JCurve Solutions Limited

Half Year Report 31 December 2016

JCurve Solutions Limited
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Contents

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 2016.

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 2016.

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 principal activities of the Group continued to be a combination of:

1) the sale of a cloud-based Business Management solution in Australia and New Zealand, together with associated consulting services; and
2) the development and marketing of Telecommunications Expense Management Solutions ("TEMS").

In August 2016, a wholly owned subsidiary of the Group signed a new Solution Provider ("SP") Partner agreement with NetSuite allowing JCurve Solutions to sell the NetSuite software to businesses of all sizes across Australia and New Zealand which will allow the Company to capitalise on the fast-growing demand for cloud ERP software. The Group spent the past six months preparing for the forecast future growth which will arise from becoming an SP Partner by investing in its people. The Group has focused on expanding the size and capabilities of its professional services team and sales team to meet the forecast business demands which will arise now that JCurve Solutions is a NetSuite SP Partner.

In line with the Group's diversification strategic priority, a number of advancements were made during the 6 month period ending 31 December 2016:

1) In September 2016, the Group announced that it has signed six new partnership agreements which will allow JCurve Solutions to expand our cloud ERP offering with new integrated functionality and capability;

2) In December 2016, the Group incorporated JCurve Solutions Asia Pte Ltd in Singapore as it looks to expand its business operations into the Asian market; and

3) The continued investment in research and development which will support the ongoing maximisation of value from the TEMS business.

The Group recognised a net loss after tax of $226,176 for the half year period ended 31 December 2016 (2015: $2,843,675 loss). The EBITDA loss generated for the half year period ended 31 December 2016 was $232,724 (2015: $3,222,258 loss).

Revenue from continuing operations for the half year period ended 31 December 2016 decreased by 13%, from $4,892,790 in the corresponding comparative period to $4,232,882 in the half year reporting period ended 31 December 2016. The focus of the ERP business has been to expand the Group's ability to sell and service customers the NetSuite edition following the signing of the Solution Partner Agreement in August 2016, while continuing to sell the JCurve edition with a greater focus on the sale of multi year contracts, the revenue from which is recognised over multiple reporting periods. However, despite a decrease in recognised revenue during the 6 month period ending 31 December 2016, the Group has substantially increased its balance of deferred revenue, from $3,036,218 as at 30 June 2016 to $3,319,846 at 31 December 2016, revenue which will be recognised over the next 12 to 36 months. The Group has also continued to provide services to the largest telecommunication expense management customers, some renewing under multi year contracts.

DIRECTORS' REPORT (continued)

There was no impairment losses recorded in the EBITDA loss from continuing operations of $232,724 in this half year period. The EBITDA loss from continuing operations of $3,222,258 in the comparative half year period included an impairment expense of $2,980,493 relating to Goodwill recognised on The Full Circle Group ($2,626,493) and Phoneware ($387,396) acquisitions.

The 'Normalised EBITDA' loss for the half year period ended 31 December 2016 was $232,725 (2015: $241,806), which has been determined as follows:

	Half-year	
	2016	2015
	$	$
Statutory loss after income tax for the year	**(226,176)**	(2,843,675)
Add back: non-cash expenses:		
Depreciation / amortisation	**36,555**	17,794
Impairment expense	**-**	2,980,493
Total non-cash expenses	**36,555**	2,998,287
Income tax benefit	**(34,836)**	(390,936)
Interest Income	**(8,815)**	(5,494)
Finance cost	**548**	53
Normalised EBITDA	**(232,724)**	(241,765)

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 audited financial report.

Despite lower than anticipated sales, the Group maintained a cash position in excess of $2.3m, with net cash outflows for the 6 month period ending 31 December 2016 totalling $17,543. The Group remains debt free and well positioned for the period of strong forecast growth while investigating various diversification opportunities.

Auditor's Independence Declaration

Section 307C of the *Corporations Act* 2001 requires our auditors, BDO, 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 2 and forms part of this directors' report for the half-year ended 31 December 2016.

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 22 February 2016

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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 2016, 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, 22 February 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

		Half-year	
Continuing operations	Notes	**2016 $**	2015 $
Revenue	3	**4,232,882**	4,892,790
Cost of goods sold		**(816,163)**	(1,076,970)
Gross profit		**3,416,719**	3,815,820
Employee benefits expense		**(2,433,390)**	(2,401,451)
Other employee related expense		**(404,971)**	(456,072)
Communications expense		**(21,372)**	(78,368)
Advertising & marketing		**(186,810)**	(241,319)
Professional fees		**(253,904)**	(372,753)
Occupancy expense		**(187,493)**	(186,418)
Listing expense		**(35,292)**	(23,828)
Impairment expense		**-**	(2,980,493)
Depreciation and amortisation		**(36,555)**	(17,794)
Finance costs		**(548)**	(53)
Other expenses		**(117,396)**	(291,882)
Loss before income tax		**(261,012)**	(3,234,611)
Income tax benefit/(expense)		**34,836**	390,936
Loss after tax		**(226,176)**	(2,843,675)
Other comprehensive income, net of income tax		**-**	-
Total comprehensive income for the half year period		**(226,176)**	(2,843,675)
Earnings per share			
Basic loss per share (cents per share)	8	**(0.07)**	(0.86)
Diluted loss per share (cents per share)	8	**(0.07)**	(0.86)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	31 Dec 2016 $	30 Jun 2016 $
Assets			
Current Assets			
Cash and cash equivalents		**2,365,156**	2,382,699
Trade and other receivables		**945,028**	1,040,155
Other current assets	4	**1,103,450**	1,184,487
Total current assets		**4,413,634**	4,607,341
Non-current assets			
Other assets	4	**289,901**	-
Property, plant and equipment		**160,532**	158,714
Intangible assets	5	**2,304,790**	2,303,989
Other financial assets		**19,078**	19,078
Deferred tax asset		**239,102**	289,467
Total non-current assets		**3,013,403**	2,771,248
Total assets		**7,427,037**	7,378,589
Liabilities			
Current liabilities			
Trade and other payables	6	**3,946,271**	4,387,192
Provisions		**181,109**	176,036
Total current liabilities		**4,127,380**	4,563,228
Non-current liabilities			
Trade and other payables	6	**714,932**	13,133
Provisions		**46,987**	47,921
Total non-current liabilities		**761,919**	61,054
Total liabilities		**4,889,299**	4,624,282
Net assets		**2,537,738**	2,754,307
Equity			
Issued capital	7	**17,588,248**	17,588,248
Reserves		**1,754,979**	1,745,372
Accumulated losses		**(16,805,489)**	(16,579,313)
Total equity		**2,537,738**	2,754,307

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	$	$	$	$
Balance as at 1 July 2015	**17,588,248**	**(13,797,606)**	**1,723,014**	**5,513,656**
Total comprehensive income for the half year	-	(2,843,675)	-	(2,843,675)
Issued shares under employee share plan	-	-	21,599	21,599
Balance as at 31 December 2015	**17,588,248**	**(16,641,281)**	**1,744,613**	**2,691,580**

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	$	$	$	$
Balance as at 1 July 2016	**17,588,248**	**(16,579,313)**	**1,745,372**	**2,754,307**
Total comprehensive income for the half year	-	(226,176)	-	(226,176)
Issued shares under employee share plan	-	-	9,607	9,607
Balance as at 31 December 2016	**17,588,248**	**(16,805,489)**	**1,754,979**	**2,537,738**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half-year	
	31 Dec 2016 **$**	31 Dec 2015 $
Cash flows from operating activities		
Receipts from customers	**5,095,466**	4,211,340
Payments to suppliers and employees	**(5,082,102)**	(5,177,716)
Interest received	**8,815**	3,691
Interest paid	**(548)**	(146)
Income tax received/(paid)	**-**	(29,393)
Other	**-**	2,500
Net cash inflow/(outflow) from operating activities	**21,631**	(989,724)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(37,807)**	(92,928)
Purchase of intangible assets	**(1,367)**	-
Net cash outflow from investing activities	**(39,174)**	(92,928)
Net decrease in cash and cash equivalents	**(17,543)**	(1,082,652)
Cash and cash equivalents at the beginning of the half-year	**2,382,699**	2,049,069
Cash and cash equivalents at the end of the half-year	**2,365,156**	966,417

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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 2016 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.

Following the signing of the NetSuite Solution Provider agreement, management assessed that JCurve Solutions was acting as an agent under the agreement and revenue generated from the sale of the NetSuite ediition would be recorded on a net commissions basis in accordance with the requirements of AASB 118.

With the emphasis on selling multi year subscription contracts for the first time, commissions paid to employees for multi year contracts are deferred and released in accordance with the associated revenue.

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.

In preparing this interim report, 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 2016.

New and amended standards adopted by the group

For the half-year ended 31 December 2016, 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 2016.

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 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 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 there will be no impact on the Group's future financial reporting.
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.

(ii) AASB 15 Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Management is currently assessing the effects of applying the new standard on the Group's financial statements. At this stage, the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next six months including the effects of revenue generated under the new NetSuite Solution Provider Agreement.

AASB 15 must be applied for financial years commencing on or after 1 January 2018. The Group will adopt the new standard from 1 July 2018.

(iii) AASB 16 Leases

The AASB 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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 Officers (Chief Executive Officer and the Chief Financial Officer).

The Board and Executive Officers for the half year ending 31 December 2016, 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).

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 '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 2016 (including the comparative period) is as follows:

	ERP	TEMS	All other segments	Total
Half year ending 31 December 2016	$	$	$	$
Total revenue	2,611,730	1,608,079	13,073	4,232,882
Total cost of sales	(786,081)	(30,082)	-	(816,163)
Gross profit	1,825,649	1,577,997	13,073	3,416,719
Total expenditure excluding cost of sales	(1,938,389)	(648,678)	(1,055,828)	(3,642,895)
Total profit/(loss) after tax	**(112,740)**	**929,319**	**(1,042,755)**	**(226,176)**

	ERP	TEMS	All other segments	Total
Half year ending 31 December 2015	$	$	$	$
Total revenue	2,667,851	2,216,946	7,993	4,892,790
Total cost of sales	(1,010,283)	(66,687)	-	(1,076,970)
Gross profit	1,657,568	2,150,259	7,993	3,815,820
Total expenditure excluding cost of sales	(1,704,558)	(1,356,561)	(617,923)	(3,679,042)
Impairment expense	-	(2,980,493)	-	(2,980,493)
Total loss after tax	**(46,990)**	**(2,186,795)**	**(609,930)**	**(2,843,715)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 3: REVENUE AND EXPENSES

	31 Dec 2016 $	31 Dec 2015 $
Revenue from continuing operations		
JCurve Business Software	**2,611,730**	2,667,851
Telecommunications expense management	**1,608,079**	2,216,945
Interest income	**8,815**	5,494
Other income	**4,258**	2,500
	4,232,882	4,892,790

NOTE 4: OTHER CURRENT ASSETS

	31 Dec 2016 $	30 June 2016 $
Current		
Prepayments	**132,825**	78,309
Term deposit	**173,988**	170,907
Deferred expenditure	**658,740**	899,514
Sundry debtors	**137,897**	35,757
	1,103,450	1,184,487
Non-current		
Deferred expenditure	**289,901**	-
	1,393,351	1,184,487

NOTE 5: INTANGIBLE ASSETS

For the half year period ending 31 December 2016	Licences $	Other intangibles $	Total $
At 1 July 2016, net of accumulated amortisation and impairment	2,302,857	1,132	2,303,989
Additions	-	1,367	1,367
Amortisation	-	(566)	(566)
Impairment charge	-	-	-
At 31 December 2016, net of accumulated amortisation and impairment	**2,302,857**	**1,933**	**2,304,790**

The licences sub account balance is the recoverable amount of the amount paid for the purchase of the exclusive reseller agreement with NetSuite for the JCurve edition of the NetSuite software. This Agreement with NetSuite provides JCurve Solutions with the exclusive selling rights for the JCurve 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 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 6: TRADE AND OTHER PAYABLES

	31 Dec 2016 $	30 June 2016 $
Current:		
Trade payables	**552,279**	356,777
Other payables	**414,957**	373,240
Accrued expenses	**374,121**	634,090
Unearned income	**2,604,914**	3,023,085
	3,946,271	4,387,192
Non-current:		
Unearned income	**714,932**	13,133
	4,661,203	4,400,325

NOTE 7: ISSUED CAPITAL

	31 Dec 2016 $	30 June 2016 $
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 2015	**327,856,900**	**17,382,891**
Shares issued	6,800,000	-
Share buyback and cancellation	(2,000,000)	-
At 30 June 2016	**332,656,900**	**17,382,891**
Shares issued	-	-
Share buyback and cancellation	(750,000)	-
At 31 December 2016	**331,906,900**	**17,382,891**

NOTE 8: EARNINGS PER SHARE

	31 Dec 2016 $	31 Dec 2015 $
Earnings used for calculation of basic and diluted earnings per share		
Basic loss from operations	**(226,176)**	(2,843,675)
Weighted average number of shares used for calculation of basic and diluted EPS	**Number**	Number
Weighted average number of shares	**332,616,139**	330,779,611
Basic loss per share (cents per share)	**(0.07)**	(0.86)
Diluted loss per share (cents per share)	**(0.07)**	(0.86)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 9: DIVIDENDS PAID AND PROPOSED

Dividends Paid

No final dividend was declared for the year ended 30 June 2016.

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 2017, and it will consider reinstating the dividend policy in the future, subject to performance.

NOTE 10: OPTIONS

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 2016:

	Six months to 31 December 2016		Year to 30 June 2016	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of the year	26,785,713	$0.000001	35,714,284	$0.000001
Granted during the year	-	-	(8,928,571)	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	26,785,713	$0.000001	26,785,713	$0.000001
Exercisable at the end of the year	-		-	

The outstanding balance as at 31 December 2016 is represented by:

- 8,928,571 options with an exercise price of $0.000001 which automatically vest when the share price reaches 10c for a period of 10 consecutive trading days, exercisable on or before 31 March 2017;
- 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 11: 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 2016 Annual financial report. Refer to the 30 June 2016 Annual financial report for more details on the determination of the fair values of financial instruments held by the Group.

NOTE 12: CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 31 December 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 13: RELATED PARTY TRANSACTIONS

Transactions with Directors

During the half-year ended 31 December 2016, 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 $31,407 during the half year (2015: $45,204) for the company secretarial work during the period July 2016 to December 2016 which included providing guidance on corporate compliance requirements pursuant to the Company's constitution, ASX Listing Rules and *Corporations Act 2001*, assistance in drafting notices of meeting and announcements and Board documentation. In addition to the company secretarial work, Franks and Associates invoices JCurve for Mr Franks' Directors fees and superannuation.

NOTE 14: GOING CONCERN

The Group incurred a loss after tax for the period of $226,176 (Dec 2015: $2,843,675). At the balance date, the Group had cash assets of $2,365,156 (Jun 2016: $2,382,699) and a positive working capital position of $286,255 (June 2016: $44,113). The working capital of $286,255 includes current unearned revenue of $2,604,914 and current deferred expenditure of $658,740 (June 2016: $3,023,085 and $899,514).

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 15: SUBSEQUENT EVENTS

On 15 February 2017, the Group announced that it had signed a partnership agreement with MYOB allowing JCurve Solutions to begin selling, implementing and supporting MYOB Advanced cloud ERP software for larger businesses as an accredited MYOB partner.

No other matters or circumstances have arisen since 31 December 2016 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 6 to 16:
    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 2016 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 22 February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of JCurve Solutions Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of JCurve Solutions Limited, which comprises the consolidated statement of financial position as at 31 December 2016, 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 ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

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 consolidated entity's financial position as at 31 December 2016 and its 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 JCurve Solutions Limited, 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 JCurve Solutions Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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 JCurve Solutions Limited is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 22 February 2017