

**A Wright Investors' Service Research Report
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Jumbo Corporation Limited

WRIGHT
INVESTORS' SERVICE

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BASIC INFORMATION

Ticker:
JUM

2004 Sales:
7,626,000

Primary SIC:
**Catalog and mail-order
houses (5961)**

Sector:
Consumer Discretionary

Industry:
Retailing

Country:
Australia

Currency:
Australian Dollars

Fiscal Year ends:
June

Employees:
8

Exchanges:
SYD

Share Type:
Ordinary

Market Capitalization:
4,027,774

Total Shares Outstanding:
223,765,227

Closely Held Shares:
187,012,610

COMPANY RESEARCH REPORT

Data as of: 10/22/04

Company Description

Jumbo Corporation Limited. The Group's principal activities are the operation of Jumbomall online shopping mall, online retailing, provision of IT services and online database. On 29-May-2002, the Company acquired 75% interest of Online Computing Australia Pty Ltd, trading as Bozzo Brown Computer Wholesalers, it is an on-line retailer and wholesaler of computer hardware.

Competitor Analysis

Jumbo Corporation Limited operates in the Catalog and mail-order houses sector. This analysis compares Jumbo Corporation Limited with three other miscellaneous retailers and wholesalers in Australasia: **New Deal Incorporated** of Japan (2004 sales of 404.00 million Japanese Yen [US\$3.73 million] of which 37% was Pictorial Art), **Metal Reclamation Berhad** of Malaysia (34.60 million Malaysian Ringgits [US\$9.11 million]), and **Mowbray Collectables Ltd** which is based in New Zealand (4.07 million New Zealand Dollars [US\$2.81 million]).

Sales Analysis

Sales increased substantially in 2004: Jumbo Corporation Limited reported sales of A\$7.63 million (US\$5.60 million) for the fiscal year ending June of 2004. This represents an increase of 199.2% versus 2003, when the company's sales were A\$2.55 million. This was the fourth straight year of sales growth at Jumbo Corporation Limited.

Jumbo Corporation Limited currently has 8 employees. With sales of A\$7.63 million (US\$5.60 million) , this equates to sales of US\$700,400 per employee.

Sales Comparisons (Fiscal Year ending 2004)

Company	Year Ended	Sales (US\$milns)	Sales Growth	Sales/ Emp (US\$)	Largest Region
Jumbo Corporation Limited	Jun 2004	5.603	199.2%	700,400	N/A
New Deal Incorporated	Jun 2004	3.733	300.0%	414,773	N/A
Metal Reclamation Berhad	Jun 2004	9.108	-73.5%	50,599	N/A
Mowbray Collectables Ltd	Mar 2004	2.812	-0.4%	N/A	N/A

Recent Stock Performance

In recent years, this stock has performed terribly. In fiscal year 2000, the stock traded as high as A\$0.64, versus A\$0.02 on 10/22/04. (In 2000, the stock retreated significantly from its high, and by the end of the year was at A\$0.07).



For the 52 weeks ending 10/22/04, the stock of this company was up 5.9% to **A\$0.02**. During the past 13 weeks, the stock was unchanged. Earnings per share rose 116.7% in 2004 from 2003.

This company is currently trading at 0.53 times sales. This is at a lower ratio than all three comparable companies, which are trading between 2.11 and 24.26 times their annual sales. Jumbo Corporation Limited is trading at 3.24 times book value.

Summary of company valuations

Company	Date	P/E	Price/Book	Price/Sales	52 Wk Pr Chg
Jumbo Corporation Limited	10/22/04	N/A	3.24	0.53	5.90%
New Deal Incorporated	10/22/04	N/A	3.98	24.26	112.50%
Metal Reclamation Berhad	10/22/04	N/A	2.59	2.11	N/A
Mowbray Collectables Ltd	10/21/04	36.4	3.39	3.53	35.59%

The market capitalization of this company is A\$4.03 million (US\$2.96 million). Closely held shares (i.e., those held by officers, directors, pension and benefit plans and those shareholders who own more than 5% of the stock) amount to over 50% of the total shares outstanding: thus, it is impossible for an outsider to acquire a majority of the shares without the consent of management and other insiders. The capitalization of the floating stock (i.e., that which is not closely held) is A\$661,547.11 (US\$486.07 thousand). **These shares are not very liquid.**

Dividend Analysis

This company has paid no dividends during the last 12 months. The company has not paid any dividends during the previous 4 fiscal years.

Profitability Analysis

On the A\$7.63 million in sales reported by the company in 2004, the cost of goods sold totalled A\$5.65 million, or 74.1% of sales (i.e., the gross profit was 25.9% of sales). This gross profit margin is better than the company achieved in 2003, when cost of goods sold totalled 81.5% of sales.

In 2004, earnings before extraordinary items at Jumbo Corporation Limited were A\$290,000.00, or 3.8% of sales. This profit margin is lower than the level the company achieved in 2003, when the profit margin was 4.0% of sales.

The company's return on equity in 2004 was 41.8%. This was significantly better than the 16.3% return the company achieved in 2003. (Extraordinary items have been excluded).

Profitability Comparison

Company	Year	Gross Profit Margin	EBITDA Margin	Earns bef. extra
Jumbo Corporation Limited	2004	25.9%	N/A	3.8%
Jumbo Corporation Limited	2003	18.5%	-1.9%	4.0%
New Deal Incorporated	2004	21.8%	-153.0%	-175.0%
Metal Reclamation Berhad	2004	N/A	N/A	-2.2%
Mowbray Collectables Ltd	2004	N/A	N/A	9.7%

Financial Position

As of June 2004, the accounts receivable for the company were A\$425,000.00 , which is equivalent to 20 days of sales. This is an improvement over the end of 2003, when Jumbo Corporation Limited had 41 days of sales in accounts receivable.

Financial Positions

Company	Year	Days AR
Jumbo Corporation Limited	2004	20
New Deal Incorporated	2004	337
Metal Reclamation Berhad	2004	N/A
Mowbray Collectables Ltd	2004	76

Industry Overview

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