OMB APPROVAL
OMB Number: 3235-0416 Expires: March 31, 2007 Estimated average burden hours per response 182.00

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended June 30, 2006

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT For the transition period from _________ to _________

DATAJUNGLE SOFTWARE INC.

(Exact Name of Small Business Registrant as Specified in its Charter)

NEVADA	**001-05996**	**91-0835748**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1 Hines Road, Suite 202, Ottawa, Ontario, Canada	**K2K 3C7**
(Address of principal executive offices)	(Zip Code)

(613) 254-7246
(Registrant's telephone number, including area code)

Check whether the issuer (1) has filed all documents and reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filings for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act: Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act.): Yes ☐ **No** ☑

APPLICABLE ONLY TO CORPORATE ISSUERS:

At August 11, 2006, 30,230,549 shares of the registrant’s common stock were outstanding.

Transitional Small Business Disclosure format (check one): Yes ☐ **No** ☑

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PART 1 – FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

DATAJUNGLE SOFTWARE INC.

Three and six months ended June 30, 2006 and 2005

DATAJUNGLE SOFTWARE INC.

Consolidated Condensed Balance Sheets

June 30, 2006 and December 31, 2005
(In U.S. dollars)

	June 30, 2006	December 31, 2005
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 10,484	$ 85,802
Accounts receivable	75,885	183,622
Investment tax credits receivable	98,322	76,435
Contracts in process	-	5,677
Prepaid expenses (note 8(b))	17,711	249,126
	202,402	600,662
Deferred consulting services (note 8(b))	-	478,322
Property and equipment	6,130	7,970
	$ 208,532	$ 1,086,954
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Accounts payable (note 4)	$ 209,974	$ 183,871
Accrued liabilities	364,564	420,591
Promissory notes payable (note 5)	80,000	815,295
Promissory notes payable to a related party (note 6)	61,369	513,500
Deferred revenue	20,262	34,284
	736,169	1,967,541
Stockholders' deficiency (note 8):		
Common stock, $0.001 par value. Authorized 300,000,000; issued and outstanding 26,921,398 shares at June 30, 2006 and 17,650,340 shares at December 31, 2005	26,922	17,651
Common stock to be issued for services (note 8(b))	-	31,000
Additional paid-in capital	5,862,777	3,227,784
Accumulated other comprehensive loss	(228,083)	(213,759)
Deficit	(6,189,253)	(3,943,263)
	(527,637)	(880,587)
Basis of presentation (note 2(a))		
Guarantees (note 11)		
Subsequent events (notes 5 and 14)		
	$ 208,532	$ 1,086,954

See accompanying notes to unaudited interim period consolidated condensed financial statements.

DATAJUNGLE SOFTWARE INC.

Consolidated Condensed Statements of Operations

Three and six months ended June 30, 2006 and 2005
(In U.S. dollars)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Six months ended June 30, 2006	Six months ended June 30, 2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues:				
Products	$ 21,975	$ 17,626	$ 40,518	$ 34,549
Services	139,010	41,122	194,969	85,795
	160,985	58,748	235,487	120,344
Cost of revenues:				
Cost of products	2,030	3,227	7,990	4,304
Cost of services	27,881	2,107	57,490	9,164
	29,911	5,334	65,480	13,468
Gross profit	131,074	53,414	170,007	106,876
Expenses:				
General and administrative (note 8(b))	132,231	231,580	987,852	384,972
Research and development (note 9)	121,851	61,493	258,444	64,141
Sales and marketing	143,996	109,760	295,892	220,398
Depreciation of property and equipment	3,232	4,814	5,335	9,697
	401,310	407,647	1,547,523	679,208
	(270,236)	(354,233)	(1,377,516)	(572,332)
Other expenses:				
Interest expense (notes 5(c), 5(d), 5(e) and 6(c))	(169,577)	(12,871)	(309,430)	(20,609)
Loss on extinguishment of debt (notes 5(a), 5(c) and 6(b))	(110,563)	-	(550,743)	-
Foreign exchange loss	(3,822)	(1,958)	(8,301)	(4,179)
	(283,962)	(14,829)	(868,474)	(24,788)
Net loss	$ (554,198)	$ (369,062)	$ (2,245,990)	$ (597,120)
Net loss per common share - basic and diluted (note 10)	$ (0.02)	$ (0.02)	$ (0.09)	$ (0.03)
Weighted-average common shares outstanding	26,569,879	17,281,173	24,901,451	17,281,173

See accompanying notes to unaudited interim period consolidated condensed financial statements.

DATAJUNGLE SOFTWARE INC.

Consolidated Condensed Statements of Cash Flows

Three and six months ended June 30, 2006 and 2005
(In U.S. dollars)

	Six months ended June 30, 2006	Six months ended June 30, 2005
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net loss	$ (2,245,990)	$ (597,120)
Items not involving cash:		
Depreciation of property and equipment	5,335	9,697
Interest expense	309,009	19,290
Financing fees	18,811	-
Compensation expense (recovery)	139,227	(163,005)
Consulting fees	717,483	250,518
Loss on extinguishment of debt	550,743	-
Change in non-cash operating working capital	190,739	103,486
Net cash used in operating activities	(314,643)	(377,134)
Cash flows from investing activities:		
Purchase of property and equipment	(3,171)	(3,595)
Cash flows from financing activities:		
Proceeds from promissory notes payable	275,000	422,423
Proceeds from promissory notes payable to a related party	18,398	-
Payments of promissory notes payable	(41,000)	(58,000)
Share issuance costs	(450)	(300)
Share subscriptions received	-	15,000
Net cash provided by financing activities	251,948	379,123
Effects of exchange rates on cash and cash equivalents	(9,452)	1,312
Net decrease in cash and cash equivalents	(75,318)	(294)
Cash and cash equivalents, beginning of period	85,802	10,056
Cash and cash equivalents, end of period	$ 10,484	$ 9,762

Supplemental information to Consolidated Condensed Statements of Cash Flows:

For the six months ended June 30, 2006, the Company paid $625 in interest (Six months ended June 30, 2005 - $1,319).

See accompanying notes to unaudited interim period consolidated condensed financial statements.

1. General:

DataJungle Software Inc. (the "Company") was incorporated in the State of Washington on June 5, 1968 as Quad Metals Corporation ("Quad"). Quad became a Nevada incorporated company on December 11, 2002 when it merged with its wholly-owned subsidiary. The Company was renamed to DataJungle Software Inc. on November 18, 2003. The Company is a developer of web-based enterprise-class business intelligence software solutions that translate business data into interactive tables, charts and maps. These solutions consist of modules of functionality that can be assembled to the specific requirements of the customer and customized to the needs of each user class within the customer's business.

2. Summary of significant accounting policies:

(a) Basis of presentation:

These consolidated condensed financial statements are prepared in accordance with generally accepted accounting principles in the United States of America and include the accounts of DataJungle Software Inc. and its wholly-owned subsidiary, DataJungle Ltd. All significant intercompany balances and transactions have been eliminated in consolidation. The accounting policies are consistent with the policies outlined in the Company's audited financial statements at and for the year ended December 31, 2005 except as described in note 2(d) below.

The consolidated condensed financial statements included herein are unaudited but, in the opinion of management, include all adjustments (consisting only of normal recurring entries) necessary for fair presentation of the consolidated condensed financial position and results of operations of the Company for the periods presented. The consolidated results of operations for the three and six months ended June 30, 2006 are not necessarily representative of the operating results expected for the full fiscal year ending December 31, 2006. Moreover, these consolidated condensed financial statements do not purport to contain complete disclosure in conformity with generally accepted accounting principles used in the United States of America and should be read in conjunction with the Company's audited consolidated financial statements at and for the year ended December 31, 2005.

The consolidated condensed financial statements have been prepared assuming that the Company will continue as a going concern. The Company has minimal revenues, negative working capital of $533,767 as at June 30, 2006 and has incurred a loss of $2,245,990 for the six months then ended. As of June 30, 2006, the Company has an accumulated deficit of $6,189,253 which results in a stockholders' deficiency of $527,637. In addition, the Company is in violation of the terms and conditions of a promissory note, expects to continue to incur operating losses for the foreseeable future and has no lines of credit or other financing facilities in place. To date, the Company has been able to finance its operations on a month-to-month basis from investors who recognize the advancement of the Company's activities.

2. Summary of significant accounting policies (continued):

(a) Basis of presentation (continued):

All of the factors above raise substantial doubt about the Company's ability to continue as a going concern. Management's plans to address these issues include raising capital through the private placement of equity and renegotiating the repayment terms of accounts payable, accrued liabilities and promissory notes payable. The Company's ability to continue as a going concern is subject to management's ability to successfully implement the above plans. Failure to implement these plans could have a material adverse effect on the Company's financial position and or results of operations and may result in ceasing operations. The consolidated condensed financial statements do not include adjustments that would be required if the assets are not realized and the liabilities settled in the normal course of operations. Even if successful in obtaining financing in the near term, the Company cannot be certain that cash generated from its future operations will be sufficient to satisfy its liquidity requirements in the longer term and it may need to continue to raise capital by selling additional equity or by obtaining credit facilities.

The Company's future capital requirements will depend on many factors, including, but not limited to, the market acceptance of its products, the level of its promotional activities and advertising required to generate product sales. No assurance can be given that any such additional funding will be available or that, if available, it can be obtained on terms favorable to the Company.

(b) Foreign currency translation:

The consolidated condensed financial statements of the Company include the accounts of the Company in U.S. dollars and the accounts of its wholly-owned subsidiary, translated into U.S. dollars using Financial Accounting Standards Board's Statement No. 52, "Foreign Currency Translation" for the translation of foreign currency operations. The financial statements of the Company's subsidiary are measured using the Canadian dollar as its functional currency. Assets and liabilities have been translated into U.S. dollars using the exchange rates in effect at the balance sheet date. Revenues and expenses have been translated into U.S. dollars using the average exchange rate for the period. Gains and losses have been reported as a separate component of accumulated other comprehensive loss.

(c) Revenue recognition:

For contracts requiring significant customization or services, the Company recognizes revenue using the completed contract method in accordance with the guidance in Statement of Position 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts". Under the completed contract method, revenue is recognized in the period when all substantial obligations of the Company under the terms and conditions of a contract have been satisfied. Cash receipts received in advance of the recognition of revenue and rights to advance payments are recorded in the consolidated condensed balance sheet as deferred revenue. Direct costs associated with a contract that has not been recognized as revenue are capitalized in the consolidated condensed balance sheet as contracts in process. A provision for contract losses is recognized as soon as the losses become evident.

2. Summary of significant accounting policies (continued):

(c) Revenue recognition (continued):

For sales of product licenses, the Company recognizes revenue in accordance with Statement of Position 97-2, "Software Revenue Recognition" ("SOP 97-2"), as amended by Statement of Position 98-9, "Software Revenue Recognition with Respect to Certain Transactions", issued by the American Institute of Certified Public Accountants. Revenue from sale of product licenses is recognized when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectibility is probable.

Revenue from product support contracts is recognized ratably over the life of the contract. Revenue from services is recognized at the time such services are rendered.

For contracts with multiple elements such as product licenses, product support and services, the Company follows the residual method. Under this method, the total fair value of the undelivered elements of the contract, as indicated by vendor specific objective evidence, is deferred and subsequently recognized in accordance with the provisions of SOP 97-2. The difference between the total contract fee and the amount deferred for the undelivered elements is recognized as revenue related to the delivered elements. Vendor specific objective evidence for support and consulting services is obtained from contracts where these elements have been sold separately. Where the Company cannot determine the fair value of all the obligations, the revenue is deferred until such time as it can be determined or the element is delivered.

(d) New accounting policy - Stock-based compensation:

Effective January 1, 2006, the Company adopted the provisions of Financial Accounting Standards Board Statement No. 123R "Share-Based Payment" ("SFAS 123R") to account for its stock options. SFAS 123R requires all share-based payments, including stock options granted to employees by the Company, to be recognized in the Statement of Operations based on the fair value of the share-based payments at the date of grant. For purposes of estimating the grant date fair value of stock options, the Company uses the Black Scholes options pricing model and has elected to treat awards with graded vesting as a single award. The fair value is recognized as compensation expense on a straight-line basis over the requisite service period, which in the Company's circumstances is the stated vesting period of the award, provided that total compensation expense recognized at least equals the pro rata fair value of the award that has vested.

The Company has adopted the modified prospective method of applying the provisions of SFAS 123R. Under the modified prospective method, the Company recognizes compensation expense based on the requirements of SFAS 123R for all share-based payments granted after the effective date of SFAS 123R. In addition, compensation expense is recognized, subsequent to the effective date of SFAS 123R, for the remaining portion of the vesting period for outstanding awards granted prior to the effective date of SFAS 123R. Under the modified prospective method, prior periods are not adjusted and the Company continues to provide pro forma disclosure for prior periods as presented below.

(In U.S. dollars)

2. Summary of significant accounting policies (continued):

(d) New accounting policy - Stock-based compensation (continued):

For periods to December 31, 2005, the Company applied the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations including FASB Interpretation No. 44, "Accounting for Certain Transactions involving Stock Compensation an interpretation of APB Opinion No. 25", to account for its stock options for employees. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" and SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment of FASB Statement No. 123," established accounting and disclosure requirements using a fair value-based method of accounting for stock-based employee compensation plans. For periods to December 31, 2005, the Company elected to apply the intrinsic-value based method of accounting described above and adopted only the disclosure requirements of SFAS 123, as amended.

The following table illustrates the effect on net loss if the fair value-based method had been applied to all prior periods presented.

	Three months ended June 30, 2005	Six months ended June 30, 2005
Net loss, as reported	$ (369,062)	$ (597,120)
Deduct stock-based employee compensation expense (recovery) included in reported net loss	(29,384)	(163,005)
Deduct total stock-based employee compensation expense determined under fair value-based method for all awards	(123,647)	(311,456)
Pro forma net loss	$ (522,093)	$ (1,071,581)
Net loss per common share:		
Basic and diluted – as reported	$ (0.02)	$ (0.03)
Basic and diluted – pro forma	$ (0.03)	$ (0.06)

(In U.S. dollars)

3. Comprehensive loss:

Comprehensive loss includes the net loss and other comprehensive loss ("OCL"). OCL refers to changes in net assets from transactions and other events and circumstances other than transactions with stockholders. These changes are recorded directly as a separate component of stockholders' deficiency and excluded from net loss. The only comprehensive loss item for the Company relates to foreign currency translation adjustments pertaining to the translation of the financial statements of the Company's subsidiary, from Canadian dollars, the functional currency of the subsidiary, to U.S. dollars, the reporting and functional currency of the Company.

	Three months ended June 30, 2006	Three months ended June 30, 2005	Six months ended June 30, 2006	Six months ended June 30, 2005
Net loss	$ (554,198)	$ (369,062)	$ (2,245,990)	$ (597,120)
Other comprehensive loss:				
Currency translation adjustment	(12,828)	(6,817)	(14,324)	(9,690)
Comprehensive loss	$ (567,026)	$ (375,879)	$ (2,260,314)	$ (606,810))

4. Related party transaction:

Included in accounts payable as of June 30, 2006, is $28,758 (December 31, 2005 - $27,601) due to a corporation controlled by an officer and director of the Company for consulting services rendered in 2004.

(In U.S. dollars)

5. Promissory notes payable:

	June 30, 2006	December 31, 2005
Promissory notes, payable on demand, bearing interest at 12% per annum, secured by an assignment of accounts receivable (note 5(a))	$ -	$ 680,370
Promissory note, payable on demand, bearing interest at 10% per annum, secured by an assignment of accounts receivable (note 5(b))	-	41,000
Promissory notes, payable on June 30, 2006, bearing interest at 12% per annum, secured by an assignment of accounts receivable (note 5(c))	25,000	93,925
Promissory notes, payable on demand, bearing interest at 10% per annum, secured by an assignment of accounts receivable (note 5(d))	55,000	-
	$ 80,000	$ 815,295

Additional terms and conditions related to the promissory notes payable are as follows:

(a) On January 24, 2006, the lender or its assignees agreed to convert the $680,370 of promissory notes together with accrued interest to January 15, 2006 of $62,922 into 2,973,167 shares of common stock of the Company and 2,973,167 warrants to purchase 2,973,167 shares of common stock of the Company. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.

On January 24, 2006, the 2,973,167 shares of common stock had a fair value of $654,097 based on a share price of $0.22 per share on that date. On the same date, the fair value of the 2,973,167 warrants was $529,375 using the Black Scholes option pricing model with the following weighted average assumptions: expected dividend yield 0%; risk-free interest rate of 4.35%; expected volatility of 120%; and an expected life of 4.92 years. As a consequence, the Company recognized a loss of $440,180 on the extinguishment of this debt.

Accrued interest of $Nil (December 31, 2005 - $59,675) has been included in accrued liabilities at June 30, 2006.

(b) On January 9, 2006, the Company repaid $41,000 to the lender together with $625 in accrued interest. Accrued interest of $Nil (December 31, 2005 - $504) has been included in accrued liabilities at June 30, 2006.

5. Promissory notes payable (continued):

(c) During 2005, the Company received cash consideration of $105,000 in exchange for the issuance of 12% promissory notes. The promissory notes and accrued interest were convertible, at the lenders' option, into shares of common stock of the Company at a price of $0.20 per share plus a warrant for the purchase of the number of shares equal to 50% of the number of shares received by the lender on conversion. The warrant is exercisable at $0.30 per share and expires on December 31, 2010.

Accrued interest of $2,820 (December 31, 2005 - $782) has been included in accrued liabilities at June 30, 2006.

At the date of issuance, the conversion feature of some of the promissory notes was "in-the-money". The intrinsic value of this beneficial conversion feature was $11,075. In accordance with EITF 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios" and EITF 00-27, "Application of Issue No. 98-5 to Certain Convertible Instruments", this amount was recorded as additional paid-in capital. The promissory notes were accreted to their face value through a charge to interest expense of $11,075 for the three months ended March 31, 2006.

On April 19, 2006, $80,000 of the promissory notes together with accrued interest of $3,567 were assigned to another party. Subsequent to this assignment, the other party converted the promissory notes and accrued interest into 417,836 shares of common stock of the Company and 208,918 warrants to purchase 208,918 shares of common stock of the Company in accordance with the original conversion provisions. In addition, the Company agreed to issue an additional 208,918 warrants to purchase 208,918 shares of common stock of the Company. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.

On April 19, 2006, the fair value of the 208,918 additional warrants was $68,306 using the Black Scholes option pricing model with the following weighted average assumptions: expected dividend yield 0%; risk-free interest rate of 4.9%; expected volatility of 124%; and an expected life of 4.71 years. As a consequence, the Company recognized a loss of $68,306 on the extinguishment of this debt.

On May 19, 2006, the Company entered into an agreement to extend the maturity date of $25,000 of the promissory notes to June 30, 2006. As consideration for this extension, the Company agreed to pay $1,250 in additional interest and to repay the principal and accrued interest from the proceeds of any financing in excess of $250,000 or at the rate of 10% of the cash proceeds from sales or any financing less than $250,000 At June 30, 2006, the Company had not repaid or been able to negotiate a further extension of the maturity date. Subsequent to June 30, 2006, the Company repaid $4,988 to the lender. However, the Company has failed to make any additional payments of principal or interest. Consequently, the Company is in default of the terms and conditions of this promissory note, which is therefore presented as a short term liability.

(d) During the three months ended June 30, 2006, the Company received $55,000 in exchange for the issuance of 10% demand promissory notes. These promissory notes are convertible, at the lender's option, into shares of common stock of the Company at a price of $0.10 per share plus a warrant for the purchase

5. Promissory notes payable (continued):

of the number of shares equal to 50% of the number of shares received by the lender on conversion. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.

Accrued interest of $418 (December 31, 2005 - $Nil) has been included in accrued liabilities at June 30, 2006.

At the date of issuance, the conversion feature of the promissory notes was “in-the-money”. The intrinsic value of this beneficial conversion feature was $55,000. In accordance with EITF 98-5, “Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios” and EITF 00-27, “Application of Issue No. 98-5 to Certain Convertible Instruments”, this amount was recorded as additional paid-in capital. The promissory notes were accreted to their face value through a charge to interest expense of $55,000 for the three months ended June 30, 2006.

On August 2, 2006, the promissory notes together with accrued interest of $915 were converted into 559,151 shares of common stock of the Company and 279,575 warrants to purchase 279,575 shares of common stock of the Company. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.

(e) During the six months ended June 30, 2006, the Company received $220,000 in exchange for the issuance of 12% demand promissory notes. In addition, the Company issued $12,000 of 12% demand promissory notes for consulting services and $18,811 for financing fees. These promissory notes were convertible, at the lender’s option, into shares of common stock of the Company at a price of $0.20 per share plus a warrant for the purchase of the number of shares received by the lender on conversion. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.

At the date of issuance, the conversion feature of the promissory notes was “in-the-money”. The intrinsic value of this beneficial conversion feature was $211,036. In accordance with EITF 98-5, “Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios” and EITF 00-27, “Application of Issue No. 98-5 to Certain Convertible Instruments”, this amount was recorded as additional paid-in capital. The promissory notes were accreted to their face value through a charge to interest expense of $120,225 for the three months ended March 31, 2006 and $90,811 for the three months ended June 30, 2006.

On April 19, 2006, the lender assigned the $250,811 of 12% demand promissory notes together with accrued interest of $2,340 to another party. Subsequent to this assignment, the other party converted the promissory notes and accrued interest into 1,265,753 shares of common stock of the Company and 1,265,753 warrants to purchase 1,265,753 shares of common stock of the Company. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.

6. Promissory notes payable to a related party:

	June 30, 2006	December 31, 2005
Promissory note, payable in Canadian dollars on seven days notice, no fixed repayment terms, bearing interest at 10% per annum compounded semi-annually until September 16, 2003 and non-interest bearing thereafter, convertible at the option of the holder into common stock of the Company at any time (note 6(a)).	$ -	$ 472,227
Promissory notes, payable on demand in Canadian dollars, bearing interest at 10% per annum compounded annually, secured by an assignment of accounts receivable (note 6(b)).	43,003	41,273
Promissory notes, payable on demand in Canadian dollars, bearing interest at 10% per annum compounded annually, secured by an assignment of accounts receivable (note 6(c)).	18,366	-
	$ 61,369	$ 513,500

The promissory notes payable to a related party are also secured by a general security agreement representing a first floating charge on all of the assets of the Company.

Additional terms and conditions related to the promissory notes payable to a related party are as follows:

(a) Under the terms of the 10% promissory note, the Company could repay all amounts of principal and interest at any time without penalty or bonus. The promissory note was denominated in Canadian dollars. In accordance with the terms of a Memorandum of Agreement dated February 21, 2003, the lender had a right to convert all amounts of principal and interest to common stock of the Company at the rate of one common share for each $0.15 Canadian of debt converted or at such lower rate paid by any third party dealing at arm's length with the Company. In addition, as long as at least $100,000 Canadian of principal and interest is outstanding, the lender had certain rights related to management and direction of the Company. The lender had agreed that the promissory note together with accrued interest would be convertible, at the lender's option, into 4,309,302 common shares of the Company. Included in accrued liabilities at June 30, 2006 is $Nil (December 31, 2005 – $83,573) in accrued interest on this note.

On January 24, 2006, the lender assigned $183,839 of the promissory note and accrued interest to a director of the Company and a corporation controlled by a director of the Company and assigned the balance of the promissory note and accrued interest of $377,024 to unrelated parties. Subsequent to the assignment of the promissory note and accrued interest, the director and the corporation controlled by a

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6. Promissory notes payable to related party (continued):

director of the Company converted the $183,839 to 1,412,504 common shares of the Company and the unrelated parties converted the $377,024 to 2,896,798 common shares of the Company.

(b) During 2005, the Company received cash consideration of $41,122 in exchange for the issuance of 10% promissory notes. Accrued interest of $2,499 (December 31, 2005 - $351) has been included in accrued liabilities at June 30, 2006.

On April 19, 2006, the lender agreed to modify the terms of these promissory notes by waiving the repayment and security provisions related to specific customer invoices. As consideration for the modification, the Company agreed to permit the lender, at the lender's option, to convert the promissory notes and accrued interest into shares of common stock of the Company at a price of $0.20 per share plus a warrant for the purchase of the number of shares received by the lender on conversion. The warrants are exercisable at $0.30 per share and expire on December 31, 2010. In accordance with EITF 96-19, "Debtor's Accounting for a Modification or Exchange of Debt Instruments", this modification has been accounted for as an extinguishment of the old debt and the creation of new debt.

On April 19, 2006, the outstanding principal on the promissory notes was $42,257. On the same date, the conversion rights granted as a result of the modification of the promissory notes had a fair value in excess of the outstanding principal. As a consequence, the Company recognized a loss of $42,257 on the modification of this debt.

(c) During the three months ended June 30, 2006, the Company received cash consideration of $18,398 in exchange for the issuance of 10% promissory notes. Accrued interest of $244 has been included in accrued liabilities at June 30, 2006.

The promissory notes and accrued interest are convertible, at the lenders' option, into shares of common stock of the Company at a price of $0.10 per share plus a warrant for the purchase of the number of shares equal to 50% of the number of shares received by the lender on conversion. The warrant is exercisable at $0.30 per share and expires on December 31, 2010.

At the date of issuance, the conversion feature of some of the promissory notes was "in-the-money". The intrinsic value of this beneficial conversion feature was $18,398. In accordance with EITF 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios" and EITF 00-27, "Application of Issue No. 98-5 to Certain Convertible Instruments", this amount was recorded as additional paid-in capital. The promissory notes were accreted to their face value through a charge to interest expense of $18,398 for the three months ended June 30, 2006.

7. Stock option plan:

Under the Company's Stock Option Plan (the "Plan"), up to 5,000,000 shares of authorized but unissued common stock of the Company can be granted to officers, employees and consultants. Options are generally granted with an exercise price equal to or greater than the stock's fair market value at the date of grant, vest over a period of time as determined by the Board of Directors and expire no later than ten years from the date of vesting.

7. Stock option plan (continued):

At June 30, 2006, there were 1,122,548 additional shares available for grant under the Plan.

Effective January 1, 2006, the Company adopted the provisions of SFAS 123R to account for its stock options. SFAS 123R requires that the fair value of stock options granted be recognized in the Statement of Operations based on the fair value of the stock options at the date of grant. For purposes of estimating the grant date fair value of stock options, the Company uses the Black Scholes options pricing model based on certain assumptions including the expected term of the options, expected volatility of the underlying stock over the expected term of the options and the risk-free interest rate. The expected term of the options has been estimated by calculating an average of the weighted average vesting period and the weighted average contractual term of the options. Historical volatility of the Company's shares and historical volatility of other companies that operate in a similar business to the Company is used as a basis for projecting the expected volatility of the underlying stock.

The risk-free rate for the expected term of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

The fair value is recognized as compensation expense on a straight-line basis over the requisite service period, which in the Company's circumstances is the stated vesting period of the award, provided that total compensation expense recognized at least equals the pro rata value of the award that has vested.

The Company has adopted the modified prospective method of applying the provisions of SFAS 123R. Under the modified prospective method, the Company recognizes compensation expense based on the requirements of SFAS 123R for all share-based payments granted after the effective date of SFAS 123R. In addition, compensation expense is recognized, subsequent to the effective date of SFAS 123R, for the remaining portion of the vesting period for outstanding awards granted prior to the effective date of SFAS 123R.

During the six months ended June 30, 2006, there were 1,100,000 stock options granted to officers and directors and 495,000 stock options granted to employees. During the six months ended June 30, 2005, there were 85,000 stock options granted to employees.

(In U.S. dollars)

7. Stock option plan (continued):

The per share weighted-average fair value of the stock options granted to employees during the three months ended June 30, 2006 and 2005 using the Black Scholes option-pricing model and related weighted-average assumptions are as follows:

	Three months ended June 30, 2006	Three months ended June 30, 2005
Options granted	225,000	25,000
Expected volatility	128%	131%
Expected dividends	Nil	Nil
Expected term (years)	4.0	6.0
Risk-free rate	4.99%	3.81%
Per share weighted average grant date fair value	$0.20	$0.28

During the years ended June 30, 2003 and 2002, the Company modified the terms of certain stock options granted to employees to reduce the exercise price and/or extend the expiry date and to allow them to retain the awards upon a change in status from employee to non-employee. As a result of these modifications, the Company is required to account for the modified options for periods prior to the effective date of SFAS 123R on January 1, 2006 using variable accounting as prescribed by APB 25. For the six months ended June 30, 2005, non-cash compensation expense (recovery) of ($104,562), ($56,065) and ($8,763) has been included in research and development, general and administrative and sales and marketing expenses, respectively. As a result of the adoption of SFAS 123R, no expense or recovery has been recognized in the Statement of Operations with respect to the modified options for the six months ended June 30, 2006.

During the six months ended June 30, 2006, there were no options granted to non-employees. During the three months ended March 31, 2005, there were 25,000 stock options granted to non-employees. There were no options granted to non-employees during the three months ended June 30, 2005.

For the three months ended March 31, 2005, non-cash compensation expense of $1,609 has been included in sales and marketing expenses with respect to stock options granted to non-employees. For the three months ended June 30, 2005, $4,776 has been included in sales and marketing expenses with respect to stock options granted to non-employees.

During the three months ended June 30, 2006, a Director of the Company forfeited 100,000 stock options to purchase 100,000 common shares at $0.51 per share expiring at various dates up to June 14, 2012 and forfeited 50,000 stock options to purchase 50,000 common shares at $0.25 per share expiring at various dates up to January 31, 2012. During the three months ended June 30, 2005, an employee forfeited 175,000 stock options to purchase 175,000 common shares at $0.51 per share expiring at various dates up to March 31, 2012.

(In U.S. dollars)

DATAJUNGLE SOFTWARE INC.

7. Stock option plan (continued):

A summary of amounts recognized in the consolidated condensed financial statements with respect to the Plan is as follows:

	Three months ended June 30, 2006	Three months ended June 30, 2005	Six months ended June 30, 2006	Six months ended June 30, 2005
Amounts charged (recovered) against income, before income tax benefit	$58,776	($29,384)	$139,227	($163,005)
Amount of related income tax benefit recognized in income	Nil	Nil	Nil	Nil

The impact of adoption of SFAS 123R for the six months ended June 30, 2006 was a decrease in net income of $139,227. This decrease in net income had the impact of increasing the loss per share by $0.01.

A summary of share option activity under the Plan as of June 30, 2006 and changes during the six months then ended is presented below:

	2006			
	Options	Weighted Average exercise price ($)	Weighted average remaining contractual term (Years)	Aggregate intrinsic value
Options outstanding, January 1, 2006	2,432,452	$ 0.43	4.5	
Granted	1,595,000	0.25	5.5	
Forfeited	(150,000)	0.42	-	
Options outstanding, June 30, 2006	3,877,452	$ 0.36	4.9	$53,775
Options exercisable, June 30, 2006	1,666,452	$ 0.40	3.9	$53,775

The total fair value of shares vested during the three months ended June 30, 2006 was $261,707 (Three months ended June 30, 2005 - $363,238). The total fair value of shares vested during the six months ended June 30, 2006 was $289,658 (Six months ended June 30, 2005 - $419,814).

(In U.S. dollars)

7. **Stock option plan (continued):**

The following table summarizes information about stock options outstanding at June 30, 2006:

	Options Outstanding			Options exercisable	
Exercise price	Number outstanding at 6/30/06	Weighted average remaining contractual term	Weighted average exercise price	Number exercisable at 6/30/06	Weighted average exercise price
$ 0.009	180,150	2.1 years	$ 0.009	180,150	$ 0.009
0.13	231,121	2.1 years	0.13	231,121	0.13
0.25	1,545,000	5.6 years	0.25	20,000	0.25
0.31	100,000	5.2 years	0.31	9,000	0.31
0.40	86,181	4.9 years	0.40	86,181	0.40
0.43	35,000	4.7 years	0.43	12,000	0.43
0.51	1,500,000	5.0 years	0.51	1,002,000	0.51
0.60	125,000	4.8 years	0.60	82,500	0.60
0.65	50,000	4.7 years	0.65	33,500	0.65
0.75	25,000	4.5 years	0.75	10,000	0.75
	3,877,452	4.9 years	$ 0.36	1,666,452	$ 0.40

At June 30, 2006, there was $316,536 of total unrecognized compensation expense related to unvested stock option awards. This cost is expected to be recognized over a weighted average period of approximately 1.4 years.

8. **Stockholders' deficiency:**

(a) Common stock transactions:

During the three months ended June 30, 2006, the Company issued 1,683,589 shares of common stock pursuant to the transactions described below:

On April 19, 2006, $250,811 of promissory notes payable together with accrued interest to April 19, 2006 of $2,340 were assigned to another party. Subsequent to this assignment, the other party converted the promissory notes and accrued interest into 1,265,753 shares of common stock of the Company and 1,265,753 warrants to purchase 1,265,753 shares of common stock of the Company. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.

On April 19, 2006, $80,000 of promissory notes together with accrued interest to April 19, 2006 of $3,567 were assigned to another party. Subsequent to this assignment, the other party converted the promissory notes and accrued interest into 417,836 shares of common stock of the Company and 208,918 warrants to purchase 208,918 shares of common stock of the Company in accordance with the original conversion provisions. In addition, the Company agreed to issue an additional 208,918 warrants to purchase 208,918

8. Stockholders' deficiency (continued):

shares of common stock of the Company. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.

On April 19, 2006, the fair value of the 208,918 additional warrants issued was $68,306 using the Black Scholes option pricing model with the following weighted average assumptions: expected dividend yield 0%; risk-free interest rate of 4.9%; expected volatility of 124%; and an expected life of 4.71 years. As a consequence, the Company recognized a loss of $68,306 on the extinguishment of this debt.

During the three months ended March 31, 2006, the Company issued 7,587,469 shares of common stock pursuant to the transactions described below:

On January 24, 2006, $183,839 of the promissory note payable to a related party and accrued interest thereon was assigned to a director of the Company and a corporation controlled by a director of the Company. The balance of the promissory note payable to a related party and accrued interest of $377,024 was assigned to unrelated parties. Subsequent to the assignment of the promissory notes payable to a related party and accrued interest, the director and the corporation controlled by a director of the Company converted the $183,839 to 1,412,504 shares of common stock of the Company and the unrelated parties converted the $377,024 to 2,896,798 shares of common stock of the Company.

On January 24, 2006, $680,370 of promissory notes payable together with accrued interest to January 15, 2006 of $62,922 was assigned to a number of unrelated parties. Subsequent to the assignment, the promissory notes and accrued interest were converted to 2,973,167 shares of common stock of the Company and 2,973,167 warrants to purchase 2,973,167 shares of common stock of the Company. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.

On January 24, 2006, the 2,973,167 shares of common stock had a fair value of $654,097 based on a share price of $0.22 per share on that date. On the same date, the fair value of the 2,973,167 warrants was $529,375 using the Black Scholes option pricing model with the following weighted average assumptions: expected dividend yield 0%; risk-free interest rate of 4.35%; expected volatility of 120%; and an expected life of 4.92 years. As a consequence, the Company recognized a loss of $440,180 on the extinguishment of this debt.

On January 24, 2006, in connection with the cancellation of a consulting agreement to provide investor communication and public relations services to the Company, the Company issued 305,000 shares of common stock to the consultant or its assignees. On January 24, 2006, the fair value of the 305,000 shares of common stock was $67,100 based on a share price of $0.22 per share on that date. The $67,100 has been accounted for as a capital transaction.

During the three months ended June 30, 2006, share issuance costs (recovery) of ($1,366) were incurred and recorded as a credit to additional paid-in capital. During the three months ended June 30, 2005, share issuance costs (recovery) of ($1,193) were incurred and recorded as a credit to additional paid-in capital.

8. Stockholders' deficiency (continued):

During the three months ended March 31, 2006, share issuance costs of $1,816 were incurred and recorded as a charge to additional paid-in capital.

During the three months ended March 31, 2005, the Company received $15,000 from investors pursuant to subscription agreements to purchase 50,000 shares of common stock at $0.30 per share. Share issuance costs (recovery) of ($1,324) were incurred and recorded as a credit to additional paid-in capital.

(b) Warrants and common stock pursuant to consulting agreements:

On November 22, 2004, the Company entered into a consulting agreement with an unrelated party to provide investor relations services to the Company for the period from November 22, 2004 to December 31, 2008. As compensation for these services, the Company agreed to issue 3,000,000 warrants for the purchase of common stock at $0.50 per share expiring on December 31, 2009. On January 17, 2005, the Company issued 1,500,000 Series A warrants and 1,500,000 Series B warrants pursuant to this consulting agreement.

The Series A warrants could be exercised at any time on or before December 31, 2009 at an exercise price of $0.50 per share or by means of a cashless exercise provision if there was no effective registration statement registering the resale of the underlying shares. The fair value of the Series A warrants was calculated as $982,198 using the Black Scholes option pricing model with the following weighted average assumptions: expected dividend yield 0%; risk-free interest rate of 3.6%; expected volatility of 145%, and an expected life of 5.11 years. Of this amount, $239,161 and $478,322 were included in prepaid expenses and deferred consulting services as at December 31, 2005, respectively.

The Series B warrants could be exercised at any time after July 31, 2006 at an exercise price of $0.50 per share or by means of a cashless exercise provision if there was no registration statement registering the resale of the underlying shares. The Series B warrants could be exercised prior to July 31, 2006 if the Company had not terminated the consulting agreement and the Company had received at least $2,000,000 of investment from any and all sources during the period from July 1, 2004 to July 31, 2006.
In accordance with EITF 96-18 "Accounting for Equity Instruments that are Issued to other than Employees for Acquiring, or in Conjunction with Selling, Goods or Services", the lowest aggregate fair value of the Series B warrants was used for recognition purposes. At December 31, 2005, no services had been rendered.

On January 24, 2006, the Company cancelled the consulting agreement and included the balance of the prepaid expenses and deferred consulting services of $717,483 in general and administrative expenses (Six months ended June 30, 2005 - $119,847). On the same date, the Company cancelled the Series A and Series B warrants. As compensation for cancellation of the Series A warrants, the Company issued 305,000 shares of common stock. On January 24, 2006, the fair value of the 305,000 shares of common stock was $67,100 based on a share price of $0.22 per share on that date. The $67,100 has been accounted for as a capital transaction.

Effective January 1, 2005, the Company entered into a consulting agreement with an unrelated party to provide investor communication and public relations services to the Company for the period from January 1, 2005 to December 31, 2005. As compensation for these services, the Company issued 200,000 shares of common

(In U.S. dollars)

8. Stockholders' deficiency (continued):

stock and 200,000 Series A warrants for the purchase of common stock at $0.50 per share expiring on December 31, 2009. The fair value of the 200,000 shares of common stock was estimated at $126,000 based on a share price of $0.63 per share. Of this amount Nil was included in general and administrative expenses for the six months ended June 30, 2006 (six months ended June 30, 2005 - $63,000). The fair value of the 200,000 Series A warrants was calculated as $114,677 using the Black Scholes option pricing model with the following weighted average assumptions: expected dividend yield 0%; risk-free interest rate of 3.69%; expected volatility of 142%, and an expected life of 5 years. Of this amount, Nil was been included in general and administrative expenses for the six months ended June 30, 2006 (six months ended June 30, 2005 - $57,338).

At December 31, 2005, $31,000 remained as a credit to common stock to be issued for services in stockholders' deficiency with respect to an obligation to issue 100,000 shares of common stock at $0.31 per share for services rendered and recognized in general and administrative expenses in 2005. In March, 2006, the provider of the services agreed to waive the right to receive the 100,000 shares of common stock. As a consequence, the $31,000 credit to common stock to be issued for services was transferred to additional paid-in-capital.

9. Research and development:

	Three months ended June 30, 2006	Three months ended June 30, 2005	Six months ended June 30, 2006	Six months ended June 30, 2005
Costs incurred	$ 131,339	$ 69,381	$ 276,825	$ 78,580
Investment tax credits	(9,488)	(7,888)	(18,381)	(14,439)
	$ 121,851	$ 61,493	$ 258,444	$ 64,141

(In U.S. dollars)

10. Net loss per common share:

As the Company incurred a net loss during the six months ended June 30, 2006 and 2005, the loss and diluted loss per common share are based on the weighted-average common shares outstanding. The following securities could potentially dilute net loss per common share for the periods presented:

	Six months ended June 30, 2006	Six months ended June 30, 2005
Options to purchase common stock	3,877,452	3,028,452
Convertible promissory note to a related party	-	4,309,302
Convertible promissory notes	1,073,675	-
Warrants to purchase common stock	5,501,101	-
Subscriptions to purchase common stock	-	166,667
Exercise of Series A warrants	-	1,700,000
Exercise of Series B warrants	-	1,500,000
Common stock to be issued pursuant to consulting agreements	-	300,000

11. Guarantees:

The Company has entered into agreements that contain features which meet the definition of a guarantee under FASB Interpretation No. 45 (“FIN 45”). FIN 45 defines a guarantee to be a contract that contingently requires the Company to make payments (either in cash, financial instruments, other assets, common shares of the Company or through provision of services) to a third party based on changes in an underlying economic characteristic (such as interest rates or market value) that is related to an asset, liability or an equity security of the other party. The Company has the following guarantees which are subject to the disclosure requirements of FIN 45.

Product warranties

As part of the normal sale of software products, the Company has provided certain of its customers with product warranties of 30 days from date of sale. Based on management’s best estimate of probable liability under its product warranties, no product warranty accrual was recorded as of June 30, 2006 and December 31, 2005.

12. Segmented reporting:

The Company operates in one dominant industry segment, which involves providing web-based software solutions that translate data into tables, charts and maps. The Company’s solutions can extend the functionality of business intelligence software packages from other vendors by adding pre-built software objects on top of those vendor’s solutions. Alternatively, the Company’s pre-built software objects can be assembled and bundled with data from major data vendors to provide functionality and enhanced presentation capabilities.

(In U.S. dollars)

12. Segmented reporting (continued):

External revenues attributable to geographic areas based on the location of the customer are as follows:

	Three months ended June 30, 2006	Three months ended June 30, 2005	Six months ended June 30, 2006	Six months ended June 30, 2005
United States	$ 135,691	$ 41,122	$ 208,908	$ 102,718
Canada	15,191	17,626	16,476	17,626
Europe	10,103	-	10,103	-

The Company's assets are located as follows:

	June 30, 2006	December 31, 2005
Canada	$ 208,390	$ 346,329
United States	142	740,625

13. Economic dependence:

Three of the Company's customers account for 83% of revenue for the six months ended June 30, 2006 (June 30, 2005 – three customers account for 97%).

14. Subsequent events:

Subsequent to June 30, 2006, the Company received subscriptions for $125,000 to purchase 1,250,000 shares of common stock of the Company at $0.10 per share and 625,000 warrants to purchase 625,000 shares of common stock of the Company at $0.30 per share. The warrants expire on December 31, 2010.

On August 2, 2006, $55,000 of promissory notes together with accrued interest of $915 were converted into 559,151 shares of common stock of the Company and 279,575 warrants to purchase 279,575 shares of common stock of the Company. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.

On August 14, 2006, the Company entered into a consulting agreement with an unrelated party to provide investor relations services for the Company for the period to July 31, 2007. As consideration for these services, the Company agreed to issue 1,500,000 shares of common stock of the Company and make a cash payment of $3,500 upon signing of the agreement. In addition, the Company agreed to make additional cash payments of $72,000 over the term of the agreement and to issue additional shares to the consultant pursuant to anti-dilution provisions in the agreement.

On August 1, 2006, the Company repaid $4,988 of the amount owing for principal and accrued interest on a $25,000 promissory note that was in default at June 30, 2006.

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

We caution readers that certain important factors may affect our actual results and could cause such results to differ materially from any forward-looking statements that we make in this report. For this purpose, any statements that are not statements of historical fact may be deemed to be forward-looking statements.

We caution readers that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties. In fact, actual results most likely will differ materially from those projected in the forward-looking statements as a result of various factors. Some factors that could adversely affect actual results and performance include:

- our limited operating history;
- our minimal sales to date;
- our future requirements for additional capital funding;
- the failure of our technology and products to perform as specified;
- the discontinuance of growth in the use of the Internet;
- the enactment of new adverse government regulations; and
- the development of better technology and products by others.

You should carefully consider and evaluate all of these factors. In addition, we do not undertake to update forward-looking statements after we file this report with the SEC, even if new information, future events or other circumstances have made them incorrect or misleading.

Critical Accounting Policies

The financial statements of the Company are prepared in accordance with generally accepted accounting principles in the United States of America. The following accounting policies are considered to be critical to an understanding of the financial position and results of operations for the Company. Additional accounting policies for the Company have been disclosed in the audited consolidated financial statements at and for the year ended December 31, 2005.

(a) Revenue recognition

The following policy on revenue recognition was adopted in prior years and continues to be applicable in the current year:

For contracts requiring significant customization or services, the Company recognizes revenue using the completed contract method in accordance with the guidance in Statement of Position 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts". Under the completed contract method, revenue is recognized in the period when all substantial obligations of the Company under the terms and conditions of a contract have been satisfied. Cash receipts received in advance of the recognition of revenue and rights to advance payments are recorded in the balance sheet as deferred revenue. Direct costs associated with a contract that has not been recognized as revenue are capitalized in the balance sheet as contracts in process. A provision for contract losses is recognized as soon as the losses become evident.

During the year-ended December 31, 2004, the Company made its initial sales of product licenses. As a consequence, the following policy on revenue recognition was adopted in the year-ended December 31, 2004:

For sales of product licenses, the Company recognizes revenue in accordance with Statement of Position 97-2, "Software Revenue Recognition" ("SOP 97-2"), as amended by Statement of Position 98-9, "Software Revenue Recognition with Respect to Certain Transactions", issued by the American Institute of Certified Public Accountants. Revenue from sale of product licenses is recognized when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectibility is probable.

Revenue from product support contracts is recognized ratably over the life of the contract. Revenue from services is recognized at the time such services are rendered.

For contracts with multiple elements such as product licenses, product support and services, the Company follows the residual method. Under this method, the total fair value of the undelivered elements of the contract, as indicated by vendor specific objective evidence, is deferred and subsequently recognized in accordance with the provisions of SOP 97-2. The difference between the total contract fee and the amount deferred for the undelivered elements is recognized as revenue related to the delivered elements. Vendor specific objective evidence for support and consulting services is obtained from contracts where these elements have been sold separately. Where the Company cannot determine the fair value of all the obligations, the revenue is deferred until such time as it can be determined or the element is delivered.

(b) Stock-based compensation:

Effective January 1, 2006, the Company adopted the following policy with respect to stock-based compensation:

Effective January 1, 2006, the Company adopted the provisions of Financial Accounting Standards Board Statement No. 123R "Share-Based Payment" ("SFAS 123R") to account for its stock options. SFAS 123R requires all share-based payments, including stock options granted to employees by the Company, to be recognized in the Statement of Operations based on the fair value of the share-based payments at the date of grant. For purposes of estimating the grant date fair value of stock options, the Company uses the Black Scholes options pricing model and has elected to treat awards with graded vesting as a single award. The fair value is recognized as compensation expense on a straight-line basis over the requisite service period, which in the Company's circumstances is the stated vesting period of the award, provided that total compensation expense recognized at least equals the pro rata fair value of the award that has vested.

The Company has adopted the modified prospective method of applying the provisions of SFAS 123R. Under the modified prospective method, the Company recognizes compensation expense based on the requirements of SFAS 123R for all share-based payments granted after the effective date of SFAS 123R. In addition, compensation expense is recognized, subsequent to the effective date of SFAS 123R, for the remaining portion of the vesting period for outstanding awards granted prior to the effective date of SFAS 123R.

For periods to December 31, 2005, the Company accounted for stock-based compensation in accordance with the following policy:

For periods to December 31, 2005, the Company applied the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations including FASB Interpretation No. 44, "Accounting for Certain Transactions involving Stock Compensation an interpretation of APB

Opinion No. 25", to account for its stock options for employees. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" and SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment of FASB Statement No. 123," established accounting and disclosure requirements using a fair value-based method of accounting for stock-based employee compensation plans. For periods to December 31, 2005, the Company elected to apply the intrinsic-value based method of accounting described above and adopted only the disclosure requirements of SFAS 123, as amended.

Results of Operations

For the three month period ended June 30, 2006 compared to the three month period ended June 30, 2005

Revenue: Revenues for the three months ended June 30, 2006 were $160,985 compared to $58,748 for the three months ended June 30, 2005. Revenues for the three months ended June 30, 2006 included the following:

- $125,558 for four contracts for services;
- $21,975 for three contracts for products;
- $13,452 related to product support contracts.

Revenues for the three months ended June 30, 2005 included the following:

- $39,313 for one contract for services;
- $17,626 for two contracts for products;
- $1,809 related to product support contracts

Gross margin: Gross margin for the three months ended June 30, 2006 was $131,074 (81% of revenue) compared to $53,414 (91% of revenue) for the three months ended June 30, 2005. In 2005, the contract for services was for an ongoing project requiring minimal labor cost to complete. In 2006, one of the contracts for products was expected to result in a lower margin as the sale was made in anticipation of ongoing revenue. In addition, one of the contracts for services in 2006 resulted in a lower than expected margin due to the labor incurred on the project.

General and administrative expenses: General and administrative expenses for the three months ended June 30, 2006 were $132,231 compared to $231,580 for the three months ended June 30, 2005. The decrease in costs of approximately $99,300 includes the following significant items:

- Increase in compensation costs for the Chief Financial Officer of approximately $12,600.
- Increase in stock related compensation expense of approximately $27,500. In 2006, stock related compensation expense was $16,400 as a result of the implementation of FAS 123R. In 2005, recovery of compensation expense was $11,100 resulting from recognition of a net reduction in the intrinsic value of certain stock options of the Company accounted for using variable accounting due to a decrease in the market price of Company common stock.
- Decrease in consulting expense of approximately $146,300. No consulting related costs were incurred during the three months ended June 30, 2006. In 2005, consulting expense included services for investor communication and public relations.

- Increase of approximately $4,300 in professional fees due to the current regulatory environment.
- Increase of approximately $2,600 in other miscellaneous costs.

Sales and marketing expenses: Sales and marketing expenses for the three months ended June 30, 2006 were $143,996 compared to $109,760 for the three months ended June 30, 2005. The increase in costs of approximately $34,200 includes the following significant items:

- Increase in stock related compensation expense of approximately $23,900. In 2006, stock related compensation expense was $26,300 as a result of the implementation of FAS 123R. In 2005, compensation expense was $2,400 under the accounting principles in effect at that time.
- Increase in compensation related costs of approximately $9,900 due to an increase in compensation to sales management in 2006, hiring of a third sales representative in June 2006 and engaging a sales consultant in the U.S. in June 2006. These increases were partially offset by a lower level of compensation for one of the sales representatives in 2006 compared to the sales representative employed in the equivalent position in 2005. At June 30, 2006, the Company had three sales representatives responsible for world wide sales, a sales consultant in the U.S. primarily responsible for building relationships with partners, a sales engineer and two members of management involved in sales related activities.

Research and development expenses: Research and development expenses for the three months ended June 30, 2006 were $121,851 compared to $61,493 for the three months ended June 30, 2005. The increase in costs of approximately $60,400 includes the following significant items:

- Increase in stock related compensation expense of approximately $36,800. In 2006, stock related compensation expense was $16,100 as a result of the implementation of FAS 123R. In 2005, recovery of compensation expense was $20,700 resulting from recognition of a net reduction in the intrinsic value of certain stock options of the Company accounted for using variable accounting due to a decrease in the market price of Company common stock.
- Increase in compensation related costs of approximately $49,100 due to an increase in the level of staffing by two full-time equivalent employees and general salary increases.

The above costs were partially offset by the following items:

- Increase in research and development tax credits of $1,600 due to labor incurred on the release of DataJungle’s Matrix 4.0 product and subsequent upgrades .
- Increase of $24,100 in compensation cost transferred to cost of sales due to the labor component on a contract for services.

Depreciation: Depreciation was $3,232 for the three months ended June 30, 2006 compared to $4,814 for the three months ended June 30, 2005.

Interest expense: Interest expense increased from $12,871 for the three months ended June 30, 2005 to $169,577 for the three months ended June 30, 2006 primarily as a result of approximately $164,209 of intrinsic value of in-the-money beneficial conversion features on promissory notes issued in 2006 and modifications in 2006 to promissory notes issued in 2005. This intrinsic value was partially offset by lower interest charges in 2006 due to a net reduction in debt levels.

Foreign exchange: Foreign exchange expense was $3,822 for the three months ended June 30, 2006 compared to $1,958 for the three months ended June 30, 2005.

Net loss: Net loss was $554,198 ($0.02 per share) for the three months ended June 30, 2006 compared to $369,062 ($0.02 per share) for the three months ended June 30, 2005. Our revenues and future profitability and future rate of growth are substantially dependent upon our ability to:

- license our software applications to a sufficient number of clients
- modify the successful software applications, over time, to provide enhanced benefits to existing users; and
- successfully develop related software applications.

For the six month period ended June 30, 2006 compared to the six month period ended June 30, 2005

Revenue: Revenues for the six months ended June 30, 2006 were $235,487 compared to $120,344 for the six months ended June 30, 2005. Revenues for the six months ended June 30, 2006 included the following:

- $169,038 for four contracts for services;
- $40,518 for four contracts for products;
- $25,931 related to product support contracts.

Revenues for the six months ended June 30, 2005 included the following:

- $82,875 for one contract for services;
- $34,549 for three contracts for products;
- $2,920 related to product support contracts

Gross margin: Gross margin for the six months ended June 30, 2006 was $170,007 (72% of revenue) compared to $106,876 (89% of revenue) for the six months ended June 30, 2005. In 2005, the contract for services was for an ongoing project requiring minimal cost to complete. In 2006, two of the contracts for products were expected to result in lower margins as these sales were made in anticipation of ongoing business. In addition, two of the contracts for services in 2006 were expected to result in lower margin as they included a significant labor component.

General and administrative expenses: General and administrative expenses for the six months ended June 30, 2006 were $987,852 compared to $384,972 for the six months ended June 30, 2005. The increase in costs of approximately $602,900 includes the following significant items:

- Increase in compensation related costs for the Chief Financial Officer of approximately $16,200.
- Increase in stock related compensation expense of approximately $100,000. In 2006, stock related compensation expense was $43,900 as a result of the implementation of FAS 123R. In 2005, recovery of compensation expense was $56,100 resulting from recognition of a net reduction in the intrinsic value of certain stock options of the Company accounted for using variable accounting due to a decrease in the market price of Company common stock.
- Increase in consulting expense of approximately $467,000. On January 24, 2006, the Company cancelled a consulting contract and 3,000,000 warrants to purchase our common stock and expensed $717,500 of prepaid expenses and deferred consulting fees which had been

recognized on our balance sheet at December 31, 2005. No consulting related costs were incurred during the six months ended June 30, 2006. In 2005, consulting expense included $250,500 for investor communication and public relations services.

- Increase of approximately $11,400 in professional fees due to the current regulatory environment and use of a contractor to provide accounting services in January 2006 prior to the hiring of a Chief Financial Officer.
- Increase of approximately $4,800 in financing fees due to incurring a 7.5% fee on financing raised in 2006 compared to more favorable fees in 2005.
- Increase of approximately $3,500 in other miscellaneous costs.

Sales and marketing expenses: Sales and marketing expenses for the six months ended June 30, 2006 were $295,892 compared to $220,398 for the six months ended June 30, 2005. The increase in costs of approximately $75,500 includes the following significant items:

- Increase in stock related compensation expense of approximately $58,900. In 2006, stock related compensation expense was $56,500 as a result of the implementation of FAS 123R. In 2005, recovery of compensation expense was $2,400 resulting from recognition of a net reduction in the intrinsic value of certain stock options of the Company accounted for using variable accounting due to a decrease in the market price of Company common stock.
- Increase in compensation related costs of approximately $1,800 due to an increase in compensation to sales management in 2006, hiring of a third sales representative in June 2006 and engaging a sales consultant in the U.S. in June 2006. These increases were offset by a lower level of compensation for one of the sales representatives and the sales consultant in 2006 compared to the sales representative and sales consultant employed in 2005. At June 30, 2006, the Company had three sales representatives responsible for world wide sales, a sales consultant in the U.S. primarily responsible for building relationships with partners, a sales engineer and two members of management involved in sales related activities.
- Increase of approximately $2,000 in the costs of on-line demonstrations of our products and services.
- Increase of approximately $7,300 in travel and related costs primarily due to attendance at a Business Intelligence trade show in Montreal in March 2006.
- Increase in other costs of $5,500 primarily related to the cost of press releases for product and customer announcements and purchasing of a mailing list for customer lead generation purposes.

Research and development expenses: Research and development expenses for the six months ended June 30, 2006 were $258,444 compared to $64,141 for the six months ended June 30, 2005. The increase in costs of approximately $194,300 includes the following significant items:

- Increase in stock related compensation expense of approximately $143,400. In 2006, stock related compensation expense was $38,800 as a result of the implementation of FAS 123R. In 2005, recovery of compensation expense was $104,600 resulting from recognition of a net reduction in the intrinsic value of certain stock options of the Company accounted for using variable accounting due to a decrease in the market price of Company common stock.
- Increase in compensation related costs of approximately $89,400 due to an increase in the level of staffing by two full-time equivalent employees, reduction in the amount of staffing costs charged to sales and marketing activities and general salary increases.
- Increase in other costs of $11,600 due primarily to costs related to testing for Microsoft certification resulting in the Company achieving Microsoft Gold Certified Partner status.

The above costs were partially offset by the following items:

- Increase in research and development tax credits of $4,000 due to labor incurred on the release of DataJungle's Matrix 4.0 product and subsequent upgrades.
- Increase of $46,100 in compensation cost transferred to cost of sales due to the labor component on a contract for services.

Depreciation: Depreciation was $5,335 for the six months ended June 30, 2006 compared to $9,697 for the six months ended June 30, 2005.

Interest expense: Interest expense increased from $20,609 for the six months ended June 30, 2005 to $309,430 for the six months ended June 30, 2006 primarily as a result of $295,509 of intrinsic value of in-the-money beneficial conversion features on promissory notes issued in 2006 and modifications in 2006 to promissory notes issued in 2005. This intrinsic value was partially offset by lower interest charges in 2006 due to a net reduction in debt levels.

Foreign exchange: Foreign exchange expense was $8,301 for the six months ended June 30, 2006 compared to $4,179 for the six months ended June 30, 2005.

Net loss: Net loss was $2,245,990 ($0.09 per share) for the six months ended June 30, 2006 compared to $597,120 ($0.03 per share) for the six months ended June 30, 2005. Our revenues and future profitability and future rate of growth are substantially dependent upon our ability to:

- license our software applications to a sufficient number of clients
- modify the successful software applications, over time, to provide enhanced benefits to existing users; and
- successfully develop related software applications.

<u>Financial Condition and Liquidity</u>

General: At June 30, 2006, the Company had negative working capital of $533,767 compared to negative working capital of $1,366,879 at December 31, 2005. The Company had $10,484 in cash at June 30, 2006 compared to $85,802 at December 31, 2005. At June 30, 2006, the Company had not repaid or been able to negotiate a further extension of the maturity date for $25,000 of promissory notes. Subsequent to June 30, 2006, the Company repaid $4,988 to the lender. However, the Company has failed to make any additional payments of principal or interest. Consequently, the Company is in default of the terms and conditions of this promissory note, which is therefore presented as a short term liability.

All of the factors above raise substantial doubt about the Company's ability to continue as a going concern. Management's plans to address these issues include raising capital through the private placement of equity and renegotiating the repayment terms of accounts payable, accrued liabilities and promissory notes payable. The Company's ability to continue as a going concern is subject to management's ability to successfully implement the above plans. Failure to implement these plans could have a material adverse effect on the Company's position and or results of operations and may result in ceasing operations. Even if successful in obtaining financing in the near term, the Company cannot be certain that cash generated from its future operations will be sufficient to satisfy its liquidity requirements in the longer term and it may need to continue to raise capital by selling additional equity or by obtaining credit facilities.

Net cash used in operating activities: During the six months ended June 30, 2006, the Company used $314,643 in cash in operations compared to a use of cash in operations of $377,134 for the six months ended June 30, 2005. The use of cash in operations for the six months ended June 30, 2006 resulted from a loss of $2,245,990 offset by non-cash consulting fees of $717,483, loss on extinguishment of debt of $550,743, non-cash compensation expense of $139,227, depreciation of $5,335, non-cash interest expense of $309,009, non-cash financing fees of $18,811 and a net change in non-cash working capital of $190,739. The use of cash for the six months ended June 30, 2005 resulted from a loss of $597,120 and a recovery in non-cash compensation expense of $163,005 offset by non-cash consulting fees of $250,518, non-cash interest expense of $19,290, depreciation expense of $9,697 and net change in non-cash working capital of $103,486.

Net cash used in investing activities: During the six months ended June 30, 2006, the Company purchased property and equipment of $3,171 compared to purchases of $3,595 for the six month period ended June 30, 2005.

Net cash provided by financing activities: During the six months ended June 30, 2006, the Company raised $220,000 by issuing 12% promissory notes and $73,398 by issuing 10% promissory notes offset by $450 in share related issuance costs. In addition, the Company repaid $41,000 of 10% promissory notes. During the six months ended June 30, 2005, the Company raised $364,423 (net of repayments of $58,000) by issuing 12% promissory notes and $15,000 from subscriptions to purchase 50,000 shares of common stock at $0.30 per share offset by $300 in share related issuance costs.

Commitments: The Company has entered into an operating lease for office space that expires on December 31, 2007. The future minimum lease payments including operating costs are as follows:

Year	**Amount**
2006	$51,453
2007	94,332
Total	$145,785

ITEM 3 CONTROLS AND PROCEDURES

The term “disclosure controls and procedures” is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission.

In connection with the review of our consolidated condensed financial statements for the period ended June 30, 2006, our independent registered public accounting firm advised the Board of Directors and management of certain significant internal control deficiencies that they considered to be, in the aggregate, a material weakness. In particular, our independent registered public accounting firm identified the following weaknesses in our internal control system: (1) a lack of segregation of duties and (2) a lack of formal procedures relating to all areas of financial reporting including a lack of review by management. The independent registered public accounting firm indicated that they considered these deficiencies to be reportable conditions as that term is defined under standards established by the American Institute of Certified Public Accountants. A material weakness is a significant deficiency in one or more of the internal control components that alone or in the aggregate precludes our internal controls from reducing to an appropriately low level of risk that material misstatements in our consolidated financial statements will not be prevented or detected on a timely basis. The Company considered these matters in connection with the period-end closing of accounts and preparation of the related consolidated condensed financial statements and determined that no prior period financial statements were materially affected by such matters. Notwithstanding the material weaknesses identified by our independent registered public accountants, we believe that the consolidated condensed financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operation and cash flows of the Company as of, and for, the periods represented in this report.

The size of the Company has prevented us from being able to employ sufficient resources at this time to enable us to have an adequate level of supervision and segregation of duties within our internal control system. Set forth below is a discussion of the significant internal control deficiencies that had not been remediated as of the beginning of the period covered by this report.

Lack of segregation of duties. Our size has prevented us from being able to employ sufficient resources to enable us to have an adequate level of supervision and segregation of duties within our internal control system. There is one person involved in processing of transactions**.** Therefore, it is difficult to effectively segregate accounting duties. While we strive to segregate duties as much as practicable, there is insufficient volume of transactions to justify additional full time staff. We are currently seeking, but cannot be assured that we will be able to find, a qualified part time person to perform routine, month end accounting procedures. As a result, this significant internal control deficiency had not been remediated as of the end of the period covered by this report, nor do we know if we will be able to remediate this weakness in the foreseeable future. However, we will continue to monitor and assess the costs and benefits of additional staffing.

Lack of formal procedures relating to all areas of financial reporting including a lack of review by management. Due to the size of our Company, and as a consequence of the lack segregation of duties, we do not have formal month end close procedures. As a result, there is a lack of timely review of the consolidated financial statements and Form 10-QSB. This significant internal control deficiency has not been remediated as of the end of the period covered by this report.

If we are unable to remediate the identified material weaknesses, there is a more than remote likelihood that a material misstatement to our SEC reports will not be prevented or detected, in which case investors could lose confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our ability to raise additional capital and could also have an adverse effect on our stock price.

As required by the SEC rules, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Report. This evaluation was performed under the supervision and with the participation of our management, including the President and Chief Executive Officer and Chief Financial Officer, Secretary and Treasurer. Based upon that evaluation, our President and Chief Executive Officer and Chief Financial Officer, Secretary and Treasurer have concluded that our controls and procedures were not effective as of the end of the period covered by this Report due to the existence of the significant internal control deficiencies described above.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

NONE

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended March 31, 2006, the Company had the following transactions:

- Issued $160,000 of convertible 12% promissory notes;
- Issued 7,587,469 shares of common stock pursuant to the transactions described below:
  - 4,309,302 shares of common stock on conversion of $476,529 of a promissory note payable to a related party and accrued interest of $84,334.
  - 2,973,167 shares of common stock on conversion of $680,370 of promissory notes and accrued interest of $62,922. In addition, the Company issued 2,973,167 warrants to purchase 2,973,167 shares of common stock of the Company. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.
  - 305,000 shares of common stock as consideration for the cancellation of a consulting agreement and the related stock purchase warrants.
- Granted 1,100,000 stock purchase options to officers and directors and 270,000 stock purchase options to employees to purchase 1,370,000 common shares at an exercise price of $0.25 expiring at various dates to February 1, 2013;

During the three months ended June 30, 2006, the Company had the following transactions:

- Issued $90,811 of convertible 12% promissory notes. These promissory notes are convertible, at the lender's option, into shares of common stock at $0.20 per share plus a warrant for the purchase of the number of common shares received on conversion. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.
- On April 19, 2006, $160,000 of convertible 12% promissory notes issued during the three months ended March 31, 2006 and $90,811 of convertible 12% promissory notes payable referred to immediately above together with accrued interest to April 19, 2006 of $2,340 were assigned to another party. Subsequent to this assignment, the other party converted the promissory notes and accrued interest into 1,265,753 shares of common stock of the Company and 1,265,753 warrants to purchase 1,265,753 shares of common stock of the Company. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.
- Modified $43,003 of 10% promissory notes payable to a related party by waiving the repayment and security provisions related to specific customer invoices. As consideration for the modification, the Company agreed to permit the lender, at the lender's option, to convert the promissory notes and accrued interest into shares of common stock of the Company at a price of $0.20 per share plus a warrant for the purchase of the number of shares received by the lender on conversion. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.
- On April 19, 2006, $80,000 of 12% promissory notes together with accrued interest to April 19, 2006 of $3,567 were assigned to another party. Subsequent to this assignment, the other party converted the promissory notes and accrued interest into 417,836 shares of common stock of the Company and 417,836 warrants to purchase 417,836 shares of common stock of the Company. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.

- Issued $18,398 of convertible 10% promissory notes to a related party. The promissory notes are convertible, at the lender's option, into shares of common stock at $0.10 per share plus a warrant for the purchase of the number of shares equal to 50% of the number of shares received on conversion. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.
- Issued $55,000 of convertible 10% promissory notes. The promissory notes are convertible, at the lender's option, into shares of common stock at $0.10 per share plus a warrant for the purchase of the number of shares equal to 50% of the number of shares received on conversion. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.
- Granted 225,000 stock purchase options to employees to purchase 225,000 common shares at an exercise price of $0.25 expiring at various dates to May 31, 2013. In addition, a Director of the Company forfeited 100,000 stock purchase options to purchase 100,000 common shares at an exercise price of $0.51 per share expiring at various dates to June 14, 2012 and 50,000 stock purchase options to purchase 50,000 common shares at $0.25 per share expiring at various dates to January 31, 2012.

During the period from July 1, 2006 to August 14, 2006, the Company had the following transactions:

- Received subscriptions for $125,000 to purchase 1,250,000 shares of common stock of the Company at $0.10 per share and 625,000 warrants to purchase 625,000 shares of common stock of the Company at $0.30 per share. The warrants expire on December 31, 2010.
- On August 2, 2006, $55,000 of promissory notes together with accrued interest of $915 were converted into 559,151 shares of common stock of the Company and 279,575 warrants to purchase 279,575 shares of common stock of the Company. The warrants are exercisable at $0.30 per share and expire on December 31, 2010.
- On August 14, 2006, the Company entered into a consulting agreement with an unrelated party to provide investor relations services for the Company for the period to July 31, 2007. As consideration for these services, the Company agreed to issue 1,500,000 shares of common stock of the Company and make a cash payment of $3,500 upon signing of the agreement. In addition, the Company agreed to make additional cash payments of $72,000 over the term of the agreement and to issue additional shares to the consultant pursuant to anti-dilution provisions in the agreement.

The foregoing securities were issued in reliance upon the exemption provided by Section 4(2) under the Securities Act of 1933 and the rules promulgated thereunder.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

At June 30, 2006, the Company had not repaid or been able to negotiate a further extension of the maturity date for $25,000 of promissory notes. Subsequent to June 30, 2006, the Company repaid $4,988 to the lender. However, the Company has failed to make any additional payments of principal or interest. As at August 11, 2006, the amount outstanding pursuant to this promissory note was $23,161 including accrued interest of $3,149.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE

ITEM 5. OTHER INFORMATION

NONE

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibit 31.a	Certification of President & Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.b	Certification of Chief Financial Officer, Secretary & Treasurer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.a	Certification of President & Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.b	Certification of Chief Financial Officer, Secretary & Treasurer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATAJUNGLE SOFTWARE INC.

By: /s/ Edward Munden
Edward Munden
President & Chief Executive Officer

Dated: August 14, 2006

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the small business issuer and in the capacities and on the dates indicated.

/s/ Edward Munden
Edward Munden
President & Chief Executive Officer
(principal executive officer)

Dated: August 14, 2006

/s/ Larry Bruce
Larry Bruce
Chief Financial Officer, Secretary & Treasurer
(principal financial officer)

Dated: August 14, 2006