

2006



Interim Financial Report

Jade Software Corporation Limited Group



JADE™



CONTENTS

CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE	1
CONSOLIDATED STATEMENTS OF MOVEMENTS IN EQUITY	2
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF CASH FLOWS	4
NOTES TO THE FINANCIAL STATEMENTS	6
CORPORATE DIRECTORY	11

CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Note	Unaudited Interim Period Ending		12 months to
		30 June 2006	30 June 2005	31 December 2005
		\$000's	\$000's	\$000's
Operating Revenue	2	24,663	18,337	37,859
Operating Surplus Before Taxation	2	\$6,524	\$1,025	\$2,921
Taxation charge		301	-	13
Net Surplus Attributable to Parent Shareholders		\$6,223	\$1,025	\$2,908

CONSOLIDATED STATEMENTS OF MOVEMENTS IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Unaudited Interim Period Ending		12 months to
	30 June 2006	30 June 2005	31 December 2005
	\$000's	\$000's	\$000's
Equity at the Beginning of the Year	\$22,083	\$19,175	\$19,175
Net surplus for the period	6,223	1,025	2,908
TOTAL RECOGNISED REVENUES AND EXPENSES FOR THE PERIOD	6,223	1,025	2,908
Owner Distributions During the Period			
Share repurchase	(1,000)	-	-
Total Owner Distributions During the Period	(1,000)	-	-
Equity at the End of the Period	\$27,306	\$20,200	\$22,083

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2006

	Note	Unaudited Interim Period Ending		12 months to
		30 June 2006	30 June 2005	31 December 2005
		\$000's	\$000's	\$000's
Shareholders' Equity		27,306	20,200	22,083
Non Current Liabilities				
Convertible loan notes	3	2,983	2,549	2,496
Loan notes	3	-	795	-
Revenue received in advance		2,782	3,216	3,019
Finance lease commitments		-	10	-
		5,765	6,570	5,515
Current Liabilities				
Current portion of non current liabilities		8	97	44
Revenue received in advance		1,274	3,252	1,959
Payables and accruals		6,478	4,071	4,484
		7,760	7,420	6,487
Total Liabilities		\$13,525	\$13,990	\$12,002
Total Funds Employed		\$40,831	\$34,190	\$34,085
Non Current Assets				
Property, plant and equipment and leased assets		1,481	1,297	1,368
Investments	4	3,669	-	-
Receivables and prepayments		91	1,456	1,316
Capitalised software development		8,081	10,290	9,753
		13,322	13,043	12,437
Current Assets				
Cash and bank balances		21,534	13,836	15,100
Receivables and prepayments		5,954	7,117	6,401
Contracts in progress		21	194	147
		27,509	21,147	21,648
Total Assets		\$40,831	\$34,190	\$34,085

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Note	Unaudited Interim Period Ending		12 months to
		30 June 2006	30 June 2005	31 December 2005
		\$000's	\$000's	\$000's
Cash Flows From Operating Activities				
Cash Was Provided From:				
Receipts from customers		17,785	18,217	36,619
Interest received		557	388	790
		18,342	18,605	37,409
Cash Was Applied To:				
Payments to suppliers and employees		13,722	15,360	30,222
Interest paid		87	131	224
Net taxation movement		27	149	239
		13,836	15,640	30,685
Net Cash Flows From Operating Activities	6	\$4,506	\$2,965	\$6,724
Cash Flows From Investing Activities				
Cash Was Provided From:				
Proceeds from sale of property, plant and equipment		5	16	22
Proceeds from sale of capitalised software development, customer contracts and goodwill	4	4,208	-	-
		4,213	16	22
Cash Was Applied To:				
Purchase of property, plant and equipment		388	205	598
Software development capitalised		861	1,560	3,231
		1,249	1,765	3,829
Net Cash Flows From Investing Activities		\$2,964	(\$1,749)	(\$3,807)

CONSOLIDATED STATEMENTS OF CASH FLOWS continued
FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Unaudited Interim Period Ending		12 months to
	30 June 2006	30 June 2005	31 December 2005
	\$000's	\$000's	\$000's
Cash Flows From Financing Activities			
Cash Was Applied To:			
Repayment of loan notes	-	-	374
Repurchase of shares	1,000	-	-
Repayment of finance leases	36	57	120
	1,036	57	494
Net Cash Flows From Financing Activities	(\$1,036)	(\$57)	(\$494)
Net Increase in Cash Held	\$6,434	\$1,159	\$2,423
Cash Balance at the Beginning of the Year	15,100	12,677	12,677
Cash Balance at the End of the Year	\$21,534	\$13,836	\$15,100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements presented here are for the consolidated financial statements of the Group comprising Jade Software Corporation Limited and its subsidiaries.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993 in accordance with FRS 24: Interim Financial Statements and should be read in conjunction with the financial statements for the year ended 31 December 2005. The financial statements have been prepared under the historical cost method on a going concern basis. The financial statements for the six months ended 30 June 2006 and 30 June 2005 are unaudited. The comparative information for the year ended 31 December 2005 is audited.

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practices.

Changes in accounting policies

The accounting policies used in the preparation of the financial statements for the six months ended 30 June 2006 are consistent with those used in the preparation of the published financial statements for the year ended 31 December 2005.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE SIX MONTHS ENDED 30 JUNE 2006

2. OPERATING REVENUE AND OPERATING EXPENDITURE

	Unaudited Interim Period Ending		12 months to
	30 June 2006	30 June 2005	31 December 2005
	\$000's	\$000's	\$000's
Operating Revenue includes the following:			
Interest received	575	388	859
Revenue attributable to the sale of Health software, customer contracts and goodwill	4 5,974	-	-
Gain on sale of assets	-	10	(55)
Operating Surplus Before Taxation includes the following:			
Interest expense	87	131	224
Rental and leases expense	1,504	1,502	2,492
Depreciation and amortisation	2,352	2,591	5,102

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE SIX MONTHS ENDED 30 JUNE 2006

3. LOAN NOTES

	Unaudited Interim Period Ending		12 months to
	30 June 2006	30 June 2005	31 December 2005
	\$000's	\$000's	\$000's
Convertible loan notes (UK)	2,983	2,549	2,496
Loan notes (UK)	-	795	-
	\$2,983	\$3,344	\$2,496

Convertible Loan Notes

Skipton Building Society, a United Kingdom based financial institution, holds 1 million £1.00 convertible loan notes in Jade Direct (UK) Limited, a wholly owned subsidiary of Jade Software Corporation Limited. They were issued with a five year term ending 30 June 2008. Interest is payable on the convertible loan notes at a rate of 6% pa, paid semi-annually.

At any time until the notes fall due Skipton Building Society is able to convert, in blocks of £100, the convertible loan notes to ordinary shares of Jade Direct (UK) Limited. The ordinary shares allocated will be issued and allotted rounded to the nearest whole number, with the total shares issued and allotted not exceeding 19.99% of the issued voting ordinary share capital of Jade Direct (UK) Limited. If the number of ordinary shares issued and allotted from the initial 1,000,000 convertible loan notes is lower than 19.99%, Skipton Building Society may purchase additional ordinary shares to attain this percentage. The purchase price for the additional shares will be the same as the shares issued under the convertible loan note. The convertible loan notes are repayable by Jade Direct (UK) Limited on 30 June 2008 to the extent that they have not been converted to ordinary shares.

Loan Notes

The 311,734 £1.00 loan notes held at 30 June 2005 by Skipton Building Society in Jade Direct (UK) Limited were fully repaid by the end of 2005. Repayment was made partly in cash and partly by offsetting fees for software development provided to Skipton Building Society.

All indebtedness to Skipton Building Society and its subsidiaries, including amounts advanced under customer arrangements, are secured by a Specific Security Deed charging all Jade software assets used by the Society and its subsidiary companies. The secured software assets are JADE, JADE Care and JADE work tools.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE SIX MONTHS ENDED 30 JUNE 2006

4. SALE OF HEALTH SOFTWARE, CUSTOMER CONTRACTS AND GOODWILL

On 10 May 2006, Jade Software Corporation Limited entered into an agreement with the listed UK health IT group, Ascribe plc (Ascribe), relating to the ownership and distribution of all JADE health software, including a multi year software application development and support contract.

Under the terms of the agreement, Jade Software Corporation Limited will continue to provide research and development, and application support and systems management services to Ascribe. Ascribe will assume ownership of the software, undertake marketing and business development and assume responsibility for the health customer relationship management.

Consideration for the sale of the Health software, customer contracts and goodwill has been settled by Ascribe through a cash payment of £1.5 million (NZ\$4,207,574) and the issue of 3,804,516 ordinary shares in Ascribe plc valued at \$3,450,210 at the date of the transaction. Deferred consideration of up to £650,000 may be payable in July 2007, subject to the achievement of certain sales and profit targets by Ascribe. This deferred consideration has not been recognised, due to its uncertainty.

The sale has increased the Group's profit after tax by \$3,955,175 in the six months ended 30 June 2006.

5. COMMITMENTS

	Unaudited Interim Period Ending		12 months to
	30 June 2006	30 June 2005	31 December 2005
	\$000's	\$000's	\$000's
(i) CAPITAL EXPENDITURE			
Total capital expenditure committed to at balance date not reflected in the financial statements	\$-	\$7	\$10

(ii) OTHER COMMITMENTS

As at balance date Jade Software Corporation Limited had committed to the following expenditure not already disclosed in the financial statements:

On 16 July 1999, Jade Software Corporation Limited entered into a promotional and marketing agreement at a total cost of \$3,950,000, payable in equal amounts over a ten year period. On 1 April 2006, the Company entered into an agreement to defray a portion of the costs associated with this agreement, resulting in the annual amount payable by the Company reducing to \$237,000.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE SIX MONTHS ENDED 30 JUNE 2006

6. RECONCILIATION OF OPERATING CASH FLOW WITH NET SURPLUS/(DEFICIT)

	Unaudited Interim Period Ending		12 months to
	30 June 2006	30 June 2005	31 December 2005
	\$000's	\$000's	\$000's
Reported Net Surplus After Taxation	\$6,223	\$1,025	\$2,908
Add/(Less): Non-Cash and Non-operating Items			
Depreciation of property plant and equipment	267	339	642
Amortisation of capitalised software	2,085	2,252	4,460
Foreign exchange movements on liability and investment	268	(101)	(154)
Profit on sale of Health software, customer contracts and goodwill	4 (3,955)	-	-
Loan repayment for development services	-	(410)	(831)
Loss on sale of property, plant and equipment	3	20	33
	(\$1,332)	\$2,100	\$4,150
Add/(Less): Movements in Working Capital			
Decrease/(increase) in receivables and prepayments	549	(359)	497
Decrease/(increase) in contracts in progress	126	(103)	(56)
(Decrease)/increase in payables and accruals	(138)	(586)	(173)
(Decrease)/increase in revenue and rental received in advance	(922)	888	(602)
	(\$385)	(\$160)	(\$334)
Reported Net Cash Flows From Operating Activities	\$4,506	\$2,965	\$6,724

7. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

In December 2002 the New Zealand Accounting Standards Review Board announced that New Zealand International Financial Reporting Standards ("NZ IFRS") will apply to all New Zealand reporting entities for the periods commencing on or after 1 January 2007. Consequently, Jade Software Corporation intends to implement NZ IFRS in its annual financial statements for the year ending 31 December 2007.

Changes in accounting policies on transition to NZ IFRS have been identified and outlined in the Jade Software Corporation 2005 Annual Report. No further changes to accounting policies have been identified during 2006. The impact of these changes is not expected to be material, although it is possible that the actual impact may vary from the current position, and the variation may be material.

The company intends to provide further information, including quantifying the impacts of transitioning to NZ IFRS in the Group's financial statements for the year ending 31 December 2006.

CORPORATE DIRECTORY

COMPANY NUMBER	CH 345150
REGISTERED OFFICE	19 Sheffield Crescent, Christchurch, New Zealand
AUDITORS	PricewaterhouseCoopers
BANKERS	ASB Bank Limited
TAXATION ADVISORS	Jackson Valentine Limited, Dunedin
SOLICITORS	AJ Parks, Wellington Chapman Tripp, Christchurch