136)
Profit before income tax expense		2,583,635	5,231,890
Income tax expense	5	(1,920,374)	(1,981,253)
Profit after income tax expense for the year attributable to the owners of Jumbo Interactive Limited		663,261	3,250,637
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		(125,607)	43,085
Change in fair value of available-for-sale financial assets		(5,549)	(2,530,668)
Other comprehensive income for the half year, net of tax		(131,156)	(2,487,583)
Total comprehensive income for the half year attributable to the owners of Jumbo Interactive Limited		532,105	763,054
		Cents	Cents
Basic earnings per share	6	1.5	7.4
Diluted earnings per share	6	1.5	7.3

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Jumbo Interactive Limited and its Controlled Subsidiaries CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	Consolidated Group		
		2015	2014 restated	1 July 2013 restated
		\$	\$	\$
Current Assets				
Cash and cash equivalents	7	23,777,863	25,366,357	24,460,703
Trade and other receivables		493,921	639,734	418,917
Inventories		62,941	49,404	55,098
Total current assets		<u>24,334,725</u>	<u>26,055,495</u>	<u>24,934,718</u>
Non-current assets				
Receivables	8	-	121,945	193,688
Investments accounted for using the equity method	9	412,366	1	1
Available-for-sale financial assets	10	-	-	2,530,054
Property, plant and equipment		486,341	318,062	366,059
Intangible assets		9,361,983	7,592,694	6,314,304
Deferred tax assets		717,012	514,784	395,562
Total non-current assets		<u>10,977,702</u>	<u>8,547,486</u>	<u>9,799,668</u>
Total assets		<u>35,312,427</u>	<u>34,602,981</u>	<u>34,734,386</u>
Current liabilities				
Trade and other payables	11	11,739,062	10,438,714	10,183,425
Current tax liabilities		1,457,519	1,555,902	1,225,085
Provisions		196,106	200,159	369,816
Total current liabilities		<u>13,392,687</u>	<u>12,194,775</u>	<u>11,778,326</u>
Non-current liabilities				
Provisions		202,376	163,950	133,857
Deferred tax liabilities		36,611	119,705	471,643
Total non-current liabilities		<u>238,987</u>	<u>283,655</u>	<u>605,500</u>
Total liabilities		<u>13,631,674</u>	<u>12,478,430</u>	<u>12,383,826</u>
Net assets		<u>21,680,753</u>	<u>22,124,551</u>	<u>22,350,560</u>
Equity				
Contributed equity	12	29,969,572	29,759,572	29,544,572
Accumulated losses		(17,398,827)	(17,398,827)	(17,398,827)
Profits appropriation reserve		10,724,322	11,382,641	9,443,834
Other reserves		(1,614,314)	(1,618,835)	760,981
Total equity		<u>21,680,753</u>	<u>22,124,551</u>	<u>22,350,560</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Jumbo Interactive Limited and its Controlled Subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Contributed equity	Accumulated losses	Profits appropriation reserve restated	Share-based payments reserve	Foreign currency translation reserve	Financial assets revaluation reserve	Total equity restated
	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED GROUP							
Balance at 1 July 2013	29,544,572	(17,398,827)	7,602,499	533,060	(6,068)	233,989	20,509,225
Adjustment for correction of error (Note 4)	-	-	1,841,335	-	-	-	1,841,335
Balance at 1 July 2013 – restated	29,544,572	(17,398,827)	9,443,834	533,060	(6,068)	233,989	22,350,560
Total comprehensive income for the year							
Profit for the year	-	-	3,250,637	-	-	-	3,250,637
<i>Other comprehensive income</i>							
Foreign currency translation reserve differences	-	-	-	-	43,085	-	43,085
Foreign exchange movement on Available-for-sale financial asset	-	-	-	-	-	(2,530,668)	(2,530,668)
Total comprehensive income for the year	-	-	3,250,637	-	43,085	(2,530,668)	763,054
Transactions with owners in their capacity as owners							
Issue of shares	215,000	-	-	-	-	-	215,000
Dividends paid	-	-	(1,311,830)	-	-	-	(1,311,830)
Share-based payments	-	-	-	107,767	-	-	107,767
	215,000	-	(1,311,830)	107,767	-	-	(989,063)
Balance at 30 June 2014	29,759,572	(17,398,827)	11,382,641	640,827	37,017	(2,296,679)	22,124,551

Refer to Note 4 for detailed information on restatement of comparatives.

	Contributed equity	Accumulated losses	Profits appropriation reserve restated	Share-based payments reserve	Foreign currency translation reserve	Financial assets revaluation reserve	Total equity restated
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	29,759,572	(17,398,827)	11,382,641	640,827	37,017	(2,296,679)	22,124,551
Total comprehensive income for the year							
Profit for the year	-	-	663,261	-	-	-	663,261
<i>Other comprehensive income</i>							
Foreign currency translation reserve differences	-	-	-	-	(125,607)	-	(125,607)
Change in fair value of available-for-sale financial assets	-	-	-	-	-	(5,549)	(5,549)
Total comprehensive income for the half year	-	-	663,261	-	(125,607)	(5,549)	532,105
Transactions with owners in their capacity as owners							
Issue of shares	210,000	-	-	-	-	-	210,000
Dividends paid	-	-	(1,321,580)	-	-	-	(1,321,580)
Share-based payments	-	-	-	135,677	-	-	135,677
	210,000	-	(1,321,580)	135,677	-	-	(975,903)
Balance at 30 June 2015	29,969,572	(17,398,827)	10,724,322	776,504	(88,590)	(2,302,228)	21,680,753

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Jumbo Interactive Limited and its Controlled Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	Consolidated Group	
		2015	2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		32,132,288	26,107,856
Payments to suppliers and employees		(25,814,384)	(19,279,766)
Interest received		734,953	827,507
Interest and other costs of finance paid		(6,041)	(1,130)
Income tax received		-	29,326
Income tax paid		(2,304,078)	(2,150,923)
Net cash provided by (used in) operating activities	17(a)	4,742,738	5,532,870
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets		(5,549)	(614)
Loans to related parties – payments made		(368,239)	(55,494)
Payments for plant and equipment		(366,956)	(218,376)
Payments for intangibles		(4,474,547)	(3,265,980)
Proceeds from sale of plant and equipment		1,708	2,884
Proceeds from sale of intangibles		6	-
Net cash provided by (used in) investing activities		(5,213,577)	(3,537,580)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		210,000	215,000
Dividends paid	13	(1,321,580)	(1,311,830)
Net cash provided by (used in) financing activities		(1,111,580)	(1,096,830)
Net increase in cash and cash equivalents		(1,582,419)	898,460
Net foreign exchange differences		(6,075)	7,194
Cash and cash equivalents at beginning of half year		25,366,357	24,460,703
Cash and cash equivalents at end of half year		23,777,863	25,366,357

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

Jumbo Interactive Limited and its Controlled Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2015

NOTE 1: BASIS FOR PREPARATION OF PRELIMINARY FINAL REPORT

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

The Preliminary Final Report has been prepared on an accruals basis and is based on historical costs, including available-for-sale financial assets.

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Group	
	2015	2014 restated
	\$	\$
Revenue		
— Revenue from sale of goods	2,232,152	2,008,256
— Revenue from rendering services	26,967,601	22,790,876
Revenue from continuing operations	<u>29,199,753</u>	<u>24,799,132</u>
Other income/ revenue		
— Interest received		
- Cash	761,715	848,917
— Other revenues		
- Foreign exchange gains	225,033	24,869
- Other	218,062	197,111
	<u>1,204,810</u>	<u>1,070,897</u>
Total	<u>30,404,563</u>	<u>25,870,029</u>

NOTE 3: PROFIT FOR THE YEAR

	Consolidated Group	
	2015	2014
	\$	\$
Profit before income tax from operations includes the following specific expenses:		
Cost of sales		
— Sale of goods	1,068,252	1,051,733
— Rendering of services	1,587,347	1,614,266
Finance costs		
— Interest on financial liabilities not at fair value through profit and loss	15	1,130
— Fees arising from financial liabilities not at fair value through profit and loss	6,026	-
Depreciation of non-current assets ¹		
— Plant and equipment	157,991	198,708
Amortisation of non-current assets ¹		
— Leasehold improvements	38,978	64,781
— Intangibles	2,705,252	1,987,589
Other expenses		
— Operating lease rentals – minimum lease payments	992,605	765,311
— Employee benefits expense ¹	6,756,148	4,911,352
— Defined contribution superannuation expense ¹	815,239	589,559

¹ included in administration expense

NOTE 4: CORRECTION OF ERROR

Correction of error relating to revenue recognised in previous years.

An error was discovered in the consolidated entity's systemic processes whereby GST on commission received was incorrect. This was caused by an internal error in the systemic process where GST on commission received has been overstated since the 30 June 2008 financial year. This error resulted in revenue being understated by \$2,978,731 (cumulative impact from 2008 to 2014), creditors (as at 30 June 2014) overstated by \$3,156,543, GST expense (cumulative impact from 2008 to 2014) and current GST liability (as at 30 June 2014) being understated by \$177,812, and income tax expense (cumulative impact from 2008 to 2014) and current income tax liability (as at 30 June 2014) being understated by \$671,716, with a net impact on profit after tax being an understatement of \$2,307,015 (cumulative impact from 2008 to 2014). Extracts (being only those line items affected) are disclosed below.

The error has been corrected by entries to each of the affected financial statement line items for the current financial year.

The aggregate effect of the correction on the annual financial statements for the year ended 30 June 2015 is as follows:

NOTE 4: CORRECTION OF ERROR CONT'D

Statement of profit or loss and other comprehensive income – 30 June 2014

Extract	Consolidated Group		
	2014 \$ Reported	\$ Adjustment	2014 \$ Restated
Revenue	24,133,876	665,256	24,799,132
Gross profit	21,467,877	665,256	22,133,133
Profit before income tax expense	4,566,634	665,256	5,231,890
Income tax expense	(1,781,676)	(199,577)	(1,981,253)
Profit after income tax expense for the year	2,784,958	465,679	3,250,637
Other comprehensive income for the year, net of tax	(2,487,583)	-	(2,487,583)
Total comprehensive income for the year	297,375	465,679	763,054
	Cents Reported	Adjustment	Cents Restated
Earnings per share (cents per share)			
Basic earnings per share (cents per share)	6.4	1.0	7.4
Diluted earnings per share (cents per share)	6.3	1.0	7.3

Statement of financial position - 1 July 2013

Extract	Consolidated Group		
	1 Jul 2013 \$ Reported	\$ Adjustment	1 Jul 2013 \$ Restated
Assets			
Current assets			
Cash and cash equivalents	24,460,703	-	24,460,703
Liabilities			
Current liabilities			
Trade and other payables	12,496,899	(2,313,474)	10,183,425
Current tax liabilities	752,946	472,139	1,225,085
Total current liabilities	13,619,661	(1,841,335)	11,778,326
Total liabilities	14,225,161	(1,841,335)	12,383,826
Net assets	20,509,225	1,841,335	22,350,560

Notes to the Consolidated Financial Reports

NOTE 4: CORRECTION OF ERROR CONT'D

	Consolidated Group		
	1 Jul 2013		1 Jul 2013
	\$	\$	\$
Equity	Reported	Adjustment	Restated
Retained profits	7,602,499	1,841,335	9,443,834
Total equity	20,509,225	1,841,335	22,350,560

Statement of financial position - 30 June 2014

	Consolidated Group		
	2014		2014
	\$	\$	\$
Extract	Reported	Adjustment	Restated
Assets			
Current assets			
Cash and cash equivalents	25,366,357	-	25,366,357
Liabilities			
Current liabilities			
Trade and other payables	13,417,444	(2,978,730)	10,438,714
Current tax liabilities	884,185	671,716	1,555,901
Total current liabilities	14,501,789	(2,307,014)	12,194,775
Total liabilities	14,785,444	(2,307,014)	12,478,430
Net assets	19,817,537	2,307,014	22,124,551
Equity			
Retained profits	9,075,627	2,307,014	11,382,641
Total equity	19,817,537	2,307,014	22,124,551

Notes

	Consolidated Group	
	2015	2014
	\$	\$
Revenue and other income – sales revenue	Reported	Restated
Revenue from rendering of services	26,967,601	22,790,876
Total sales revenue	29,199,753	24,799,132

NOTE 4: CORRECTION OF ERROR CONT'D

Current assets – cash and cash equivalents

	Consolidated Group		
	2015	2014	1 Jul 2013
	\$	\$	\$
	Reported	Restated	Restated
General account balances	16,663,778	19,574,204	19,291,646
Customer account balances	7,114,085	5,792,153	5,169,057
	<u>23,777,863</u>	<u>25,366,357</u>	<u>24,460,703</u>

Current liabilities – trade and other payables

	Consolidated Group		
	2015	2014	1 Jul 2013
	\$	\$	\$
	Reported	Restated	Restated
Trade and other payables	4,624,977	4,646,561	5,014,368
Customer liability	7,114,085	5,792,153	5,169,057
	<u>11,739,062</u>	<u>10,438,714</u>	<u>10,183,425</u>

Current liabilities – income tax

	Consolidated Group		
	2015	2014	1 Jul 2013
	\$	\$	\$
	Reported	Restated	Restated
Provision for income tax	<u>1,457,519</u>	<u>1,555,902</u>	<u>1,225,085</u>

NOTE 5: INCOME TAX EXPENSE

	Consolidated Group	
	2015	2014 restated
	\$	\$
a. The components of tax expense comprise:		
— <i>Current tax</i>	2,170,268	2,480,011
— Deferred tax arising from origination and reversal of temporary differences	(285,321)	(471,161)
— Under/over provision deferred tax prior years	-	(3,285)
— Under/over provision tax prior years	23,383	(31,383)
— Under/over provision overseas tax prior years	12,044	7,071
Total income tax expense/(benefit) in profit and loss	<u>1,920,374</u>	<u>1,981,253</u>

NOTE 5: INCOME TAX EXPENSE CONT'D

	Consolidated Group	
	2015	2014 restated
	\$	\$
<i>b. Reconciliation:</i>		
— Tax at the Australian tax rate of 30% (2014: 30%)	775,090	1,569,567
— Income tax effect of overseas tax rates	1,087,261	414,670
— R&D expense	-	(27,725)
— Share options expensed during year	40,703	32,330
— Other	(30,034)	3,000
— Under/over provision for income tax in prior year	47,354	(31,383)
— R&D concession/credit	-	20,794
Total income tax expense/(benefit) in profit and loss	<u>1,920,374</u>	<u>1,981,253</u>

NOTE 6: EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share

	Consolidated Group	
	2015	2014 restated
	\$	\$
Basic earnings per share		
Profit after tax attributable to owners of Jumbo Interactive Limited used to calculate basic earnings per share	<u>663,261</u>	<u>3,250,637</u>
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>44,083,055</u>	<u>43,758,055</u>
	\$	\$
Diluted earnings per share		
Profit after tax attributable to owners of Jumbo Interactive Limited used to calculate diluted earnings per share	<u>663,261</u>	<u>3,250,637</u>
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>44,083,055</u>	<u>43,758,055</u>
Adjustments for calculation of diluted earnings per share: — options	<u>-</u>	<u>326,434</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<u>44,083,055</u>	<u>44,084,489</u>

NOTE 7: CASH AND CASH EQUIVALENTS

	Note	Consolidated Group	
		2015	2014 restated
		\$	\$
Total cash and cash equivalents		<u>23,777,863</u>	<u>25,366,357</u>
<i>Current</i>			
General account balances		<u>16,663,778</u>	<u>19,574,204</u>
<i>Current</i>			
Online lottery customer account balances	11	<u>7,114,085</u>	<u>5,792,153</u>

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

NOTE 8: RECEIVABLES – NON-CURRENT

	Consolidated Group	
	2015	2014
	\$	\$
Gross interest in joint venture	-	379,691
Share of joint entity's profit/(loss) after income tax expense	-	(257,746)
Net interest in joint venture	<u>-</u>	<u>121,945</u>

NOTE 9: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Company had a 50% interest in the joint venture entity Lotto Points Plus Inc, incorporated in the USA, which is involved in the provision of retailer-based lottery merchandising and affinity programs combined with internet lottery solutions in the USA.

In February 2015, Lotto Points Plus Inc., raised US\$500,000 capital through the issue of additional shares, and following a capital restructure, the Company's interest in Lotto Points Plus Inc reduced from 50% to 41.2% and the voting power held by the Company reduced from 50% to 48.1%. These changes have resulted in the Company not having control of Lotto Points Plus Inc because it is not able to govern the activities of this entity so as to obtain benefits from it, and the classification of the Company's investment in Lotto Points Plus Inc has therefore changed from a joint venture to an associate company.

The interest in associate/joint venture entities is accounted for in the consolidated financial statements using the equity method of accounting.

Interest in Associate – Lotto Points Plus Inc., USA	Place of business/ Country of incorporation	2015 %	2014 %	2015 \$	2014 \$
<i>Unlisted shares at cost</i>					
Lotto Points Plus Inc	New York, USA	41.2	50.0	1	1
Series A Preferred Stock repayable by 10 February 2020				486,493	-
Promissory Note repayable on 13 August 2016				427,126	-
Total investment in associate company				913,620	1
Share of associate/partnership's revenues and expenses and results					
Profit/(loss) brought forward				(257,746)	-
Revenues				163,451	-
Expenses				(373,140)	-
Profit/(loss) before income tax				(209,689)	-
Income tax expense				-	-
Profit/(loss) after income tax				(209,689)	-
Accumulated share of associate company profit/(losses)				(467,435)	-
Gain on dilution of shareholding recognised through profit and loss				33,573	-
Adjusted accumulated share of associate company profit/(losses)				(433,862)	-
FX translation increment				(67,392)	-
Accumulated share of associate company profits/(losses)				(501,254)	-
Net investment in associate company				412,366	1

NOTE 10: AVAILABLE-FOR-SALE FINANCIAL ASSETS (NON-CURRENT)

		Consolidated Group	
		2015	2014
		\$	\$
Unlisted securities			
Equity securities at cost		-	-
Equity securities at fair value		-	-
		<u>-</u>	<u>-</u>
Unlisted securities			
Unlisted securities comprise an investment in Sorteo Games Inc., USA. The Company owns 7% of the issued share capital of Sorteo Games Inc. The Company does not control Sorteo Games Inc because it is not able to govern the activities of this entity so as to obtain benefits from it. Shares in Sorteo Games Inc are carried at fair value of \$nil (2014: \$nil).			
Reconciliation:			
Opening value at cost		-	2,296,065
Additional cost		5,549	614
Foreign currency translation increment		-	233,989
Change in fair value of available-for-sale financial asset		(5,549)	(2,530,668)
		<u>-</u>	<u>-</u>

Fair value

Refer to Note 16 for more information about fair value of available-for-sale financial assets

NOTE 11: TRADE AND OTHER PAYABLES

		Consolidated Group	
		2015	2014 restated
		\$	\$
Total trade and other payables		<u>11,739,062</u>	<u>10,438,714</u>
<i>Current</i>			
Trade creditors and other payables		<u>4,624,977</u>	<u>4,646,561</u>
<i>Current</i>			
Customer funds payable	7	<u>7,114,085</u>	<u>5,792,153</u>

NOTE 12: ISSUED CAPITAL

		2015	2014	2015	2014
		Shares	Shares	\$	\$
At the beginning of the reporting period		43,902,560	43,552,560	29,759,572	29,544,572
Shares issued during the year					
Exercise of options		300,000	350,000	210,000	215,000
		<u>44,202,560</u>	<u>43,902,560</u>	<u>29,969,572</u>	<u>29,759,572</u>

NOTE 13: DIVIDENDS

	Consolidated Group	
	2015	2014
Ordinary shares	\$	\$
Dividends paid during the financial year	1,321,580	1,311,830
	<u>1,321,580</u>	<u>1,311,830</u>
Dividends paid in cash or satisfied by the issue of shares under the Dividend Reinvestment Plan during the financial years ended 30 June 2015 and 30 June 2014 were as follows:		
– Paid in cash	1,321,580	1,311,830
	<u>1,321,580</u>	<u>1,311,830</u>

NOTE 14: SEGMENT REPORTING

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (the Board). Comparatives for 2014 were stated on this basis.

Accounting policies

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

Segment information**(a) Description of segments**

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The Board considered the business from both a product and a geographic perspective and has identified the reportable segments.

Internet Lotteries segment consists of retail of lottery tickets sold both in Australia and eligible international jurisdictions, and internet database management/marketing. The Board monitors the performance of the regions on a separate basis. Accordingly, there are three operating segments: internet lotteries Australia, internet lotteries Germany and internet lotteries Mexico.

All other segments include operating segments of non-lottery business activities that are not reportable in terms of AASB 8 and revenues from external customers are derived from the sale of software products. Comparative figures for 2014 are stated on this basis.

(b) Segment information provided to the Board

The segment information provided to the Board for the operative segments for the financial year is as follows:

Germany and Mexico became reportable segments in the 2015 financial year.

NOTE 14: SEGMENT REPORTING CONT'D

2015	Internet Lotteries Australia	Internet Lotteries Germany	Internet Lotteries Mexico	Total Internet Lotteries
	\$	\$	\$	\$
Total segment sales revenue	28,388,380	123,276	317,542	28,829,198
Intersegment revenue	(19,967)	-	(317,542)	(337,509)
Total sales revenue from external customers	28,368,413	123,276	-	28,491,689
Other revenue/income from external customers	976,858	48,881	-	1,025,739
Total revenue and other income from external customers	29,345,271	172,157	-	29,517,428
Net profit before tax	8,120,012	(3,591,431)	(298,512)	4,230,069
Interest revenue	599,253	-	-	599,253
Finance costs expense	-	15	-	15
Depreciation and amortisation	2,622,758	21,366	1,053	2,645,177

There was no impairment charge or other significant non-cash item recognised in 2015 relating to the segments.

2014	Internet Lotteries Australia restated	Internet Lotteries Germany	Internet Lotteries Mexico	Total Internet Lotteries restated
	\$	\$	\$	\$
Total segment sales revenue	24,292,273	8,621	308,450	24,609,344
Intersegment revenue	-	-	(308,450)	(308,450)
Total sales revenue from external customers	24,292,273	8,621	-	24,300,894
Other revenue/income from external customers	924,255	-	3	924,258
Total revenue and other income from external customers	25,216,528	8,621	3	25,225,152
Net profit before tax (restated)	8,145,169	(1,114,642)	(349,074)	6,681,453
Interest revenue	714,491	-	3	714,494
Finance costs expense	41	1,087	-	1,128
Depreciation and amortisation	2,017,408	28,779	855	2,047,042

There was no impairment charge or other significant non-cash item recognised in 2014 relating to the segments.

(c) Other segment information*i. Segment revenue*

The revenue from external parties reported to the Board is measured in a manner consistent with that in the profit or loss. Revenues from external customers are derived from the sale of lottery tickets and provision of related services. A breakdown of revenue and results is provided in the tables above.

NOTE 14: SEGMENT REPORTING CONT'D

Segment revenue and other income reconciles to total revenue and other income as follows:

	Consolidated Group	
	2015	2014 restated
	\$	\$
Total segment revenue and other income	29,517,428	25,225,152
All other segments revenue	707,284	508,882
All other segments interest revenue	162,379	134,290
All other segments other	17,472	1,705
Total revenue and other income from operations (note 2)	30,404,563	25,870,029

ii. Net profit before tax (NPBT)

The Board assesses the performance of the operating segments based on a measure of NPBT. This measure excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring event. Furthermore the measure excludes the effects of foreign currency gains/(losses).

A reconciliation of the NPBT to operating profit before income tax is provided as follows:

	Consolidated Group	
	2015	2014 restated
	\$	\$
NPBT	4,230,069	6,681,453
Inter-segment elimination	17,472	-
All other segments	228,663	13,016
Other	-	1,705
Interest revenue	162,379	134,290
Corporate expenses		
Finance costs expense	(6,026)	(2)
Share based payments expense	(135,677)	(107,767)
Directors' remuneration	(131,400)	(131,100)
Salaries and wages	(705,137)	(687,848)
Other	(1,076,708)	(671,857)
Profit before income tax from operations (per P&L)	2,583,635	5,231,890

NOTE 15: NET TANGIBLE ASSETS PER SECURITY

	Consolidated Group	
	2015 Cent	2014 restated Cent
Net Tangible Assets per ordinary share	26.3	32.2

NOTE 16: FAIR VALUE MEASUREMENTS

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

Fair value hierarchy

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

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

As Jumbo Interactive Limited only holds unlisted equity securities, which are measured at cost, all available-for-sale financial assets fall within Level 3 of the fair value hierarchy.

Recognised fair value measurements

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

	Note	Consolidated Group	
		2015	2014
		\$	\$
Financial assets at fair value through Other Comprehensive Income	10	-	-
Available-for-sale financial assets	10	-	-

Disclosed fair values

The group also has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes to the financial statements.

Due to their short-term nature, the carrying amount of trade receivables and payables are assumed to approximate their fair values. The fair value of non-current receivables disclosed in Note 8 are based on cash flows discounted using the current lending rate of 7.00% (2014: 7.00%) for loans to joint venture parties (Level 3).

The carrying amount of current trade and other payables disclosed in Note 11 are assumed to approximate their fair values because the impact of discounting is not significant.

Valuation techniques used to derive level 3 fair values

Description	Valuation approach	Unobservable inputs	Range of inputs	Relationship between unobservable inputs and fair value
Unlisted equity securities in Sorteo Games Inc	Discounted cash flow	Weighted average cost of capital (WACC)	20%	Increased long-term profit growth rate and a lower WACC would increase the fair value
		Future free cash flow	Uncertain	Decreased long-term profit growth rate and a higher WACC would decrease the fair value
		Long term profit growth rate	Uncertain	

Reconciliation of level 3 movements

The following table sets out the movement in level 3 fair values for unlisted equity securities.

	\$
Opening balance 1 July 2014	-
Other increases	5,549
Change in fair value of available-for-sale financial assets	(5,549)
Closing balance 30 June 2015	-

Valuation process for level 3 fair values

Valuations of unlisted equity securities are performed by the CFO every six months to ensure that they are current for the half-year and annual financial statements. Valuations are reviewed and approved by the audit committee.

NOTE 17: CASH FLOW INFORMATION

	Consolidated Group	
	2015	2014 restated
	\$	\$
a. Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit for the year after income tax	663,261	3,250,637
Non-cash flows		
Amortisation	2,744,230	2,052,370
Depreciation	157,991	198,708
Unrealised foreign currency (gains)/losses	6,075	20,311
Share of losses of joint ventures accounted for using the equity method	176,117	170,136
Capitalised expenses of joint venture	(28,138)	(63,209)
Share option expense	135,677	107,767
Other	(195,769)	35,890
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(Increase) in trade receivables	22,721	68,963
Decrease/(Increase) in other receivables	123,092	(289,780)
Decrease/(Increase) in inventories	(13,537)	5,694
Decrease/(increase) in DTA	(202,228)	(119,222)
Increase/(decrease) in trade creditors	(875,888)	(329,440)
Increase/(decrease) in other creditors	2,081,996	584,731
Increase/(decrease) in other provisions	128,614	(139,564)
Increase/(decrease) in DTL	(83,094)	(351,938)
Increase/(decrease) in provision for income tax	(98,382)	330,816
Cash flow from operations	<u>4,742,738</u>	<u>5,532,870</u>

NOTE 17: CASH FLOW INFORMATION CONT'D

		Consolidated Group	
		2015	2014
		\$	\$
(b)	Facilities with Banks		
	Credit facility	1,050,000	1,550,000
	Facilities utilised		
-	Bank guarantees	(404,639)	(385,710)
	Amount available	<u>645,361</u>	<u>1,164,290</u>

The facilities are provided by ANZ Group Limited subject to general and specific terms and conditions being set and met periodically.

NOTE 18: EVENTS AFTER THE REPORTING PERIOD

Apart from the dividend declared, the directors are not aware of any matter or circumstance that has arisen that has significantly affected, or may significantly affect, the operations of the Group in the financial years subsequent to 30 June 2015.