JCurve Solutions Limited

Half Year Report 31 December 2017

JCurve Solutions Limited
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The information contained in the half year financial report should be read in conjunction with the Company's Annual Financial Report for the year ended 30 June 2017.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as "JCurve Solutions" or the "Group") consisting of JCurve Solutions Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Bruce Hatchman	Non-Executive Chairman
David Franks	Non-Executive Director Company Secretary
Mark Jobling	Non-Executive Director

Review of Operations

The half year ended 31 December 2017 (1HY2018) was a period of transition for JCurve Solutions as we have invested in our people and internal capabilities to ensure we are well established to achieve the medium to longer term sustained business growth which has been forecast. During the six-month period we employed a further net 9 employees in roles within marketing, sales and professional services which are critical to the longer term financial success of JCurve Solutions.

Although the overall half year sales and revenue result is at the lower end of our forecast range, with the expanded team now in place we are confident of achieving our full year sales and revenue forecast. The additional investment in our team during the half year should translate into financial success in 2HY2018 as the new employees gain the necessary experience. This combined with the seasonality of sales by our ERP business and strong pipeline of sales opportunities ensures we are well positioned to meet the forecast. Our business is growing and sales mix changing as we pick up larger contracts which have a longer lead time to full revenue recognition but provide a very strong foundation for the business.

The Executive Management team and Board continue to focus on our three previously stated strategic objectives as outlined below:

1) Investing to grow the ERP business

During the half year period ending 31 December 2017, the ERP division grew by 21% after recognising $3.5m of revenue, which is a significant increase from the restated $2.9m in 1HY2017. The profit before tax for the ERP division was $128,450 (1HY2017: $5,861). The majority of the investment in our employees has been in the growing ERP division. Over the past twelve months, we have increased the number of ERP solutions we sell, through the sale of the NetSuite editions and MYOB Advanced editions which required further investment in our people. The majority of the planned investment has now been made and after a ramp up period during 1HY2018 we are well positioned to deliver stronger 2HY2018 sales and project delivery results in the second half of FY2018. Project delivery results are expected to be stronger in 2HY2018 as we close a number of larger NetSuite and MYOB Advanced projects which we sold in 1HY2018 which were in the process of being implemented as at 31 December.

2) Maximising value from the TEMS business

Our Telecommunications Expense Management (TEMS) product division has continued to reduce customer churn, primarily through stronger customer relationships and longer term customer contracts. For the half year period ending 31 December 2017 we were able to recognise $1.5 million of revenue from our TEMS solutions which was an 8% decrease on the revenue recognised in 1HY2017 which is well below the 28% decrease experienced in FY2017. The profit before tax and before any development costs for the TEMS division was $914,130 (1HY2017: $929,319). We have continued to reinvest the profits generated by the TEMS product division into research and development (R&D) activities, spending $462,958 before R&D tax credits (1HY2017: $359,522) during the half year period which is intended to not only minimise TEMS churn but capitalise on related expense management opportunities. We are anticipating going to market with the new expense management solutions in early FY2019.

DIRECTORS' REPORT (continued)

3) Diversification by leveraging our core strengths and capabilities

The Executive Management Team and Board have continued to investigate potential acquisition targets throughout the Asia Pacific region in 1HY2018. The targets which are being investigated have synergies for our growing ERP business.

From a diversification perspective, we have continued to enter into new partnerships throughout the half year period which extended our cloud ERP offerings while building on the partnership with MYOB to ensure we are expanding our target market and being recognised as the solution provider of choice for businesses in Australia and New Zealand.

The Group recognised a net profit after tax of $393,427 for the half year period ended 31 December 2017 (2016 restated: $118,770 loss). Following a significant increase in the recruitment of employees in areas of the business which will make and deliver sales and an expansion of products being sold, the Group has assessed that it is now probable that future tax profits will be available against which the Group can utilise the benefits thereof. This followed an increase in taxable temporary differences recognised during 1HY2018 and has resulted in the Group recognising carried forward tax losses in the financial results presented in this half year report.

The 'Normalised EBITDA' loss for the half year period ended 31 December 2017 was $125,730 (2016: $88,680 loss), which has been determined as follows:

	Half-year	
	2017	2016 (Restated *)
	$	$
Statutory profit/(loss) after income tax for the half year period	**393,427**	(118,770)
Add back: non-cash expenses:		
Depreciation / amortisation	**45,152**	36,555
Total non-cash expenses	**45,152**	36,555
Income tax expense/(benefit)	**(555,291)**	11,195
Interest income	**(8,944)**	(18,208)
Finance (income)/cost	**(74)**	548
Normalised EBITDA loss for the half year period	**(125,730)**	(88,680)

Normalised EBITDA is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for specific significant items. The table above summarises key items between the statutory loss after tax and normalised EBITDA. The directors use normalised EBITDA to assess the performance of the Group.

Normalised EBITDA has not been subject to any specific review procedures by our auditor but has been extracted from the accompanying auditor reviewed financial report.

Revenue for the half year period ended 31 December 2017 increased by 11%, from $4.5m in the corresponding comparative period (restated for the impacts of AASB 15) to $5.0m in the half year reporting period ended 31 December 2017. The focus of the ERP business has been to expand JCurve Solutions capabilities to sell and service NetSuite and MYOB Advanced customers as well as continuing to sell and implement our industry leading small business edition of NetSuite; JCurveERP. The Group has also continued to provide services to the largest telecommunication expense management customers, some renewing under multi-year contracts in addition to undertaking research and development activities for generalised expense management solutions.

A combination of lower than forecast sales, a change in the overall product mix sold and higher recruitment costs resulted in net cash outflows from operating activities for the 6-month period ending 31 December 2017 totalling $0.7m. Additionally customers purchasing the NetSuite and MYOB Advanced editions will generally be on a payment plan over the implementation period whereas much of the costs incurred by JCurve Solutions on these sales are up front. At 31 December 2017, the Group held cash reserves of $2.7m, whilst remaining debt free ensuring JCurve Solutions is well positioned to achieve its forecast organic growth while it continues to investigate diversification opportunities.

DIRECTORS' REPORT (continued)

Auditor's Independence Declaration

Section 307C of the *Corporations Act* 2001 requires our auditors, BDO East Coast Partnership, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

Bruce Hatchman
Chairman
Dated at Sydney 20 February 2018

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DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF JCURVE SOLUTIONS LIMITED

As lead auditor for the review of JCurve Solutions Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of JCurve Solutions Limited and the entities it controlled during the period.

Gareth Few

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 20 February 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated half-year ($)	
		2017	2016 Restated (*)
Continuing operations			
Revenue	3	**5,027,718**	4,534,083
Cost of goods sold		**(737,870)**	(1,051,759)
Gross profit		**4,289,848**	3,482,324
Other income	3	**12,331**	29,443
Employee benefits expense		**(2,827,318)**	(2,375,000)
Other employee related expense		**(576,953)**	(404,971)
Communications expense		**(44,686)**	(21,372)
Advertising and marketing		**(80,904)**	(186,810)
Professional fees		**(389,763)**	(253,904)
Occupation expense		**(234,022)**	(187,493)
Listing expense		**(27,137)**	(35,292)
Depreciation and amortisation expense		**(45,152)**	(36,555)
Finance expense		**74**	(548)
Other expenses		**(238,182)**	(117,397)
Loss before income tax		**(161,864)**	(107,575)
Income tax benefit/(expense)	4	**555,291**	(11,195)
Profit/(loss) after tax for the half year period		**393,427**	(118,770)
Other comprehensive income, net of income tax		**-**	-
Total comprehensive income for the half year period		**393,427**	(118,770)
Earnings per share			
Basic earnings/(loss) per share (cents per share)	11	**0.12**	(0.04)
Diluted earnings/(loss) per share (cents per share)	11	**0.12**	(0.04)

(*) Refer to notes 1 and 19 for details about the change in accounting policy adopted for revenue recognition.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	Consolidated ($) 31 Dec 2017	Consolidated ($) 30 June 2017
Assets			
Current Assets			
Cash and cash equivalents		**2,736,397**	3,495,899
Trade and other receivables	5	**1,984,467**	1,586,347
Other financial assets		**19,078**	-
Current tax asset		**351,571**	189,333
Other current assets	6	**717,553**	606,221
Total Current Assets		**5,809,066**	5,877,800
Non-Current Assets			
Property, plant and equipment	7	**129,198**	121,929
Intangible assets	8	**2,302,857**	2,302,857
Other financial assets		**-**	19,078
Deferred tax asset	4	**1,037,920**	614,701
Total Non-Current Assets		**3,469,975**	3,058,565
Total Assets		**9,279,041**	8,936,365
Liabilities			
Current Liabilities			
Trade and other payables	9	**3,533,788**	3,607,848
Provisions		**227,142**	219,172
Total Current Liabilities		**3,760,930**	3,827,020
Non-Current Liabilities			
Provisions		**39,224**	65,581
Deferred tax liability	4	**1,064,020**	1,033,854
Total Non-Current Liabilities		**1,103,244**	1,099,435
Total Liabilities		**4,864,174**	4,926,455
Net Assets		**4,414,867**	4,009,910
Equity			
Issued capital	10	**17,588,248**	17,588,248
Reserves		**1,773,584**	1,762,054
Accumulated losses		**(14,946,965)**	(15,340,392)
Total Equity		**4,414,867**	4,009,910

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Consolidated ($)			
	Issued Capital	Accumulated Losses Restated *	Reserves	Total Equity
Balance as at 1 July 2016 (Restated) *	**17,588,248**	**(16,579,313)**	**1,745,372**	**2,754,307**
Total comprehensive income for the half year (Restated *)	-	(118,770)	-	(118,770)
Issued shares under employee share plan	-	-	9,607	9,607
Balance as at 31 December 2016 (restated) *	**17,588,248**	**(16,698,083)**	**1,754,979**	**2,645,144**

	Consolidated ($)			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance as at 1 July 2017	**17,588,248**	**(15,340,392)**	**1,762,054**	**4,009,910**
Total comprehensive income for the half year	-	393,427	-	393,427
Issued shares under employee share plan	-	-	11,530	11,530
Balance as at 31 December 2017	**17,588,248**	**(14,946,965)**	**1,773,584**	**4,414,867**

(*) Refer to notes 1 and 19 for details about the change in accounting policy adopted for revenue recognition.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Consolidated half year ($)	
	31 Dec 2017	31 Dec 2016
Cash flows from operating activities		
Receipts from customers	**4,516,665**	5,095,466
Payments to suppliers and employees	**(5,232,764)**	(5,082,102)
Interest received	**8,944**	8,815
Interest (paid)/refunded	**74**	(548)
Net cash inflow/(outflow) from operating activities	**(707,081)**	21,631
Cash flows from investing activities		
Purchase of property, plant and equipment	**(52,421)**	(37,807)
Purchase of intangible assets	**-**	(1,367)
Net cash outflow from investing activities	**(52,421)**	(39,174)
Net decrease in cash and cash equivalents	**(759,502)**	(17,543)
Cash and cash equivalents at the beginning of the half-year	**3,495,899**	2,382,699
Cash and cash equivalents at the end of the half-year	**2,736,397**	2,365,156

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of half-year report

The consolidated half year financial statements have been prepared in accordance with the requirements of the *Corporations Act* 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by JCurve Solutions Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

As outlined in the 30 June 2017 Annual Financial Report, the Group has elected to early adopt AASB 15 Revenue from Contracts with Customers as issued by the Australian Accounting Standards Board from 1 July 2016 under the full retrospective approach. In accordance with the transition provisions in AASB 15 the new rules have been adopted retrospectively and comparatives for the 2016 half year financial results have been restated. Refer to note 19 for further details of the impact of the new accounting standard on the comparative financial results.

All other accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Following an increase in taxable temporary differences during 1HY2018 and periods of forecast sustained taxable profit following the investment in our employees, the Company during 1HY2018 has recognised carried forward tax losses in the financial results presented in this half year report. Refer to note 4 for further details on the effect of recognising the carried forward tax losses.

With the exception of the recognition of carried forward tax losses, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

New and amended standards adopted by the group

For the half-year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2017.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business for the first time during the 6 months ending 31 December 2017 and, therefore, no change is necessary to Group accounting policies.

New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has assessed that while there may be an impact on the measurement of the allowance for doubtful debts, this impact is expected to be immaterial to the overall financial statements.

AASB 9 must be applied for financial years commencing on or after 1 January 2018. The Group will adopt the new standard from 1 July 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

(ii) AASB 16 Leases

The Australian Accounting Standards Board has issued AASB 16 which will replace AASB 117 Leases and a number of interpretations. AASB 16 will provide a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The new standard will have three possible main changes on the Group's accounting for leases:

- Enhanced guidance on identifying whether a contract contains a lease;
- A completely new leases accounting model for lessees that require lessees to recognise all leases on balance sheet except for short-term leases and leases of low value assets; and
- Enhanced financial statement disclosures.

Lessor accounting will not significantly change under AASB 16.

Management is currently assessing the effects of applying the new standard on the Group's financial statements. There may be an impact on the Group's current property leases. At this stage, the Group is not able to estimate what the effect on the Group's financial statements apart from there being a requirement for additional disclosures. The Group will make more detailed assessments of the effect over the next twelve months. AASB 16 must be applied for financial years commencing on or after 1 January 2019. The Group does not expect to adopt the new standard before 1 July 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 2: SEGMENT REPORTING

(a) Description of segments

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about the components of the Group that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance.

JCurve Solutions sells a portfolio of solutions and derives its revenues and profits from a variety of sources. The Group's chief operating decision maker is the Board of Directors and Executive Management Team as outlined in the 30 June 2017 annual financial report.

The Board and Executive Management Team for the half year ending 31 December 2017, considered the business from a product perspective and identified two reportable segments:

- ERP - ERP cloud-based Business Management solutions and associated consulting services; and
- TEMS - The development and marketing of Telecommunications Expense Management Solutions (JTEL and Full Circle Group).

Unallocated – the development business unit and group/head office are cost centres and are not reportable operating segments. The results of these operations are included in 'all other segments'.

The Group operates in one geographical segment being Australia and New Zealand.

(b) Segment information provided to the chief operating decision maker

The segment information provided to the strategic steering committee for the reportable segments for the half-year ended 31 December 2017 (including the comparative period) is as follows:

Half year ending 31 December 2017	**ERP**	**TEMS**	**Unallocated**	**Total**
Total revenue	3,543,534	1,484,184	-	5,027,718
Total cost of sales	(737,870)	-	-	(737,870)
Gross profit	**2,805,664**	**1,484,184**	**-**	**4,289,848**
Other income	-	-	12,331	12,331
Total expenditure excluding cost of sales	(2,677,214)	(570,054)	(1,216,775)	(4,464,043)
Total profit/(loss) before tax	**128,450**	**914,130**	**(1,204,444)**	**(161,864)**

Half year ending 31 December 2016 (Restated *)	**ERP (*)**	**TEMS**	**Unallocated**	**Total (*)**
Total revenue	2,926,004	1,608,079	-	4,534,083
Total cost of sales	(1,021,677)	(30,082)	-	(1,051,759)
Gross profit	**1,904,327**	**1,577,997**	**-**	**3,482,324**
Other income	16,370	-	13,073	29,443
Total expenditure excluding cost of sales	(1,914,836)	(648,678)	(1,055,828)	(3,619,342)
Total profit/(loss) before tax	**5,861**	**929,319**	**(1,042,755)**	**(107,575)**

(*) Refer to notes 1 and 19 for details about the change in accounting policy adopted for revenue recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: REVENUE

	Consolidated ($)	
	31 Dec 2017	31 Dec 2016 Restated *
Revenue from continuing operations		
ERP Software Solutions	**3,543,534**	2,926,004
Telecommunications expense management	**1,484,184**	1,608,079
	5,027,718	4,534,083
Other Income		
Interest income	**8,944**	8,815
Other income	**3,387**	20,628
	12,331	29,443

(*) Refer to notes 1 and 19 for details about the change in accounting policy adopted for revenue recognition.

NOTE 4: INCOME TAX

	Consolidated ($)	
	31 Dec 2017	31 Dec 2016 Restated *
Income tax recognised in profit or loss		
The major components of tax expense are:		
Current tax benefit	**186,528**	121,289
Origination and reversal of temporary differences	**393,053**	(160,884)
Under/(over) provision from prior years - current tax	**(24,290)**	28,400
Total tax benefit/(expense)	**555,291**	(11,195)
The prima facie income tax (benefit)/expense on pre-tax accounting (loss)/profit reconciles to the income tax (benefit)/expense in the financial statements as follows:		
Accounting profit/(loss) before tax	**(161,864)**	(107,575)
Income tax benefit/(expense) benefit calculated at 27.5% (2016: 30%)	**44,513**	32,273
Deferred tax expense relating to the origination and reversal of temporary differences:		
Permanent differences – non assessable income/(non-deductible expenses)	**(9,742)**	(7,379)
Research and development tax incentive	**68,608**	-
Tax losses not brought to account	**-**	(64,489)
Carried forward tax losses previously not brought to account now recognised	**441,273**	-
Reduction in the company income tax rate	**34,929**	-
Under provision in prior years	**(24,290)**	28,400
Income tax benefit/(expense) reported in the Statement of Profit or Loss and other Comprehensive Income	**555,291**	(11,195)

(*) Refer to notes 1 and 19 for details about the change in accounting policy adopted for revenue recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Consolidated ($)	
Deferred Taxes (Non-Current)	**31 Dec 2017**	30 June 2017
Analysis of deferred tax assets (at 27.5%)		
Deductible temporary differences available to offset against future taxable income		
Tax losses available to offset against future taxable income	**650,067**	-
Deferred expenditure	**153,568**	356,918
Accruals and provisions	**234,285**	257,783
	1,037,920	614,701
Analysis of deferred tax liabilities (at 27.5%):		
Deferred license revenue	**1,024,084**	1,015,578
Other	**39,936**	18,276
	1,064,020	1,033,854
Net Deferred Tax Liability	**(26,100)**	(419,153)

Following a significant increase in the recruitment of employees in areas of the business which will make and deliver sales and an expansion of products being sold, the Group has assessed that it is now probable that future tax profits will be available against which the Group can utilise the benefits thereof. This followed an increase in taxable temporary differences recognised during 1HY2018 and has resulted in the Group recognising carried forward tax losses in the financial results presented in this half year report. Such carried forward tax losses (1,563,791) were previously unrecognised in the 30 June 2017 Annual Report have been recognised for the half year period ended 31 December 2017.

NOTE 5: TRADE AND OTHER RECEIVABLES

	Consolidated ($)	
	31 Dec 2017	30 June 2017
Current		
Trade receivables	**1,587,922**	1,240,106
Allowance for doubtful debts	**(43,918)**	(17,893)
Accrued revenue/commissions receivable	**440,463**	364,134
	1,984,467	1,586,347

NOTE 6: OTHER CURRENT ASSETS

	Consolidated ($)	
	31 Dec 2017	30 June 2017
Current		
Prepayments	**270,388**	161,987
Term deposit	**218,041**	170,186
Deferred expenditure	**156,892**	262,408
Sundry debtors	**72,232**	11,640
	717,553	606,221

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Consolidated ($)		
	Plant and Equipment	**Leasehold Improvements**	**Total**
At 1 July 2017, net of accumulated depreciation	121,763	166	121,929
Additions	50,681	1,740	52,421
Depreciation	(44,720)	(432)	(45,152)
At 31 December 2017, net of accumulated depreciation	**127,724**	**1,474**	**129,198**

NOTE 8: INTANGIBLE ASSETS

	Licences	**Goodwill**	**Total**
At 1 July 2017, net of accumulated amortisation and impairment	2,302,857	-	2,302,857
Additions	-	-	-
Amortisation	-	-	-
Impairment charge	-	-	-
At 31 December 2017, net of accumulated amortisation and impairment	**2,302,857**	**-**	**2,302,857**

The licenses sub account balance is the recoverable amount of the amount paid for the purchase of the exclusive reseller agreement with NetSuite for the JCurve ERP edition of the NetSuite software. This Agreement with NetSuite provides JCurve Solutions with the exclusive selling rights for the JCurve ERP edition of the NetSuite business software for an indefinite period. The NetSuite agreement provides that in the event of cancellation of the Agreement, the customers of JCurve would be assigned to NetSuite and NetSuite would be required to pay JCurve Solutions a royalty of 30% of the future revenue stream to NetSuite for a 3-year period. On the basis of current trends, where revenue from the sale of the JCurve ERP edition software is increasing year on year, and this trend is forecast to continue, it is unlikely that there will be impairment in future periods.

NOTE 9: TRADE AND OTHER PAYABLES

	Consolidated ($)	
	31 Dec 2017	30 June 2017
Current		
Trade payables	**496,332**	362,889
Other payables	**469,013**	534,448
Accrued expenses	**335,234**	521,216
Unearned income	**2,233,209**	2,189,295
	3,533,788	3,607,848

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 10: ISSUED CAPITAL

	Consolidated ($)	
	31 Dec 2017	30 June 2017
Ordinary shares issued and fully paid	**17,382,891**	17,382,891
Unissued shares	**205,357**	205,357
	17,588,248	17,588,248

Movements in ordinary shares on issue	**Number**	**$**
At 1 July 2017	**331,906,900**	**17,382,891**
Shares issued	-	-
Share buyback and cancellation	(4,050,000)	-
At 31 December 2017	**327,856,900**	**17,382,891**

NOTE 11: EARNINGS PER SHARE

	Consolidated ($)	
	31 Dec 2017	31 Dec 2016 (*)
Earnings/(loss) used for calculation of basic and diluted earnings per share	**393,427**	(118,770)
Basic profit/(loss) from operations	**393,427**	(118,770)
Weighted average number of shares used for calculation of basic and diluted EPS	**Number**	Number
Weighted average number of shares	**330,821,108**	332,616,139
Basic earnings/(loss) per share (cents per share)	**0.12**	(0.04)
Diluted earnings/(loss) per share (cents per share)	**0.12**	(0.04)

NOTE 12: DIVIDENDS PAID AND PROPOSED

Dividends Paid

No final dividend was declared or paid for the year ended 30 June 2017.

Dividends Declared

The Company advises at this stage that it does not intend to declare an interim dividend for the financial year ending 30 June 2018, and it will consider reinstating the dividend policy in the future, subject to performance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 13: SHARE-BASED PAYMENT PLANS

Shares issued under Equity Incentive Plan

The equity incentive plan was approved by shareholders at the Annual General Meeting held on 22 November 2016. On 9 October 2017, 1,500,000 performance rights (valued at $4,125) were issued to an employee under the plan. Each performance right has a nil exercise price and convert into one fully paid ordinary share in JCurve Solutions Limited upon meeting the vesting conditions. The performance rights vest on 31 August 2019. If the vesting conditions are not met the performance right lapses on 31 August 2019.

The share based payment expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income evenly over the vesting period.

Shares issued under Employee Share Plan

An employee share plan was approved by shareholders at the Annual General Meeting held on 31 October 2013. On 11 September 2015, 4,800,000 shares (valued at $27,281) were issued to employees under the employee share plan with payment via a non-recourse loan. Following approval by shareholders at the Annual General Meeting held on 17 November 2015, on 7 December 2015, 1,000,000 shares were issued to both Bruce Hatchman and David Franks (2,000,000 in total valued at $16,367) under the Employee Share Plan with payment via a non-recourse loan.

The shares remained in escrow until 11 September 2017 and 7 December 2017.

During the 6 month period ending 31 December 2017, the remaining 4,050,000 of the shares issued under the Employee Share Plan (valued at $23,019) were bought back by the JCurve Solutions in accordance with the terms of the Employee Share Plan.

Share Option Plan – Acquisition of JCurve Business Software

JCurve Solutions Limited issued 35,714,284 options (valued at $1,572,144) as part consideration for the acquisition of JCurve Solutions Pty Ltd by its subsidiary JCurve Business Software Pty Ltd.

The contractual life of each option granted is between 3 and 5 years. There are no cash settlement alternatives.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the period. The comparative period is the year ended 30 June 2017:

	Six months to 31 December 2017		Year to 30 June 2017	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of the period/year	17,857,142	$0.000001	26,785,713	$0.000001
Granted during the period/year	-	-	-	-
Expired during the period/year	-	-	(8,928,571)	-
Outstanding at the end of the period/year	17,857,142	$0.000001	17,857,142	$0.000001
Exercisable at the end of the period/year	-		-	

The outstanding balance as at 31 December 2017 is represented by:

- 8,928,571 options with an exercise price of $0.000001 which automatically vest when the share price reaches 12.5c for a period of 10 consecutive trading days, exercisable on or before 31 March 2018;
- 8,928,571 options with an exercise price of $0.000001 which automatically vest when the share price reaches 15c for a period of 10 consecutive trading days, exercisable on or before 31 March 2019.

NOTE 14: FINANCIAL INSTRUMENTS

There have been no significant changes to the judgements and estimates made by the Group in determining the fair values of the financial instruments since the 30 June 2017 Annual financial report.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 15: CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 31 December 2017.

NOTE 16: RELATED PARTY TRANSACTIONS

Transactions with Directors

During the half-year ended 31 December 2017, Franks and Associates, a firm which David Franks, a Director and the Company Secretary of JCurve Solutions is the Proprietor of, continued to perform Company secretarial services on normal commercial terms and conditions. JCurve Solutions was invoiced $25,477 during the half year (2016: $31,407) for the company secretarial work during the period July 2017 to December 2017. In addition to the company secretarial work, Franks and Associates invoices JCurve for Mr Franks' Directors fees and superannuation.

NOTE 17: GOING CONCERN

The Group generated an after tax profit for the period of $393,427 (Dec 2016 restated: $118,770 loss). At the balance date, the Group had cash assets of $2,736,397 (June 2017: $3,495,899) and a positive working capital position of $2,048,136 (June 2017: $2,050,780). The working capital of $2,048,136 includes current unearned revenue of $2,233,209 and current deferred expenditure of $156,892 (June 2017: $2,189,295 and $262,408).

Whilst the recognition of unearned revenue and deferred expenditure acknowledges there are future obligations in terms of services to be provided this does not represent a future cash outlay with the payments made upfront from both the customer and to NetSuite being non-refundable and recognised in accordance with the accounting standards. The Group has prepared cashflow forecasts based on expected future cash inflows and expected future cash outlays and, on the basis of these cash forecasts, and with reference to the cashflow statement incorporated into these financial Statements, in the opinion of the Directors, the Group will be able to pay its debts as and when they fall due.

NOTE 18: SUBSEQUENT EVENTS

No matters or circumstances have arisen since 31 December 2017 that significantly affect, or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

NOTE 19: THE IMPACT OF EARLY ADOPTING AASB 15

The Group has adopted AASB 15 from 1 July 2016, which resulted in changes in accounting policies and adjustments to the amounts recognised in the comparative financial results for the half year ended 31 December 2016.

For this Half Year Report, the impact on the Statement of Comprehensive Income for the comparative 31 December 2016 results of adopting AASB 15 as compared to AASB 118, is as follows:

	Consolidated ($)		
Statement of Profit or Loss and Other Comprehensive Income	**Amount under previous accounting policy (AASB 118)**	**Amount under new accounting policy (AASB 15)**	**Effect of early adopting AASB 15**
Revenue (*)	4,232,882	4,534,083	301,201
Cost of goods sold (*)	(816,163)	(1,051,759)	(235,596)
Gross profit	3,416,719	3,482,324	65,605
Loss before income tax	**(261,012)**	**(107,575)**	**153,437**
Income tax benefit/(expense)	34,836	(11,195)	(46,031)
Loss after tax for the half year period	**(226,176)**	**(118,770)**	**107,406**
Total comprehensive income for the half year period	**(226,176)**	**(118,770)**	**107,406**

(*) Adjustment is to Enterprise Resource Planning (ERP) solutions revenue

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes thereto, as set out on pages 7 to 19:
   a. comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations; and
   b. give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year then ended.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the *Corporations Act 2001.*

Bruce Hatchman
Chairman

Dated 20 February 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of JCurve Solutions Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of JCurve Solutions Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 20 February 2018