JCurve Solutions Limited

Half Year Report 31 December 2019

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 2019.

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 2019.

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 and Company Secretary
Mark Jobling	Non-Executive Director
Graham Baillie	Non-Executive Director appointed 26 August 2019

Principal Activities

During the half year, the principal continuing activities of the Group consisted of:

1) the sale of Enterprise Resource Planning (ERP) solutions, which included the exclusively licensed JCurveERP and associated implementation and consulting services as well as NetSuite mid market and enterprise editions in addition to accompanying associated implementation and consulting services;
2) the sale of Enterprise Resource Planning (ERP) solutions in South East Asia;
3) the sale of proprietary Telecommunications Expense Management Solutions; and
4) the development and sale of the Riyo platform solution.

Review of Operations

Summarised financial result and position

The Group has achieved strong growth in sales and revenue for the 6 months ending 31 December 2019 when compared with the comparable half year reporting period. Revenue for the half year period ended 31 December 2019 increased by 11%, from $5.2m in the corresponding comparative period to $5.7m in the half year reporting period ended 31 December 2019.

The Group recognised a net loss before tax of $182,985 for the half year period ended 31 December 2019 (2018: $219,635 loss).

The 'Normalised EBITDA' for the half year period ended 31 December 2019 was $242,635 (2018: $117,980 loss), which has been determined as follows:

	Half-year	
	2019	2018
	$	$
Statutory (loss)/profit after income tax for the half year period	**(274,018)**	(208,945)
Add back: non-cash expenses:		
Depreciation / amortisation	**408,993**	102,434
Total non-cash expenses	**408,993**	102,434
Income tax expense/(benefit)	**91,033**	(10,690)
Interest income	**(4,610)**	(7,418)
Finance expenses	**21,237**	6,639
Normalised EBITDA profit/(loss) for the half year period	**242,635**	(117,980)

DIRECTORS' REPORT (continued)

The Normalised EBITDA for the half year period ending 31 December 2019 includes the impact from the adoption of AASB 16 – Leases which has positively impacted the normalised EBITDA by $255,479. The Group has elected to apply the modified retrospective approach from 1 July 2019 and as such the Prior year comparative numbers have not been restated.

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.

Net cash outflows from operating activities for the 6-month period ended 31 December 2019 totalled $0.7m (2018 comparative half year period: $0.9m). The Group's customer contract portfolio is seasonal and heavily weighted towards the second half of each financial year, with 57% of sales made in 2HY2019 for the year ending 30 June 2019. This seasonality in the Group's customer contract portfolio is also reflective in the cash flows generated by the Group.

At 31 December 2019, the Group held cash reserves of $3.7m, after paying $0.4m for the deferred Spectrum Business acquisition payment during 1HY2020. In addition to holding strong cash reserves, the Group continues to remain debt free, providing the opportunity for both further organic growth and growth by acquisition.

Strategic Growth Areas

The Executive Management team and Board throughout the half year ended 31 December 2019, have focused on the following key strategic growth areas:

1. Grow ERP in Australia;
2. Rapidly grow JCS in Asia; and
3. Grow Riyo faster.

Grow ERP in Australia

The Group's ERP business remains the largest part of our sales profile, our team and our near term focus.

The shift in the new business sales mix of our Australian ERP Division towards the larger more complex NetSuite solutions with longer sales cycles has continued throughout 1HY2020 with a reduced number of Australian ERP new customers won but a 25% increase in the initial average deal size. In addition to higher initial revenue, we expect that the shift to larger more complex NetSuite solutions will deliver stronger future revenue and profit potential from increased consulting opportunities and reduced customer churn but increasing levels of deferred ERP revenue as we sell to larger customers whose implementation takes longer to complete.

This transition to larger more complex Netsuite solutions has not been without its complications or difficulties as we re-aligned both our team and our relationship with Oracle Netsuite, moving the focus of our relationship away from entirely the small business JCurveERP edition to a broader basis selling the entire suite of Netsuite solutions.

Pleasingly, we can report that we have now successfully transitioned into these larger more complex contracts whilst continuing with the smaller JCurveERP contracts and, importantly, our contractual relationship with Oracle Netsuite has been updated accordingly. We are now positioned to strongly grow the entire suite of NetSuite solutions both locally and internationally and continuing as Oracle NetSuite's largest solution partner of NetSuite globally by number of customers managed.

Rapidly Grow JCS in Asia

Since acquiring the Spectrum Business in December 2018, one of the Group's key strategic priorities has been to rapidly grow our Asia operations. As part of this focus, our CEO Stephen Canning relocated to Singapore in August 2019.

This expansion process in Asia has been slower than desired but we are now seeing both sales growth and recognition of the Company in Asia following the investment in our sales and marketing team over the past 12 months in Singapore. Pleasingly, in December 2019 the Group won its two largest new customers in Asia, with contracts worth in excess of A0.4m of combined contracted sales income over the contract periods.

In October 2019, JCS was recognized as a finalist in three categories of the Channel Asia Awards and in November 2019 presented at the Cyber Security and Digital Banking event in Vietnam. Such recognition and publicity assists the Group to expand its brand presence within the region.

DIRECTORS' REPORT (continued)

The Group expects to see an improving contribution from our Asian operations in 2HY2020 reflecting a strong return on our investment in the Spectrum Business and Asia more generally.

Grow Riyo Faster

Following feedback from initial customers we have continued to enhance the Riyo platform. We have moved our focus to larger opportunities in a broader range of areas as we have seen the real power of the platform.

Riyo, with its own IP sitting in the Group, provides a strong opportunity to establish a world leading solution. Management are focused on revealing the true potential of this opportunity to shareholders as well as counterparties through the rest of 2HY2020 and beyond.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the half year ending 31 December 2019.

Auditor's Independence Declaration

Section 307C of the *Corporations Act* 2001 requires our auditors, BDO Audit Pty Ltd, to provide the directors of the Group 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 2019.

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 19 February 2020

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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 2019, 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
Director

BDO Audit Pty Ltd

Sydney, 19 February 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Notes	Consolidated half-year ($)	
		2019	2018
Revenue	3	**5,733,397**	5,167,597
Cost of goods sold		**(837,391)**	(697,156)
Gross profit		**4,896,006**	4,470,441
Other income	3	**91,765**	132,801
Employee benefit expenses		**(3,216,077)**	(2,969,881)
Other employee related expenses		**(305,837)**	(337,273)
IT and communications expenses		**(257,089)**	(216,556)
Advertising and marketing expenses		**(54,877)**	(97,557)
Professional fees		**(491,927)**	(523,944)
Occupancy expenses	1	**(59,190)**	(239,713)
Travel expenses		**(126,594)**	(103,745)
Depreciation and amortisation expenses		**(408,993)**	(102,434)
Finance expense		**(21,237)**	(6,639)
Due diligence costs		**(8,814)**	(33,687)
Other expenses		**(220,121)**	(191,448)
Loss before income tax		**(182,985)**	(219,635)
Income tax (expense)/benefit	4	**(91,033)**	10,690
Loss after tax for the half year period		**(274,018)**	(208,945)
Other comprehensive income		**-**	-
Total comprehensive loss for the half year period		**(274,018)**	(208,945)
Basic loss per share (cents per share)	12	**(0.08)**	(0.06)
Diluted loss per share (cents per share)	12	**(0.08)**	(0.06)

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 2019

	Notes	Consolidated ($) 31 Dec 2019	Consolidated ($) 30 June 2019
Assets			
Current Assets			
Cash and cash equivalents		**3,688,962**	4,765,339
Trade and other receivables	5	**2,791,970**	2,389,384
Other financial assets		**10,595**	10,454
Other current assets	6	**1,189,840**	925,641
Total Current Assets		**7,681,367**	8,090,818
Non-Current Assets			
Property, plant and equipment	7	**54,835**	53,504
Intangible assets	9	**3,269,507**	3,402,499
Right-of-use assets	8	**2,228,421**	-
Deferred tax assets	4	**1,444,517**	717,393
Total Non-Current Assets		**6,997,280**	4,173,396
Total Assets		**14,678,647**	12,264,214
Liabilities			
Current Liabilities			
Trade and other payables	10	**2,690,106**	3,263,849
Current tax liability		**256,351**	37,020
Unearned income		**2,323,277**	2,032,347
Lease liabilities		**776,169**	-
Provisions		**331,689**	331,426
Total Current Liabilities		**6,377,592**	5,664,642
Non-Current Liabilities			
Unearned income		**193,250**	181,738
Lease liabilities		**1,464,505**	-
Deferred tax liabilities	4	**1,598,494**	1,078,069
Provisions		**79,100**	88,411
Total Non-Current Liabilities		**3,335,349**	1,348,218
Total Liabilities		**9,712,941**	7,012,860
Net Assets		**4,965,706**	5,251,354
Equity			
Share capital	11	**17,588,248**	17,588,248
Reserves		**1,806,487**	1,818,117
Accumulated losses		**(14,429,029)**	(14,155,011)
Total Equity		**4,965,706**	5,251,354

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 2019

	Consolidated ($)			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance as at 1 July 2018	**17,588,248**	**(14,493,125)**	**1,803,880**	**4,899,003**
Total comprehensive income for the half year	-	(208,945)	-	(208,945)
Share based payment expenses	-	-	19,745	19,745
Exchange differences on translation of foreign	-	-	(1,152)	(1,152)
Balance as at 31 December 2018	**17,588,248**	**(14,702,070)**	**1,822,473**	**4,708,651**

	Consolidated ($)			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance as at 1 July 2019	**17,588,248**	**(14,155,011)**	**1,818,117**	**5,251,354**
Total comprehensive income for the half year	-	(274,018)	-	(274,018)
Share based payment expenses	-	-	4,220	4,220
Exchange differences on translation of foreign operations	-	-	(15,850)	(15,850)
Balance as at 31 December 2019	**17,588,248**	**(14,429,029)**	**1,806,487**	**4,965,706**

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 2019

	Notes	Consolidated half-year ($) 31 Dec 2019	31 Dec 2018
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**6,309,360**	6,046,842
Payments to suppliers and employees (inclusive of GST)		**(7,011,106)**	(7,111,454)
Income tax received		**-**	152,293
Interest received		**3,205**	6,018
Interest and other finance costs paid		**(1,138)**	(456)
Net cash outflow from operating activities		**(699,679)**	(906,757)
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(24,315)**	(10,106)
Cash paid for the purchase of the Spectrum business and assets		**(352,383)**	(312,467)
Net cash outflow from investing activities		**(376,698)**	(322,573)
Net decrease in cash and cash equivalents		**(1,076,377)**	(1,229,330)
Cash and cash equivalents at the beginning of the half-year		**4,765,339**	4,487,536
Cash and cash equivalents at the end of the half-year		**3,688,962**	3,258,206

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 2019

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 2019 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.

From 1 July 2019, the Group has adopted AASB 16 which has resulted in all of the Group's leases being recognised on the Statement of Financial Position. Prior year comparative numbers have not been updated with the Group electing to apply the cumulative catch up method from 1 July 2019.

With the exception of the change in accounting for leases, 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.

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 2019. They include:

(1) Revenue recognition - Identification of performance obligations;
(2) Revenue recognition - Satisfaction of performance obligations;
(3) Impairment of intangibles with indefinite useful lives;
(4) Useful life of the Riyo Platform;
(5) Share-based payment transactions;
(6) Recovery of deferred tax assets; and
(7) Recognition of subscription costs of sales.

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period from 1 July 2019.

(1) AASB 16 Leases

The Group has had to change its accounting policies as a result of adopting AASB 16 Leases. AASB 16 was issued to replace AASB 117 Leases and a number of interpretations.

For lessees such as JCurve Solutions, the new accounting policy eliminates the classifications of operating leases and finance leases and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements.

The new standard has effected the Group's accounting for leases by:

(i) Providing enhanced guidance on identifying whether a contract contains a lease;
(ii) Providing 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
(iii) Requiring enhanced financial statement disclosures.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the Statement of Financial Position. Straight-line operating lease expense recognition which was the Group's previous accounting policy (in line with AASB 117) has been replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance expense).

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

The revised accounting policy has impacted the Group's operating leases for which the Group currently has eight non-cancellable operating leases.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for all short-term leases with terms of 12 months or less and leases of low-value assets. Where applicable, lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Prior year comparative numbers have not been updated with the Group electing to apply the modified retrospective method from 1 July 2019.

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial effect of adopting AASB 16 is summarised as follows:

	Consolidated ($)		
Statement of Profit or Loss and Other Comprehensive Income	Amount under new accounting policy (AASB 16)	Amount under previous accounting policy (AASB 117)	Effect of change to accounting policy
Occupancy expenses	59,190	314,669	(255,479)
Depreciation and amortisation expenses	408,993	159,826	249,167
Finance expense	21,237	2,672	18,565
	489,420	**477,167**	**12,253**

	Consolidated ($)		
Statement of Financial Position	Amount under new accounting policy (AASB 16)	Amount under previous accounting policy (AASB 117)	Effect of change to accounting policy
Right-of-use asset	2,228,421	-	2,228,421
Lease liabilities – current	(776,169)	-	(776,169)
Lease liabilities – non current	(1,464,505)	-	(1,464,505)
	(12,253)	**-**	**(12,253)**
Retained losses	(14,429,029)	(14,416,776)	(12,253)
Total equity	**4,965,706**	**4,977,959**	**(12,253)**

(2) AASB Interpretation 23

The Group has adopted AASB Interpretation 23 Uncertainty over Income Tax Treatments from 1 July 2019. AASB Interpretation 23 outlines the requirements around accounting for uncertain tax positons. The Group has concluded that it is probable that the tax authorities will accept the current method of calculating the Group's current tax liability which is calculated in accordance with AASB 112.

New accounting standards and interpretations not yet adopted

The Directors have reviewed all of the new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board for annual reporting periods beginning or after 1 July 2019.

It has been determined that there is no impact, material or otherwise, of any other new or revised accounting standards and interpretations other than those outlined in the New and amended standards adopted by the group outlined above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 2: SEGMENT REPORTING

(a) Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors and Executive Management Team of JCurve Solutions.

(b) 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 Board and Executive Management Team for the six month period ended 31 December 2019, considered the business from a product perspective and identified four reportable segments:

- NetSuite ERP – AU: ERP cloud-based Business Management solutions and associated consulting services sold to Australian and New Zealand customers; and
- NetSuite ERP – Asia: ERP cloud-based Business Management solutions and associated consulting services sold to South East Asian customers;
- TEMS - The development and marketing of Telecommunications Expense Management Solutions (JTEL and Full Circle Group) sold to Australian customers; and
- Riyo – The development and sale of service management and scheduling software

All other segments – 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 the unallocated column in the segment information below.

The Group operates in two geographical segments being Australasia (Australia and New Zealand) along with SE Asia.

The Group reports internally on the assets and liabilities of the Group on a consolidated basis.

No customers comprise more than 10% of the Group's total revenue.

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

The segment information provided to the Board and the Executive Management Team for the reportable segments for the six month period ending 31 December 2019 (including the comparative period) is as follows:

Half Year ended 31 December 2019	NetSuite ERP	TEMS	Riyo	JCS Asia	All other segments	Total
Total revenue	4,132,108	1,119,685	14,018	412,831	54,755	5,733,397
Total cost of sales	(676,242)	-	(5,307)	(155,842)	-	(837,391)
Gross profit	**3,455,866**	**1,119,685**	**8,711**	**256,989**	**54,755**	**4,896,006**
Other income	3,591	9,516	78,402	256	-	91,765
Total expenditure excluding cost of sales	(2,728,942)	(538,838)	(470,431)	(594,397)	(838,148)	(5,170,756)
Total profit/(loss) before tax	**730,515**	**590,363**	**(383,318)**	**(337,152)**	**(783,393)**	**(182,985)**

Half Year ended 31 December 2018	NetSuite ERP	TEMS	Riyo	MYOB	All other segments	Total
Total revenue	3,877,969	1,169,152	-	120,476	-	5,167,597
Total cost of sales	(660,358)	-	-	(36,798)	-	(697,156)
Gross profit	**3,217,611**	**1,169,152**	**-**	**83,678**	**-**	**4,470,441**
Other income	-	-	72,310	-	60,491	132,801
Total expenditure excluding cost of sales	(2,768,006)	(529,712)	(217,211)	(105,215)	(1,202,733)	(4,822,877)
Total profit/(loss) before tax	**449,605**	**639,440**	**(144,901)**	**(21,537)**	**(1,142,242)**	**(219,635)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 3: REVENUE

	Consolidated ($)	
	31 Dec 2019	31 Dec 2018
Enterprise Resource Planning (ERP) solutions – JCurve ERP and NetSuite - Australasia	**4,132,108**	3,877,969
Enterprise Resource Planning (ERP) solutions – NetSuite – SE Asia	**412,831**	-
Enterprise Resource Planning (ERP) solutions – MYOB Advanced	**54,755**	120,476
Riyo solutions	**14,018**	-
Telecommunications expense management solutions	**1,119,685**	1,169,152
	5,733,397	5,167,597

Other Income		
Research and Development incentive	**78,402**	117,315
Interest income	**4,610**	7,418
Sundry income	**8,753**	8,068
	91,765	132,801

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 4: INCOME TAX

	Consolidated ($)	
	31 Dec 2019	31 Dec 2018
Income tax recognised in profit or loss		
The major components of tax benefit/(expense) are:		
Current tax expense	**(294,838)**	(7,735)
Origination and reversal of temporary differences	**206,699**	29,070
(Under)/over provision from prior years - current tax	**(2,894)**	(10,645)
Total tax benefit/(expense)	**(91,033)**	10,690
The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:		
Accounting loss before tax	**(182,985)**	(219,635)
Income tax (expense)/benefit calculated at 27.5%	**50,321**	60,400
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:		
Permenant differences - (non assessable income) / non deductible expenses	**(7,107)**	(19,380)
Temporary differences - not brought to account	**(11,271)**	7,609
Research and development incentive - calculated at 27.50% (27.50%: 2019)	**(28,004)**	(41,902)
Differences in overseas tax rates	**(62,667)**	-
Current year tax losses not recognised	**(75,877)**	-
Carried forward tax losses previously not brought to account now recognised	**46,466**	14,608
(Under)/over provision in prior years	**(2,894)**	(10,645)
Income tax (expense)/benefit reported in the Statement of Profit or Loss and other Comprehensive Income	**(91,033)**	10,690

Deferred Taxes (Non-Current)	**31 Dec 2019**	30 June 2019
Analysis of deferred tax assets (at 27.5%)		
Deductible temporary differences available to offset against future taxable income		
Tax losses recognised which are available to offset against future taxable income	**162,030**	38,511
Deferred expenditure	**315,391**	306,006
Lease liabilities	**616,186**	-
Accruals and provisions	**350,910**	372,876
	1,444,517	717,393
Analysis of deferred tax liabilities (at 27.5%):		
Deferred license revenue	**867,306**	970,286
Plant and equipment	**4,482**	4,482
Right-Of-Use Asset	**612,817**	-
Other	**113,889**	103,301
	1,598,494	1,078,069
Net Deferred Tax Liability	**153,977**	360,676

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 5: TRADE AND OTHER RECEIVABLES

	Consolidated ($)	
	31 Dec 2019	30 June 2019
Current		
Trade receivables	**1,628,944**	1,432,258
Allowance for doubtful debts	**(85,317)**	(71,952)
Accrued revenue/commissions receivable	**1,248,343**	1,029,078
	2,791,970	2,389,384

NOTE 6: OTHER CURRENT ASSETS

	Consolidated ($)	
	31 Dec 2019	30 June 2019
Current		
Prepayments	**761,812**	480,484
Term deposit	**217,670**	231,365
Deferred expenditure	**60,358**	115,707
Sundry debtors	**150,000**	98,085
	1,189,840	925,641

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment	Leasehold Improvements	Make good asset	Total
At 1 July 2019, net of accumulated depreciation	46,536	588	6,380	53,504
Additions	24,315	-	-	24,315
Foreign currency revaluation	49	-	-	49
Depreciation	(21,067)	(288)	(1,678)	(23,033)
At 31 December 2019, net of accumulated depreciation	**49,833**	**300**	**4,702**	**54,835**

NOTE 8: RIGHT-OF-USE-ASSET

	Buildings	Plant and Equipment	Total
At 1 July 2019, net of accumulated depreciation	2,430,876	46,712	2,477,588
Depreciation	(234,105)	(15,062)	(249,167)
At 31 December 2019, net of accumulated depreciation (i)	**2,196,771**	**31,650**	**2,228,421**

(i) The consolidated entity leases buildings for its offices, under agreements of between one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases office equipment under agreements of less than five years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 9: INTANGIBLE ASSETS

	Licences (i)	Riyo Platform	Goodwill	Customer relationships	NetSuite customer contracts	E-Commerce connector	Total
At 1 July 2019, net of accumulated amortisation and	2,302,857	470,000	247,208	139,262	143,172	100,000	3,402,499
Additions	-	-	-	-	-	-	-
Amortisation	-	(60,000)	-	(31,545)	(30,959)	(10,000)	(132,504)
FX revaluation	-	-	1,507	(1,028)	(967)	-	(488)
At 31 December 2019, net of accumulated depreciation	**2,302,857**	**410,000**	**248,715**	**106,689**	**111,246**	**90,000**	**3,269,507**

(i) The licenses intangible asset reflects the carrying value of the ERP relationship with Oracle NetSuite. The licenses intangible asset reflects the carrying value of the ERP relationship with Oracle NetSuite.

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated ($)	
	31 Dec 2019	30 June 2019
Current		
Trade payables	**1,512,951**	1,527,278
Other payables	**328,285**	530,376
Accrued expenses	**848,870**	853,812
Deferred consideration	**-**	352,383
	2,690,106	3,263,849

NOTE 11: SHARE CAPITAL

	Consolidated ($)	
	31 Dec 2019	30 June 2019
Ordinary shares issued and fully paid	**17,382,891**	17,382,891
Unissued shares	**205,357**	205,357
	17,588,248	17,588,248

NOTE 12: LOSS PER SHARE

	Consolidated ($)	
	31 Dec 2019	31 Dec 2018
Loss used for calculation of basic and diluted earnings per share	**(274,018)**	(208,945)
Basic loss from operations	**(274,018)**	(208,945)
	Number	Number
Weighted average number of shares used for calculation of basic and diluted EPS	**327,856,900**	327,856,900
Basic loss per share (cents per share)	**(0.08)**	(0.06)
Diluted loss per share (cents per share)	**(0.08)**	(0.06)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 13: DIVIDENDS PAID AND PROPOSED

Dividends Paid

A final dividend was not declared or paid for the half year ended 31 December 2019.

Dividends Declared

The Group advises at this stage that it does not intend to declare an interim dividend for the financial year ending 30 June 2020 and it will consider reinstating the dividend policy in the future, subject to performance.

NOTE 14: 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. The performance rights originally approved by shareholders under the equity incentive plan at the Annual General Meeting held on 22 November 2016 lapsed 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.

A new equity incentive plan was approved by shareholders at the Annual General Meeting held on 19 November 2019. On 7 February 2020, 10,800,000 performance rights were issued to employees. The Performance Rights vest in three tranches in January 2021, January 2022 and January 2023 and have both a performance and service condition.

NOTE 15: CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 31 December 2019 which have not been recognised in the Half Year Report.

NOTE 16: RELATED PARTY TRANSACTIONS

Transactions with Directors

During the half-year ended 31 December 2019, Automic Group, a firm which David Franks is an employee, continued to perform Group secretarial services on normal commercial terms and conditions. JCurve Solutions was invoiced $22,625 during the half year (2018: $23,000) for the group secretarial work during the period July 2019 to December 2019. In addition to the group secretarial work, Automic Group also invoiced the Group for Mr Franks' Director fees (inclusive of superannuation), administration fees, legal advice and for the paid share registry services.

During the half-year ended 31 December 2019, Tomorrow Entertainment Holdings Pte Ltd (Tomorrow Entertainment), a Company which Mark Jobling is the founder and a Director, continued as a customer of the Group. The Group invoiced Tomorrow Entertainment $17,710 in the period ended 31 December 2019 (2018: $13,659). The services sold to Tomorrow Enteratinment were at commercial rates and on commercial terms.

NOTE 17: GOING CONCERN

The Group generated an after tax loss for the period of $274,018 (31 December 2018: $208,945). At the balance date, the Group had cash assets of $3,688,962 (30 June 2019: $4,765,339) and a positive working capital position of $1,303,775 (30 June 2019: $2,426,176). The working capital of $1,303,775 includes current unearned income of $2,323,277 and current deferred expenditure of $60,358 (30 June 2019: $2,032,347 and $115,707).

Whilst the recognition of unearned income 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 18: SUBSEQUENT EVENTS

On 7 February 2020, 10,800,000 performance rights were issued to employees under the Equity Incentive Plan approved by shareholders at the 2019 Annual General Meeting. The Performance Rights vest in three tranches in January 2021, January 2022 and January 2023 and have both a performance and service condition.

No other matters or circumstances have arisen since 31 December 2019 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.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes thereto, as set out on pages 7 to 20:
    a. comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
    b. give a true and fair view of the consolidated entity's financial position as at 31 December 2019 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 19 February 2020

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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 controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 2019 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 2019 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 Audit Pty Ltd

BDO

Gareth Few

Gareth Few
Director

Sydney, 19 February 2020