



JAB TECHNOLOGIES LIMITED

A.B.N. 42 087 426 953

AND CONTROLLED ENTITIES

FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2006

This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Jab Technologies Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

JAB TECHNOLOGIES LIMITED AND CONTROLLED ENTITIES**FINANCIAL REPORT FOR THE HALF-YEAR ENDED****31 DECEMBER 2006**

Contents	Page
Company Directory	3
Directors' Report	4
Auditor's` Independence Declaration	7
Consolidated Income Statement	8
Consolidated Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors' Declaration	25
Independent Review Report to the Members of Jab Technologies Limited	26

Directors

Robert Murdoch (Chairman)
Sean Stark (Director)

Company Secretary

John Lemon – BA, LLB (Hons)

Registered Office & Principal Place of Business

Level 6
200 Creek Street
BRISBANE QLD 4000
AUSTRALIA

Postal Address:
PO Box 728
SPRING HILL QLD 4004
AUSTRALIA
Telephone: (07) 3833 3833
Facsimile: (07) 3833 3888
E-mail: info@jabtechnologies.com.au

Share Registry

Link Market Services
300 Queen Street
BRISBANE QLD 4000

Postal Address:
GPO Box 2537
BRISBANE QLD 4001
Telephone: (07) 3228 4219
Facsimile: (07) 3221 3149

Auditors

Pitcher Partners
Auditors, Accountants & Advisors
Level 21
300 Queen Street
BRISBANE QLD 4000

Solicitors

Hopgood Ganim Lawyers
Level 8
Waterfront Place
1 Eagle Street
BRISBANE QLD 4000

Stock Exchange Listing

Jab Technologies Limited shares and options are quoted on the Newcastle Stock Exchange and coded as "JAB" and "JABO" respectively.

Web Site

www.jabtechnologies.com.au

Directors' Report

The Board of Directors of Jab Technologies Limited ("the Company") present their report of the financial half-year ended 31 December 2006.

DIRECTORS

The names and details of the directors of Jab Technologies Limited in office at the date of this report are:

R B Murdoch B.A. (Earth Sciences), M.A.I.M.M., M.A.I.G.
(Chairman)

Robert Boutflower Murdoch provides Jab Technologies Limited with the corporate business and capital raising expertise required in a listed company. He has built Jab into a diversified international investment company with interests also in the technologies and telecommunications industries. He has been instrumental in the initiation of the Jabmail business concept and has ensured that the financial support has been made available to Jab for Research and Development. He is currently a director of Jab Technologies Limited, Union Resources Limited, Gold Aura Limited and Austex Mining NL. His special duties include being a member of the Audit Committee.

Director since May 1999.

S Ioannides
(CEO/Executive Director)

Stephen Ioannides has 20 years technology related sales and business development, consulting, product and software project management experience in Australia and overseas including Trysoft Corporation, Co-Cam Australia, Dialog Information Technology, ANZ Banking Group, NCR and Honeywell. He has successfully grown a number of IT related businesses, and has a successful track record providing project based services to companies such as Westpac, Optus, Queensland Rail, Energex, Suncorp-Metway and Brisbane City Council. He has previously held a public company directorship with Trysoft Corporation Limited.

Director since 12 July 2004.
Ceased 22 February 2007.

S Stark
(Non-Executive Director)

Sean Stark has more than 20 years IT industry experience that includes the management of complex IT projects within Australia, Europe and across several Asian countries. His extensive career with IBM encompassed a diverse mix of consulting and senior management roles including research and development and international technical support positions.

Until recently he was the executive responsible for managing IBM's eSites business across the Asia Pacific region, and prior to that, the Queensland manager of IBM Global Services eBusiness consulting practice. He holds a Bachelor of Science in Computer Science and Mathematics, and an MBA from the University of Queensland and is a member of the Australian Institute of Company Directors. His special responsibilities include being a member of the Audit Committee and providing advice to the Board on nomination and remuneration matters.

Director since 17 November 2004.

All Directors shown were in office for the entire half year and up to the date of this report, unless otherwise stated.

On behalf of the Board of Jab Technologies Limited, we are pleased to report on the activities of the Company over the last 6 months.

Principal Activities

Jab Technologies Limited ("Jab") is an Australian company specialising in e-business technology solutions and services associated with digital communications, email marketing, rapid commercial website development and internet payments. The Company was admitted to the official list of the National Stock Exchange of Australia Limited (NSX) in September 2005 (www.nsx.com.au – stock code: JAB).

The Company has developed an "e-business automation platform", called EZBiz. The EZBiz platform is a set of integrated internet products that enable a user to easily design, launch and operate an internet e-business service. The product was released to the market in the first quarter of 2006. The EZBiz service range includes domain registration and management services, web hosting and website services, all of which are fully integrated with subscription based billing, for which Jab Technologies has approximately 250 customers.

Directors' Report (continued)

Review of Operations

Jab Technologies Limited (The Company) listed on National Stock Exchange (NSX) in September 2005, and since then has focused on the development of an "e-business automation platform". The platform comprises a set of integrated internet products that enable a user to easily design, launch and operate an internet e-business service. The product was released to the market in the first quarter of 2006, and the Company has approximately 250 customers.

During the period May-July 2006, the Company sought to raise a minimum amount of \$300,000 through an "Offer Information Statement" (OIS), in order to continue research and development into its range of e-business services. However, the Company failed to raise the minimum amount under the OIS, and whatever was raised had to be returned. Clearly shareholders did not see a big future in the Company's business and the board decided to seek other opportunities.

To fund the Company during this search, the Company entered into a Converting Note Agreement with Austex Mining Pty Ltd, a resource industries investment company controlled by the Company Chairman Rob Murdoch, for an amount of \$ 100,000.

In November 2006 Venture Access Capital Limited (VAC) made an "Initial Offer" to acquire all the Company Shares and Options, on the basis of 3 fully paid shares in VAC for every 5 fully paid ordinary shares in JAB Technologies Limited and 3 options in VAC (exercisable at 20 cents on or before 31st December 2009) for every 5 JAB Technologies Limited Options. The Initial Offer was extended a number of times. However, these extensions were not validly made and hence all acceptances received under the Initial Offer are therefore void. Accordingly all the Company shareholders and option holders who accepted the Initial Offer remained the holders of their Jab Technologies Limited shares and options and will not receive any consideration under the Initial Offer which has now lapsed.

On 19th February 2007 VAC issued another Bidder Statement, making the same offer as the Initial Offer, with exactly the same Offer consideration as contained in the original Bidder Statement. The closing date of this revised Offer was 23rd March 2007, which has been subsequently extended in a supplementary Bidders Statement until 9th April 2007.

Meanwhile in November 30th 2006 the Company shareholders gave approval to Jab Technologies Limited to carry on mining exploration and development activities in addition to its current activities. Accordingly, to give effect to this approval, the Company incorporated Jab Resources Pty Ltd ACN 122 669 256 (Jab Resources) a wholly owned subsidiary of Jab Technologies Limited on 14th November 2006, with the Company holding one ordinary share in Jab Resources. The initial directors of Jab Resources are Rob Murdoch (Chairman), a geologist, Pat Scott, a mining engineer and Andrew Mortimer a lawyer, all of whom have considerable resource industry experience.

Jab Resources subsequently applied for four prospecting licences over areas prospective for copper and platinum in Albania. Three of the four licences have now been granted and a compilation of past exploration results and field reconnaissance has commenced.

On the 25th January 2007, Jab Technologies received shareholder approval to undertake a capital reduction by way of an in specie distribution of shares in Jab Resources to the Company shareholders as registered on 2nd January 2007. The in specie distribution to the Company's shareholders, on the basis of one ordinary Jab Resources share for each Jab Technologies Limited share held, took place in February 2007. However, the directors of Jab Resources propose to convene an extraordinary general meeting of shareholders of Jab Resources in April, to approve a consolidation of the issued share capital of Jab Resources and an allocation of shares in Jab Resources to various related parties who have or are contributing to the success in Albania. Jab Resources will issue the new share holding certificates with the meeting notice, expected to be finalised shortly.

The in specie distribution means that the Company's shareholders will not only benefit from holding shares in the Company, which if the VAC Second Offer is accepted and successfully completed will be transferred to VAC in consideration for the issue of VAC shares, but also shares in a new resources company Jab Resources.

On 20th December 2006, Jab Resources took responsibility for the repayment of the Austex Converting Note, when it was envisaged that the majority of the loan would be available for Jab Resources. However, as a direct result of the continual delays in the closing of the VAC Offer, most of the loan has been used to fund the Company and not Jab Resources.

By the 30th January the Austex Converting Note was nearly fully drawn and hence NSX questioned the directors as to whether the Company had sufficient cash for the foreseeable future to operate. Ongoing funding to the Company was discussed with VAC, who have advised the NSX that subject to the receipt of acceptable six month cash flow forecast from Jab, VAC would provide the funds necessary to ensure Jab's ongoing liquidity. In the event that the Austex Funding is exhausted and the VAC funding has not been made available, JAB will require additional funding to continue to carry on business.

At present JAB is in discussions with VAC with respect to the provision of the VAC Funding, however to date, VAC has not provided nor agreed to provide the VAC Funding as requested by JAB. If VAC does not agree to provide the funds requested by JAB, the Austex Funds are exhausted and JAB is unable to secure alternative funding, the JAB Board will need to consider:

- (a) whether it ought to seek suspension of its securities from the NSX; and
- (b) whether it ought to commence the orderly realization of its assets to ensure that sufficient funds are available to enable JAB to pay its debts as and when they fall due.

Directors' Report (continued)

Indemnification and insurance of directors and officers

Jab Technologies Limited carries insurance that indemnifies directors and officers of the company in relation to all liabilities and expenses arising as a result of the performance of their duties in their respective capacities indemnified to the extent permitted by law.

Auditors' independence

Section 307C of the Corporations Act 2001 requires the Company's auditors, Pitcher Partners, to provide the directors with a written Independence Declaration in relation to their review of the financial report for the period ended 31 December 2006. The written Auditor's Independence Declaration is attached to the Directors' Report and forms part of this Directors' Report.

Rounding

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in the financial report. Amounts in the financial report have been rounded in accordance with that Class Order to the nearest dollar.

A handwritten signature in black ink, appearing to read 'R B Murdoch', with a long horizontal line extending to the right.

R B Murdoch

Chairman

Brisbane, 16 March 2007



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 21
300 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 35
Brisbane Qld 4001
Australia

Tel: 07 3228 4000
Fax: 07 3221 6420

www.pitcher.com.au
info@pitcherqld.com.au

AN INDEPENDENT MEMBER OF BAKER TILLY INTERNATIONAL - OFFICES THROUGHOUT THE WORLD

**AUDITOR'S INDEPENDENCE DECLARATION TO THE
DIRECTORS OF JAB TECHNOLOGIES LIMITED**

In relation to the half-year independent review for the six months to 31 December 2006, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001
- (ii) No contraventions of any applicable code of professional conduct.

Pitcher Partners

PITCHER PARTNERS

R J St Clair

R J St Clair
Partner

Brisbane, 16 March 2007

Consolidated Income Statement

For the half-year ended 31 December 2006	Notes	DECEMBER 2006 \$	DECEMBER 2005 \$
Continuing operations			
Revenues from continuing operations	4	166,017	67,084
Expenses from continuing operations	2(t)(iii),4	(265,587)	(310,268)
Loss before income tax		(99,570)	(243,184)
Income tax expense		—	—
Loss from continuing operations		(99,570)	(243,184)
Loss attributable to members of Jab Technologies Limited		(99,570)	(243,184)
Loss per share for loss attributable to the ordinary equity holders of the Company		Cents	Cents
Basic/(loss) per share (cents per share)		(1.34)	(1.22)
Diluted/(loss) per share (cents per share)		(1.34)	(1.22)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2006

	Notes	31 DECEMBER 2006 \$	30 JUNE 2006 \$
ASSETS			
Current assets			
Cash and cash equivalents		3,327	123,598
Prepaid insurance		13,658	9,524
Receivables		49,106	31,751
Other assets		5,026	13,085
Total financial assets		71,117	177,958
Non-current assets			
Exploration & evaluation assets		29,491	—
Property, plant and equipment		17,005	37,803
Deferred expense	2(t)(iii),9	34,884	58,140
Total non-current assets		81,380	95,943
Total assets		152,497	273,901
LIABILITIES			
Current liabilities			
Payables		96,176	164,415
Convertible notes on issue		60,962	—
Provisions		—	3,791
Total current liabilities		157,138	168,206
Non-current liabilities			
Provision		—	—
Total non-current liabilities		—	—
Total liabilities		157,138	168,206
Net assets		(4,641)	105,695
EQUITY			
Contributed equity	7	2,205,039	2,215,805
Option holders' equity	2(t)(iii)	96,140	96,140
Retained profits		(2,305,820)	(2,206,250)
Parent entity interest		(4,641)	105,695
Total equity		(4,641)	105,695

The above consolidated balance statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2006	Notes	DECEMBER 2006 \$	DECEMBER 2005 \$
Total equity at the beginning of the half-year		105,695	134,486
Adjustment on adoption of AASB 132 and AASB 139, net of tax			
Directors' options	2(t)(iii)	—	119,396
Restated total equity at the beginning of the half-year		—	253,882
Profit for the half-year		(99,570)	(243,184)
Total recognised income and expense for the half-year		(99,570)	10,698
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs	7	(10,766)	403,726
Total equity at the end of the half-year		(4,641)	414,424
Total recognised income and expense for the half-year is attributable to:			
Members of Jab Technologies Limited		(99,570)	(243,184)
		(99,570)	(243,184)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2006

	Notes	DECEMBER 2006 \$	DECEMBER 2005 \$
Cash flows from operating activities			
Cash receipts from customers (inclusive of goods and services tax)		133,502	10,646
Receipt of R & D tax concession		—	50,226
Payment to suppliers and employees (inclusive of goods and services tax)		(219,095)	(192,059)
Interest received and other receivables		371	6,213
Net cash (outflow) from operating activities		(85,222)	(124,974)
Cash flows from investing activities			
Proceeds from sale of / (payment for) property, plant and equipment		15,843	(2,544)
Payment for investment in intangibles		—	(25,000)
Payment for mining and exploration costs		(29,492)	—
Other receivables		—	—
Net cash (inflow) from investing activities		(13,649)	(27,544)
Cash flows from financing activities			
Advances to related parties		(23,720)	—
Proceeds from issues of shares and other equity securities	7	—	583,005
Share issue and transaction costs	7	(10,766)	(179,279)
Net cash inflow from financing activities		(34,486)	403,726
Net increase in cash and cash equivalents		(133,357)	251,208
Cash and cash equivalents at the beginning of the year		136,684	131,858
Cash and cash equivalents at the end of the half-year		3,327	383,066

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Corporate information

The financial report for Jab Technologies Limited (and its controlled entities) for the half-year ended 31st December 2006 was authorised for issue in accordance with a resolution of directors on 16 March 2006. Jab Technologies Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the National Stock Exchange (www.nsx.com.au – stock code: JAB).

The nature of the operations and its principal activities of the Group are the development and marketing of an “e-business automation platform”, called EZBiz. The EZBiz platform is a set of integrated internet products that enable a user to easily design, launch and operate an internet e-business service. The Group also has a minor interest in mineral exploration in Albania.

2. Summary of significant accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2006 and any public announcements made by Jab Technologies Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of preparation of half-year financial report

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards, including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006.

Early adoption of standard

The Group has elected to apply AASB 119 *Employee Benefits* (issued in December 2004) to the reporting periods beginning 1 July 2006. This includes applying AASB 119 to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(c) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Jab Technologies Limited (“company” or “parent entity”) as at 31 December 2006 and the results of all subsidiaries for the half-year then ended. Jab Technologies Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(c) Principles of consolidation (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 2(i)).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint Ventures

Joint venture operations

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings.

Joint venture entities

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(d) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Jab Technologies Limited's functional and presentation currency.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(e) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Jab Technologies Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(h) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(i) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition for land development and resale debtors, and no more than 30 days for other debtors.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(m) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(n) Investments and other financial assets

From 1 July 2004 to 30 June 2005

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2006. The Group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 30 June 2005.

Adjustments on transition date: 1 July 2006

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2006) changes to carrying amounts are taken to retained earnings or reserves.

From 1 July 2006

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(n) Investments and other financial assets (continued)

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

(n) Investments and other financial assets

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(o) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(p) Property, plant and equipment

Land and buildings (except for investment properties - refer to note 2(n)) are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(p) Property, plant and equipment (continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or re-valued amount, net of their residual values, over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When re-valued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(q) Intangible assets

Expenditure on research activities, undertaken with the prospect of obtaining new technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(s) Provisions

Provisions for legal claims and service warranties are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(t) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Where share-based compensation benefits are provided to employees via an employee option plan and an employee share scheme, the following apply:

Shares options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Shares options granted after 7 November 2002 and vested after 1 January 2005

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(t) Employee benefits (continued)

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(u) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the half-year, adjusted for bonus elements in ordinary shares issued during the half-year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Financial instrument transaction costs

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2006. The Group has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the Group was immaterial.

(x) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(x) Exploration and Development Expenditure (continued)

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(y) Rounding of amounts

The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest dollar.

Notes to the Financial Statements

3. Segment information

As a result of the incorporation of Jab Resources Pty Ltd on 11th November 2006 and shareholder approval on 30th November 2006 for the Group to carry on mining exploration and development activities in addition to its current activities, the Group now comprises the following business segments:

1. Software development and sales – focusing on the e-business automation platform
2. Mining exploration and development – focusing on mining licences in Albania through its wholly owned subsidiary Jab Resources Pty Ltd.

The following table presents revenue and profit information regarding business segments for the half-year periods ended 31st December 2006 and 31st December 2005.

	31 December 2006		
	Software Development & Sales	Mineral Exploration & Development	Total
Revenue from external customers	81,549	—	81,549
Revenue from transactions with other segments	60,748	23,720	84,468
Total segment revenue	142,297	23,720	166,017
Expenses	(115,869)	(61,754)	(177,623)
Segment result	26,428	(38,034)	(11,606)
Unallocated			(87,964)
Net profit / (loss)			(99,570)
Carrying amount of segment assets	117,980	34,517	152,497
Segment liabilities	84,587	72,550	157,137

	31 December 2005		
	Software Development & Sales	Mineral Exploration & Development	Total
Revenue from external customers	67,084	—	67,084
Revenue from transactions with other segments	—	—	—
Total segment revenue	67,084	—	67,084
Expenses	(310,268)	—	(310,268)
Segment result	(243,184)	—	(243,184)
Unallocated			—
Net profit / (loss)			(243,184)
Carrying amount of segment assets	494,904	—	494,904
Segment liabilities	80,479	—	80,479

Notes to the Financial Statements

4. Profit for the half- year

Revenues from continuing operations:

Sales	23,081	10,646
Interest received – unrelated parties	1,626	6,212
Proceeds from sale of fixed assets	15,843	—
Debt forgiveness income	84,467	—
Government R & D tax concession	41,000	50,226
Total revenue from continuing activities	166,017	67,084

Expenses from continuing activities

Audit fees	4,124	3,500
Employee benefits	—	43,966
Consulting fees	44,232	133,365
Directors' expenses	7,552	8,866
Depreciation & Amortisation	5,566	2,076
Insurance	2,268	—
Listing fees	5,966	7,124
Occupancy expenses	8,375	—
Share registry / meeting costs	27,810	11,313
Telephone	872	725
Advertising	50	3,473
Directors' options	23,256	61,256
Debt forgiveness expense	60,747	—
General administration expenses	74,769	34,604
Total expenses from continuing activities	265,587	310,268

2(t)(iii), 9

5. Dividend paid or provided for on ordinary shares

No dividends have been paid as at 31 December 2006.

6. Contingent assets and liabilities

a) Contingent assets

The parent entity and Group are not aware of any contingent assets that need to be disclosed as at 31 December 2006.

b) Contingent liabilities

The parent entity and Group are not aware of any contingent liabilities that need to be disclosed as at 31 December 2006.

Notes to the Financial Statements

7. Equity securities issued

	Half-year		Half-year	
	2006 Shares	2005 Shares	2006 \$	2005 \$
Issues of ordinary shares during the half-year				
(a) Ordinary shares fully paid	14,862,911	14,862,911	2,215,805	2,267,054
(b) Movement in shares on issue				
On issue at the beginning of the half-year	14,862,911	11,947,882	—	1,824,833
Placement of shares at 8 cents	—	—	—	—
Directors in lieu of fees at 8 cents	—	—	—	—
Share purchase plan at 20 cents	—	—	—	—
Prospectus shares at 20 cents	—	2,865,029	—	573,005
Prospectus underwriting issue of shares at 20 cents	—	50,000	—	10,000
Issue costs	—	—	(10,766)	(179,279)
On issue at the end of the half-year	14,862,911	14,862,911	2,205,039	2,228,559

8. Events occurring after the balance sheet date

(a) On the 25th January 2007, Jab received shareholder approval to undertake a capital reduction by way of an in specie distribution of shares in Jab Resources to Jab Shareholders as registered on 2nd January 2007. The in specie distribution of one ordinary Jab Resources Pty Ltd shares to Jab Technology Limited shareholders for every one Jab Technology share held, took place on 13th February 2007 resulting in a reduction in capital of 14,862,911 shares paid to \$1.00.

(b) As a result of the lapse of the Initial VAC Offer, VAC made a new takeover offer on 19th February 2007 with consideration identical to the Initial VAC Offer consideration. The Current Offer closes on 9th April 2007.

At present JAB is in discussions with VAC with respect to the provision of the VAC Funding, however to date, VAC has not provided nor agreed to provide the VAC Funding as requested by JAB. If VAC does not agree to provide the funds requested by JAB, the Austex Funds are exhausted and JAB is unable to secure alternative funding, the JAB Board will need to consider:

- (i) whether it ought to seek suspension of its securities from the NSX; and
- (ii) whether it ought to commence the orderly realization of its assets to ensure that sufficient funds are available to enable JAB to pay its debts as and when they fall due

9. Share-based payment for Directors

The company has entered into Agreements with Directors Sean Stark and Jaz Software Pty Ltd ("Jaz") an entity associated with Director Stephen Ioannides (ceased 22 February 2007) under which options may vest progressively for Mr Stark and Jaz upon the happening of certain pre-conditions.

Consultancy Agreement

The Agreement commenced on 6 June 2005 and under this Agreement, the company has engaged Jaz in the area of executive public company management and such other services as may be required by the Company ("the services") for the period of two (2) years after the Company has listed on the NSX and has also secured the services of Mr Stephen Ioannides to act as Chief Executive Officer of the Company. Mr Ioannides will be responsible for the corporate management and administration of the company. Mr Ioannides ceased as Managing Director on 12th July 2006 and resigned as a director on 22 February 2007.

Notes to the Financial Statements

9. Share-based payment for Directors (continued)

The Agreement provided that Jaz would:

- a) paid a fee of \$11,400 per month (exclusive GST); and
- b) subject to shareholder approval, issued with a total of 1,920,000 options to subscribe for ordinary shares in the capital of the Company on the last trading day of the month in which Jab Technologies is admitted to the official list of the NSX ("Jaz Options"). The options are exercisable at 20 cents per share on or before 31 July 2008.

Of the 1,920,000 options to be issued to Jaz, 80,000 options will vest on the last day of each month of the 2 year term of the agreement provided that the average closing price of the Jab shares (during that month) is equal to or greater than \$0.20. If the average closing price for any month is below \$0.20 then that month's options will not vest.

The granting of 1,920,000 options to Jaz has been independently valued at \$78,336.

Both the Company and Jaz are entitled to terminate the Agreement upon giving three (3) months written notice. Further, the Company is entitled to terminate the Agreement upon the happening of various events with respect to the solvency and conduct of Jaz and Mr Ioannides.

Non-executive Director Agreement

Mr Stark has been appointed as a non-executive director of the Company for a period of three (3) years from the date of listing of the Company to assist the Company in developing and commercialising its products.

The agreement provided that Mr Stark would be:

- a) paid a fee of \$1,200 per month;
- b) paid a consulting retainer of \$1000 per month; and
- c) subject to shareholder approval, issued with a total of 360,000 options to subscribe for ordinary shares in the capital of the Company on the last trading day of the month in which Jab Technologies is admitted to the official list of the NSX ("Jaz Options"). The options are exercisable at 20 cents per share on or before 31 July 2008.

Of the 360,000 options to be issued to Mr Stark, 15,000 options will vest on the last day of each month of the 2 year term of the agreement provided that the average closing price of the Jab shares (during that month) is equal to or greater than \$0.20. If the average closing price of the Jab shares (during the month) for any month is below \$0.20 then that month's options will not vest.

The granting of the 360,000 options to Mr Stark has been independently valued at \$14,688.

As at 30 June 2006, Jaz became entitled to a total of 160,000 options and Mr Stark became entitled to a total of 30,000 options. However as at 30 June 2006, shareholder and regulatory approval had not been sought for the issue of the options. In July 2006, each of Jaz and Mr Stark waived their rights to receive the 160,000 options and 30,000 options respectively.

No other options were issued, forfeited or exercised during the half-year ended 31 December 2006.

Director's Declaration

In accordance with a resolution of the directors of Jab Technologies Limited, we state that:

1. The directors declare that the financial statements and notes set out on pages 12 to 25 in accordance with the Corporations Act 2001:
 - (a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that Jab Technologies Limited will be able to pay its debts as and when they become due and payable subject to satisfactory resolution of the VAC takeover offer matters referred to in note 8 to the financial statements.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'R B Murdoch', followed by a long horizontal line extending to the right.

R B Murdoch
Chairman

Brisbane, 16 March 2007



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 21
300 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 35
Brisbane Qld 4001
Australia

Tel: 07 3228 4000
Fax: 07 3221 6420

www.pitcher.com.au
info@pitcherqld.com.au

AN INDEPENDENT MEMBER OF BAKER TILLY INTERNATIONAL - OFFICES THROUGHOUT THE WORLD

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF JAB TECHNOLOGIES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Jab Technologies Limited, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Jab Technologies Limited, are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Jab Technologies Limited's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standards.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Jab Technologies Limited, is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Jab Technologies Limited's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent uncertainty regarding continuation of going concern

Without qualification to the statement expressed above, attention is drawn to the following matter:

As a result of the matters described in Note 8(ii) to the financial statements, the consolidated entity has the ability to continue as a going concern provided that the matter of on-going funding by VentureAxess Capital Limited "VAC" is resolved. If VAC does not agree to provide the funds requested by JAB, the Austex Funds are exhausted and JAB is unable to secure alternative funding, the JAB Board will need to consider:

- a) whether it ought to seek suspension of its securities from the NSX; and
- b) whether it ought to commence the orderly realisation of its assets to ensure that sufficient funds are available to enable JAB to pay its debts as and when they fall due.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.



PITCHER PARTNERS
Brisbane



R J St Clair
16 March 2007