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Manager of Company Announcements
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By E-Lodgment

Company Update

- **Total company sales forecast for FY2017 of \$11m to \$12m**
- **Investment in new TEMS Software Development**
- **Updated guidance and financial update for FY2017**
- **New Accounting Standard - AASB 15 Revenue from Contracts with Customers**

JCurve Solutions Limited (ASX: JCS) today announces a general end of quarter update in relation to its business operations.

Total company sales forecast for FY2017 of \$11m to \$12m

The Company is pleased to advise that its total company sales forecast for FY2017 is \$11m to \$12m which is a 17% to 27% increase on the FY2016 total company sales result.

The total company sales result for the nine months ending 31 March 2017 is \$7.5m, increasing by 7% on the corresponding 31 March 2016 period as outlined below:

SALES RESULT	ACTUAL 9 MONTHS TO 31 MARCH 2016	ACTUAL 9 MONTHS TO 31 MARCH 2017 (UNAUDITED)	PERCENTAGE INCREASE/DECREASE OVER PREVIOUS CORRESPONDING PERIOD
ERP DIVISION	\$3.5m	\$5.2m	49% increase
TEMS DIVISION	\$3.5m	\$2.3m	34% decrease
TOTAL COMPANY	\$7.0m	\$7.5m	7% increase

Investment in new TEMS Software Development

JCS remains committed to the ongoing maximisation of value from the TEMS business, and continues to invest in research and development (R&D) activities which are intended to not only minimise TEMS churn but capitalise on related expense management opportunities.



To this end, the Company continues to make significant investment in R&D activities which support JCS's own proprietary software. The TEMS R&D activities undertaken in FY2017 have totalled \$0.5m YTD, with a further \$0.2m forecast to be spent for the remainder of FY2017.

In line with the Company's current accounting policy for R&D, all such R&D activities have been expensed as incurred.

Updated guidance and financial update for FY2017

Notwithstanding the strong FY2017 forecast sales result, the Company advises that there has been a recent shift in the mix of ERP sales resulting in a higher number of multi-year sales than what was originally forecast. While multi-year sales have resulted in JCS hitting sales targets, the effect of which is to boost JCS's cash and unearned income balances, it is not reflected in the revised forecast FY2017 statutory result. The shift towards multi-year sales income shows that ERP future year recurring revenue is being locked in earlier than has been the case in previous financial years.

While the Company continues to grow a strong pipeline of forecast ERP deals, with the March 2017 ERP pipeline being at an all-time high level, the sales conversion rate has been lower than originally forecast which has resulted in forecast deals being lost or delayed which has culminated in the following guidance update:

MEASURE	FY2017 ORIGINAL GUIDANCE (*)	FY2017 UPDATED GUIDANCE
Sales Income (**)	Not provided	Range: \$11.0m - \$12.0m
Revenue	Range: \$10.0m - \$11.0m	Range: \$8.5m - \$9.0m
EBITDA	Range: \$0.0m to \$0.2m profit	Range: \$0.3m to \$0.5m loss
NPAT	Range: \$0.3m - \$0.5m profit	Range: \$0.2m - \$0.4m loss

(*) Issued 28 June 2016

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

The Company is on track to achieve a June 2017 cash position exceeding \$3m, a substantial increase on the \$2.4m reported in both June 2016 and December 2016. This continues to put the Company in a strong position to explore acquisition opportunities in Asia.

The Company's unearned income balance since 30 June 2016 has increased by \$1.3m, to \$4.3m as at 31 March 2017, setting a strong base for future growth of particularly the ERP division. In line with JCS's current accounting policy for revenue recognition, the Company expects to release the \$4.3m unearned income balance in the following financial years:



MEASURE	FORECAST RELEASE OF UNEARNED INCOME	FORECAST RELEASE OF DEFERRED EXPENDITURE
Remainder of FY2017	\$1.3m	\$0.3m
FY2018	\$2.0m	\$0.5m
FY2019	\$0.7m	\$0.2m
FY2020	\$0.3m	\$0.1m

JCS also continues to:

- Invest in talent acquisition in line with its strategic priority to grow the ERP business;
- Invest in research and development (R&D) activities as outlined above;
- Actively explore acquisition opportunities in line with its strategic priority to diversify. The Company will update the market as and when the Company becomes committed to any opportunity.

New Accounting Standard – AASB 15 Revenue from Contracts with Customers

The Australian Accounting Standards Board has issued a new standard for the recognition of revenue which replaces AASB 118. The new standard, AASB 15, is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

AASB 15 is mandatory for application for financial years commencing on or after 1 January 2018. The latest the JCS can adopt the new standard is from 1 July 2018.

The Company is currently finalising its assessment as to the affect the adoption of AASB 15 will have on the FY2017 financial results, which will need to be restated for comparative purposes as part of the presentation of the FY2018 financial results. As part of that assessment, JCS is evaluating whether to early adopt AASB 15 for the FY2017 financial results. The Company will advise the market once discussions with its auditors are completed. The preliminary assessment of AASB 15 undertaken by the Company, indicates that if JCS was to early adopt AASB 15, it would have the effect of recognising as revenue in FY2017 a portion of the growing unearned income balance which would have otherwise remained a liability on the Balance Sheet as at 30 June 2017.

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