



18 August 2015

Manager of Company Announcements  
ASX Limited  
Level 6, 20 Bridge Street  
SYDNEY NSW 2000

*By E-Lodgement*

### **ASX RELEASE – FULL YEAR RESULTS**

JCurve Solutions (ASX : JCS) announces its full year results for the year ended 30 June 2015.

Millions	Year ended 30-Jun-15 \$	Year ended 30-Jun-14 \$
Revenue	11.3	11.6
EBITDA loss	(6.1)	(1.2)
Impairment	5.2	0.5
Income Tax expense (includes rebate for Research and Development)	0.6	(0.1)
EBITDA loss (before impairment and after income tax expense)	(0.3)	(0.8)

### **Financial Performance**

Revenue declined 3% to \$11.3 million compared to \$11.6 million for the previous year. Revenue exceeds the guidance provided to the market in February of Revenue in the range of \$10.8 to \$10.9 million. The main reason for the decline in revenue on 2014 was the decline in IBM license sales in the exited JConnects business, and the loss of the South African telco customer in the JTel Business Unit.

The following are comments on the group revenue streams:

1. The TEMs revenue has increased year on year reflecting a full year of Full Circle revenue. We have experienced price pressure on our products during the year; management have responded by initiating productivity gains and cost savings within that area
2. Our South African TEMS revenue stream has been lost and the current reporting reflects run-off income
3. JCurve revenue has increased by \$2 million year on year. Our focus has been to ensure that our offerings are sustainable. To this end we are focusing on the wholesale distribution vertical to build momentum rather than trying to please all comers.

4. We have sold the JConnects business as it was an area that drew attention away from our main areas of business.

The financial performance for the year has been disappointing but we are pleased that we have been able to report year end results within guidance of \$0.3 – \$0.5 million loss. The major impact for this year has been the assessment by the Board to write down the carrying value of certain Intangible Assets by \$5.2 million. A full breakdown is available in Note 11 to the Financial Report. The main reason for this impairment is that the Board has taken a more conservative view of the future cash flows from these assets.

### A period of change

During the past 12 months, there has been significant activity and change within JCurve Solutions. The following is a brief summary of the material matters that have been undertaken:

1. There has been a significant change in the composition of the Board. Most recently we have been fortunate to recruit Mark Jobling to the Board. Mark is an experienced businessman and qualified lawyer, and a long term supportive shareholder of JCurve.
2. At the end of 2014 Graham Baillie changed his role in the company to that of Non-Executive Director and Mark Thompson filled the CEO role for a short period.
3. In January 2015 we were pleased to appoint Stephen Canning to the role of CEO. Stephen is an experienced executive and has extensive experience in the technology space at both the technical level and in senior management. Stephen has hit the ground running hard and has proven to be an excellent addition to the team.

### Review of Strategic Plans and Goals

In January 2015 the Board commenced a detailed review of the strategic plan for the company together with the governance structure. This process has resulted in an overhaul of internal systems and procedures. The outcome has been that the financial reporting and policies and procedures within the company now allow management and the Board to measure risk and performance across all operational areas.

The strategic review has required more time than originally expected, but there are positive outcomes emerging from this process, and they include:

- a. Realignment of senior corporate roles to avoid unnecessary duplication
- b. Rationalisation within the TEMs sector to bring together the teams of both JTel and Full Circle. This is a work in progress but structural improvements to the team continue.
- c. The JCurve division has delivered improved performance during the year, and the work on strategic direction is showing that we need to be more focused in our market positioning. Our plans for JCurve are nearing completion and we look forward to presenting our vision to Shareholders at the Annual General Meeting.

### Guidance

The full annualized impact of the loss of South African Telco along with the loss of revenue from JConnects will have a major impact on revenue streams in 2016. Factoring in these losses of revenue, the normalized result for the year ended 30 June 2015 was Revenue of \$9.0 million and NPAT loss of \$1.7 million.

In relation to future revenue streams, the following is noted:

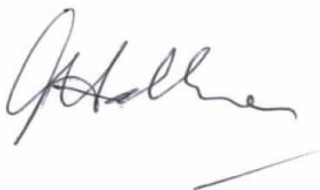
1. JCurve revenue is growing;
2. JTel revenue is challenged by pricing pressure and customer retention; and
3. Full Circle revenue is flat

On this basis, JCurve forecasts for FY 2016:

- (a) annual revenue in the range of \$11.0 million - \$11.2 million, which represents an increase in excess of 20% on normalised 2015 revenue; and
- (b) NPAT loss in the range of \$0.2 million to \$0.4 million for 2016 in line with 2015.

The outcome of the strategic review will be known shortly and the guidance will be updated at that point in time.

For and on behalf of the Board

A handwritten signature in dark ink, appearing to read 'B Hatchman', with a horizontal line drawn underneath it.

Mr Bruce Hatchman  
Chairman