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Jade Group delivers strong 2008 result

Jade Software Corporation Limited (Jade) today announced that the Jade Group of Companies had performed strongly with operating revenue up 31 percent for the year ended 31 December 2008. Total revenue increased 21 percent to \$50.8 million, up from \$42 million in 2007.

Jade's Chairman, the Hon Ruth Richardson, said: "While the global crisis that deepens by the day is putting all businesses on their mettle, Jade is well placed to weather the storm with over \$50 million in revenue and a strong cash position. This year's result is the culmination of five years hard work building a business capable of profitable and sustainable growth."

EBITDA (earnings before interest, tax, depreciation & amortisation) increased from \$10.3 million to \$11.1 million for the year, up 7.8 percent. Cash flow from operations after expenses grew from \$7.8 million to \$10.8 million in 2008, up 37 percent. However, after adjusting for one-off gains in 2006 and 2007 associated with the sale of its Health business to Ascribe PLC, EBITDA from operations (normalised EBITDA) actually increased by 57 percent compared to 2007.

Two companies acquired by Jade in 2007: Methodware, which provides software to support Governance, Risk and Compliance requirements in over 600 organisations, and Empower, the trans-Tasman provider of Human Resources (HR) and Payroll systems, contributed 25 percent of the Group's revenue.

Ruth Richardson says, "Further financial stability comes from revenue that is contracted under multi-year contracts for software support and maintenance. A deliberate strategy has seen this recurring revenue grow from under 40 percent of revenue five years ago to over 60 percent today.

"Over the past five years, Jade has generated \$28.9 million in cash from operations and raised a further \$25 million of new capital. These funds have been reinvested in product development, acquisitions and the repayment of substantial levels of debt. Now, with \$15.5 million of cash in hand and no debt due for repayment before July 2010, the company is well placed to advance its investment in software development and actively pursue a number of acquisitions of companies in similar sectors to supplement and accelerate organic growth."

Key highlights for 2008 included securing a multi-year development contract with UK health software and services company Ascribe PLC worth around \$4 million a year, an agreement with Indian partner CMC Limited to sell Jade's student management system throughout India, and winning a \$2.5 million contract with the Electricity Commission .

Building on applications developed by Jade for UK train operator EWS, the company was also commissioned by Bombardier and GO Transit to develop the IT system that moves 170,000 commuters a day on seven lines in and out of Toronto, Canada.

Late last year, Jade's Managing Director Dr Rod Carr decided it was time for another challenge and resigned to become the University of Canterbury's new Vice Chancellor.

Ruth Richardson said, "Over the past five years Rod has inspired the team and transformed the business. We have all appreciated the contribution he has made to the business and we wish him well at the helm of the University of Canterbury.

"Following a world-wide search for Rod's replacement that attracted numerous high calibre candidates excited by the performance and potential of the company, the Board appointed Craig Richardson to be Jade's new Chief Executive. Craig comes to Jade with a broad and proven track-record of strong business leadership. He brings not just a good grasp of technology and skill at bringing products and services to market, but a keen and curious mind."

Looking ahead acting Chief Executive David Lindsay said, "While Jade is in a strong position, there is no sense of complacency moving into 2009. Deals will be tougher and will take longer to close, and the business value proposition must be much more compelling.

"We are now well positioned to expand our capabilities beyond technology innovation. We will continue to develop the JADE technology platform and focus on product development in collaboration with our partners. We are actively exploring new channels to market and acquisition opportunities that will allow us to accelerate growth."

The Annual Report can be seen at <http://www.jadeworld.com/corporate/facts.htm>