



17 July 2017

Manager of Company Announcements
ASX Limited
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By E-Lodgement

Company Update

- **Preliminary FY2017 unaudited results in line with revised guidance**
- **JCS was \$1.1m cash flow positive for FY2017 with a 30 June 2017 cash balance of \$3.5m**
- **Early adoption of AASB 15 - Revenue from Contracts with Customers will have a positive effect on JCS's FY2017 (and FY2016 comparatives) statutory results and financial position**

Preliminary FY2017 unaudited results

JCurve Solutions Limited (ASX : JCS) is pleased to provide its preliminary sales, revenue, EBITDA and NPAT results for the year ending 30 June 2017 (FY2017). The preliminary results are subject to audit by the Company's auditors; BDO East Coast Partnership, so the below disclosures may change.

MEASURE	FY2017 UPDATED GUIDANCE (*)	FY2017 PRELIMINARY UNAUDITED RESULT (**)(***)
Sales Income (**)	Range: \$11.0m - \$12.0m	\$11.1m
Revenue	Range: \$8.5m - \$9.0m	\$8.7m
EBITDA	Range: \$0.3m to \$0.5m loss	\$0.5m loss
NPAT	Range: \$0.2m - \$0.4m loss	\$0.4m loss

(*) Issued 20 April 2017

(**) Not revenue as per the accounting standards and not reported in the statutory financial results

(***) The preliminary results outlined above are still subject to year-end audit. Preliminary results outlined are in accordance with historical accounting policies adopted by the Company and do not incorporate the Company's change in accounting policy for revenue recognition following the early adoption of AASB 15 discussed below.

FY2017 Cash Flow Position and Performance

The Company can report that it was \$1.1m cash flow positive in FY2017 with its 30 June 2017 cash position at \$3.5m, a substantial increase on the \$2.4m reported in both the June 2016 and December 2016 financial results. JCS remains debt free and well positioned for a period of significant forecast growth while being in a strong position to explore acquisition opportunities, including in Asia, which remain ongoing.

Early adoption of AASB 15 - Revenue from Contracts with Customers

The Australian Accounting Standards Board has issued a new standard, AASB 15 for the recognition of revenue which replaces AASB 118 and must be applied for financial years commencing on or after 1 January 2018. Companies have the option to early adopt AASB 15.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step process outlined in AASB 15 where revenue is recognized when identified performance obligations are satisfied. JCS's main performance obligations have been identified as follows:

- The implementation of ERP software;
- Providing ERP software customers with technical support; and
- Providing Telecommunication Expense Management solutions

Before the early adoption of AASB 15, JCS's accounting policy for revenue recognition, which was in accordance with AASB 118 and recognised revenue over the contract term and proportionally as implementation services were delivered in line with the risks and rewards of the contract.

After assessing the effect the adoption of AASB 15 will have on JCS's financial results, and discussing the implications with the Company's auditors, JCS has elected to early adopt AASB 15 for the year ended 30 June 2017.

The adoption of AASB 15, in line with the mandatory adoption date for JCS (1 July 2018), would have resulted in the restatement of comparative results. From a JCS Board perspective, the early adoption of AASB 15 will allow the Company to change its revenue recognition accounting policy to more accurately disclose the underlying business performance and financial position of JCS. The revised accounting policy more closely aligns with the personnel exertion and costs incurred by JCS and is in line with the contractual obligations of customer contracts which are non-refundable and in the majority of contracts invoiced annually in advance. The net



result from the adoption of AASB 15, is that revenue is recognised earlier under each customer contract.

The unaudited assessment of AASB 15 undertaken by the Company, indicates that the adoption of AASB 15 will have a positive effect on the FY2017 (and FY2016 comparatives) Statement of Comprehensive Income and Statement of Financial Position through the recognition of a significant portion of the growing unearned income balance which would have otherwise continued to be disclosed as a liability on the Balance Sheet as at 30 June 2017 under AASB 118. Under AASB 118, the unaudited 30 June 2017 unearned income balance (statutory liability) was in excess of \$5m with a correspondence deferred expenditure balance (statutory asset) in excess of \$1m.

The Company notes that all impacted comparative figures in the FY2017 Annual Report will be restated as if AASB 15 had been applied in FY2016.

JCS's new accounting policy which will be outlined in the FY2017 Annual Report will confirm that:

- The performance obligation for the implementation of ERP software is satisfied when the ERP software has been installed and is operating as contractually required;
- The performance obligation for the providing ERP software customers with technical support is satisfied over the contracted period; and
- The performance obligation for providing Telecommunication Expense Management solutions is satisfied over the contracted period.

About JCurve Solutions:

JCurve Solutions is a trusted Australian technology solutions partner, listed on the ASX (JCS). The team at JCS utilise the power of the cloud to help customers make lasting, substantial improvements to their performance and grow into great businesses. Learn more: www.jcurvesolutions.com