JCurve Solutions Limited

Half Year Report 31 December 2018

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 2018.

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 2018.

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 Executive Management team and Board throughout the half year ended 31 December 2018, continued to focus on our three previously stated strategic objectives:

1) Investing to grow the ERP business

The investment which was undertaken over the past 12 to 18 months in our ERP team and internal capabilities has not at this stage translated into the statutory financial success at the rates we were forecasting. The shift in the sales mix of our ERP Division towards the larger more complex NetSuite solutions has continued at pace which saw a number of new sale opportunities which were forecast to close in 1HY2019 be delayed. The consequence of the shift in product mix is a higher initial average deal size and stronger future revenue potential from reduced customer churn and increased consulting opportunities, but a longer initial sales and project delivery cycle resulting in delayed recognition of revenue and profit. In line with the seasonality of the ERP business experienced in prior years, the Company expects a strong 2HY2019 ERP sales result achieved from increasing new business sales, the contract profile of the Company's recurring revenue base and an increasing number of customer implementations being completed in preparation for the start of the new financial year.

Despite the lower than expected half year result, the ERP division (exclusive of MYOB Advanced revenue) grew by 11% after recognising $3.9m of revenue, which is a significant increase from the $3.5m in 1HY2018. Sales to existing customers being renewal income and upsell income increased by 14% while sales to existing customers grew by 5% comparing the 1HY2019 sales result with the 1HY2018 sales results. The ERP division's deferred revenue balance increased by 24% between 31 December 2017 and 31 December 2018 reflecting the change in product mix. The profit before tax for the ERP division for 1HY2019 was $449,605 (1HY2018: $237,518).

The Company remains committed to growing our ERP division and continuing as NetSuite's largest solution partner globally by number of customers managed and was recently awarded NetSuite's ANZ new business partner of the year 2018.

2) Maximising value from the TEMS business

Our Telecommunications Expense Management (TEMS) product division achieved a better than expected financial result during the half year, through decreasing customer churn. For the half year period ended 31 December 2018 we were able to recognise $1.2 million of revenue from our TEMS solutions which was an 21% decrease on the revenue recognised in 1HY2018.

The profit before tax for the TEMS division was $639,440 (1HY2018: $914,130). JCurve Solutions remains committed to the ongoing maximisation of value from our TEMS proprietary owned solutions which remains a profitable part of the Group.

3) Diversification by leveraging our core strengths and capabilities

The Management Team and Board during the six months ended 31 December 2018, investigated a number of acquisition opportunities in both the Australasian and Asian markets. In December 2018 the Group was successful in completing the purchase of the business and assets of the Spectrum Partner Group, a NetSuite Two-Star Solution Provider based in Singapore. The purchase of Spectrum business and assets provides JCurve Solutions with a launch pad for further expansion into the growing ERP Asian market. In addition to a small number of customer contracts and committed license and service revenue. Arthur Fernandez who was the founder and Director of Spectrum for four years, was appointed as the General Manager of JCS' Asian operations. The Completion purchase payment of S$300,000 was settled in cash out of JCS' existing cash reserves in December while a further deferred earn-out cash payment component payable is payable in August 2019.

DIRECTORS' REPORT (continued)

The integration of the Spectrum Partner Group (Spectrum), acquired in December 2018, into JCS Asia's business operations, is progressing in line with our strategic plan and a number of new customer opportunities are forecast to close throughout 2HY2019.

Following the purchase of the Riyo Platform in May 2018, the Company has focused on enhancing the solution through development, defining the go to market plan and building a team to launch and support the solution. The further development of the Riyo platform (which has been expensed in line with the Company's current accounting policy for R&D), has now broadened the Riyo solution to a much larger addressable customer base which we have recently launched to our existing customers.

Summarised financial result and position

Revenue for the half year period ended 31 December 2018 increased by 3%, from $5.0m in the corresponding comparative period to $5.2m in the half year reporting period ended 31 December 2018. The focus of the ERP business has been to expand JCurve Solutions capabilities to sell and service the NetSuite customers as well as continuing to sell and implement our industry leading small business edition of NetSuite; JCurveERP. The Group has also continued to provide services to our telecommunication expense management customers.

The Group recognised a net loss before tax of $219,635 for the half year period ended 31 December 2018 (2017: $161,864 loss).

The 'Normalised EBITDA' loss for the half year period ended 31 December 2018 was $117,980 (2017: $125,730 loss), which has been determined as follows:

	Half-year	
	2018	2017
	$	$
Statutory (loss)/profit after income tax for the half year period	**(208,945)**	393,427
Add back: non-cash expenses:		
Depreciation / amortisation	**102,434**	45,152
Total non-cash expenses	**102,434**	45,152
Income tax expense/(benefit)	**(10,690)**	(555,291)
Interest income	**(7,418)**	(8,944)
Finance expenses/(income)	**6,639**	(74)
Normalised EBITDA loss for the half year period	**(117,980)**	(125,730)

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 2018 totalled $0.9m. The Company's income profile is seasonal and heavily weighted towards the second half of each financial year, with 60% of sales made in 2HY2018. At 31 December 2018, the Group held cash reserves of $3.3m, whilst remaining debt free, providing the opportunity for both further organic growth and growth by acquisition.

DIRECTORS' REPORT (continued)

Auditor's Independence Declaration

Section 307C of the *Corporations Act* 2001 requires our auditors, BDO East Coast Partnership, 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 6 and forms part of this directors' report for the half-year ended 31 December 2018.

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 15 February 2019

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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 2018, 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, 15 February 2019

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Consolidated half-year ($)	
	Notes	**2018**	2017
Revenue	3	**5,167,597**	5,027,718
Cost of goods sold		**(697,156)**	(737,870)
Gross profit		**4,470,441**	4,289,848
Other income	3	**132,801**	12,331
Employee benefit expenses		**(2,969,881)**	(2,827,318)
Other employee related expenses		**(337,273)**	(418,447)
IT and communications expenses		**(216,556)**	(149,380)
Advertising and marketing expenses		**(97,557)**	(80,904)
Professional fees		**(523,944)**	(389,763)
Occupancy expenses		**(239,713)**	(225,546)
Depreciation and amortisation expenses		**(102,434)**	(45,152)
Finance expense/(income)		**(6,639)**	74
Due diligence costs		**(33,687)**	-
Other expenses		**(295,193)**	(327,607)
Loss before income tax		**(219,635)**	(161,864)
Income tax benefit	4	**10,690**	555,291
(Loss)/profit after tax for the half year period		**(208,945)**	393,427
Other comprehensive income		**-**	-
Total comprehensive (loss)/income for the half year period		**(208,945)**	393,427
Basic (loss)/earnings per share (cents per share)	11	**(0.06)**	0.12
Diluted (loss)/earnings per share (cents per share)	11	**(0.06)**	0.12

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 2018

	Notes	Consolidated ($) 31 Dec 2018	Consolidated ($) 30 June 2018
Assets			
Current Assets			
Cash and cash equivalents		**3,258,206**	4,487,536
Trade and other receivables	5	**2,223,021**	2,190,485
Current tax assets		**-**	162,937
Other current assets	6	**887,812**	651,861
Total Current Assets		**6,369,039**	7,492,819
Non-Current Assets			
Property, plant and equipment	7	**71,809**	86,139
Intangible assets	8	**3,421,159**	2,892,857
Deferred tax assets	4	**703,389**	737,252
Other assets		**47,821**	47,821
Total Non-Current Assets		**4,244,178**	3,764,069
Total Assets		**10,613,217**	11,256,888
Liabilities			
Current Liabilities			
Trade and other payables	9	**1,750,145**	2,241,932
Current tax payable		**7,735**	-
Unearned income		**2,789,984**	2,720,858
Provisions		**270,783**	263,791
Total Current Liabilities		**4,818,647**	5,226,581
Non-Current Liabilities			
Deferred tax liabilities	4	**1,013,354**	1,076,287
Provisions		**72,565**	55,017
Total Non-Current Liabilities		**1,085,919**	1,131,304
Total Liabilities		**5,904,566**	6,357,885
Net Assets		**4,708,651**	4,899,003
Equity			
Share capital	10	**17,588,248**	17,588,248
Reserves		**1,822,473**	1,803,880
Accumulated losses		**(14,702,070)**	(14,493,125)
Total Equity		**4,708,651**	4,899,003

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 2018

	Consolidated ($)			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance as at 1 July 2017	**17,588,248**	**(15,340,392)**	**1,762,054**	**4,009,910**
Total comprehensive income for the half year	-	393,427	-	393,427
Issued shares under employee share plan	-	-	11,530	11,530
Balance as at 31 December 2017	**17,588,248**	**(14,946,965)**	**1,773,584**	**4,414,867**

	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 operations	-	-	(1,152)	(1,152)
Balance as at 31 December 2018	**17,588,248**	**(14,702,070)**	**1,822,473**	**4,708,651**

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 2018

	Notes	31 Dec 2018	31 Dec 2017
		Consolidated half-year ($)	
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**6,046,842**	4,516,665
Payments to suppliers and employees (inclusive of GST)		**(7,111,454)**	(5,232,764)
Income tax received		**152,293**	-
Interest received		**6,018**	8,944
Interest (paid)/refunded		**(456)**	74
Net cash outflow from operating activities		**(906,757)**	(707,081)
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(10,106)**	(52,421)
Cash paid for the purchase of the Spectrum business and assets	16	**(312,467)**	-
Net cash outflow from investing activities		**(322,573)**	(52,421)
Net decrease in cash and cash equivalents		**(1,229,330)**	(759,502)
Cash and cash equivalents at the beginning of the half-year		**4,487,536**	3,495,899
Cash and cash equivalents at the end of the half-year		**3,258,206**	2,736,397

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 2018

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 2018 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.

The classification of some prior period comparatives have been adjusted to reflect an internal reporting change in the presentation of financial statement line items which the Company believes will assist users with their understanding of the half-year report. There was no net overall profit or loss effect from the reclassification.

With the exception of the change in some prior period comparatives and the changes disclosed below, 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.

Following the acquisition of Spectrum, new key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

1) The useful life of the NetSuite customer contracts acquired which has been assessed as 2.5 years;
2) The useful life of the customer relationships acquired which has been assessed as 2.5 years;
3) The estimated contingent consideration payable as the deferred payment for the Spectrum which was estimated as S$300,000 (A$311,333).

Other 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 2018. 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

For the half-year ended 31 December 2018, 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 2018.

(1) AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments] and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9.

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. AASB 9 has been adopted by the Group from 1 July 2018.

The impact on the Group's financial reporting is restricted to the new impairment model for financial assets. AASB 9 replaces the incurred loss model in AASB 139 with an expected credit loss (ECL) model. The new impairment model is applied to financial assets measured at amortised cost, contract assets and debt investments at FVOCI. Under AASB 9, loss allowances are measured on either of the following bases:

(1) 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
(2) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ECLs are a probability weighted estimates of credit losses which are discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls. The impact from adopting AASB 9 during the half year ended 31 December 2018 was an additional expense of $6,396 from assessing the lifetime expected credit losses based on the history of past bad debts written off the Group after considering a provision matrix which grouped debtors into product lines. The Group has not retrospectively adjusted the prior period comparative balances or opening balances on adoption of AASB 9.

New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations that have been published but are not mandatory for the 31 December 2018 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.

(1) AASB 16 Leases

AASB 16 was issued to 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:

(1) Enhanced guidance on identifying whether a contract contains a lease;
(2) 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
(3) Enhanced financial statement disclosures.

The new standard will result in almost all leases being recognised on the Statement of Financial Position. The current distinction between operating and finance leases will be removed with an asset (the right to use the leased item) and a liability (rental payments) being recognised.

Lessor accounting will not significantly change under AASB 16.

AASB 16 will impact the Group's operating leases for which the Group currently has five non-cancellable operating leases. At this stage, the Group has not made an estimate as to what the financial effect of adopting AASB 16 will be on the Group's financial statements apart from the requirement for additional disclosures and potential recognition of right of use assets and the related liabilities for all leases. The Group will make more detailed assessments of the effect over the next six months. AASB 16 must be applied for financial years commencing on or after 1 January 2019. The Group is required to adopt the new standard from 1 July 2019 unless the standard is early adopted.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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 Board and Executive Management Team for the half year ended 31 December 2018, considered the business from a product perspective and identified four reportable segments:

- NetSuite ERP - ERP cloud-based Business Management solutions and associated consulting services;
- MYOB Advanced - ERP cloud-based Business Management solutions and associated consulting services;
- TEMS - the sale of Telecommunications Expense Management Solutions (JTEL and Full Circle Group);
- Riyo – the development and commercialization of the Riyo Platform

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.

Following the acquisition of Spectrum, the Group now operates in two geographical segments being Australasia (Australia and New Zealand) along with SE Asia. However, with the acquisition of Spectrum being on the 17th of December 2018, the SE Asia geographical segment was not reported in the December management accounts provided to the Board and Executive Management Team.

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.

(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 2018 (including the comparative period) is as follows:

Half year ended 31 December 2018	ERP	TEMS	Riyo	MYOB	Unallocated	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)**

Half year ended 31 December 2017	ERP	TEMS	MYOB	Unallocated	Total
Total revenue	3,498,241	1,484,184	45,293	-	5,027,718
Total cost of sales	(737,870)	-	-	-	(737,870)
Gross profit	**2,760,371**	**1,484,184**	**45,293**	**-**	**4,289,848**
Other income	-	-	-	12,331	12,331
Total expenditure excluding cost of sales	(2,522,853)	(570,054)	(154,361)	(1,216,775)	(4,464,043)
Total profit/(loss) before tax	**237,518**	**914,130**	**(109,068)**	**(1,204,444)**	**(161,864)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 3: REVENUE

	Consolidated ($)	
	31 Dec 2018	31 Dec 2017
Enterprise Resource Planning (ERP) solutions – JCurve ERP and NetSuite	**3,877,969**	3,498,241
Enterprise Resource Planning (ERP) solutions – MYOB Advanced	**120,476**	45,293
Telecommunications expense management	**1,169,152**	1,484,184
	5,167,597	5,027,718
Other Income		
Research and Development incentive (1)	**117,315**	-
Interest income	**7,418**	8,944
Sundry income	**8,068**	3,387
	132,801	12,331

(1) The research and development incentive was classified as a credit to the tax expense and a receivable was not booked for the half-year ended 31 December 2017. The Company assessed as at 31 December 2017 that a likely R&D tax refund did not reach the threshold of virtual certainty.

NOTE 4: INCOME TAX

	Consolidated ($)	
	31 Dec 2018	31 Dec 2017
Income tax recognised in profit or loss		
The major components of tax benefit/(expense) are:		
Current tax (expense)/benefit	**(7,735)**	186,528
Origination and reversal of temporary differences	**29,070**	393,053
Under provision from prior years - current tax	**(10,645)**	(24,290)
Total tax benefit/(expense)	**10,690**	555,291
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	**(219,635)**	(161,864)
Income tax benefit calculated at 27.5%	**60,400**	44,513
Deferred tax expense relating to the origination and reversal of temporary differences:		
Permanent differences – non assessable income/(non-deductible expenses)	**(11,771)**	(9,742)
Permanent differences - research and development incentive calculated at 27.5%	**(41,902)**	68,608
Carried forward tax losses previously not brought to account now recognised	**14,608**	441,273
Reduction in the company tax rate	**-**	34,929
Under provision in prior years	**(10,645)**	(24,290)
Income tax benefit reported in the Statement of Profit or Loss and other Comprehensive Income	**10,690**	555,291

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 4: INCOME TAX (continued)

	Consolidated ($)	
Deferred Taxes (Non-Current)	**31 Dec 2018**	30 June 2018
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	**60,641**	46,032
Deferred expenditure	**274,328**	269,174
Accruals and provisions	**368,420**	422,046
	703,389	737,252
Analysis of deferred tax liabilities (at 27.5%):		
Unearned income	**913,190**	990,450
Other	**100,164**	85,837
	1,013,354	1,076,287
Net Deferred Tax Liability	**309,965**	339,035

NOTE 5: TRADE AND OTHER RECEIVABLES

	Consolidated ($)	
	31 Dec 2018	30 June 2018
Current		
Trade receivables	**1,739,220**	1,491,841
Allowance for doubtful debts	**(137,947)**	(114,173)
Accrued revenue/commissions receivable	**621,748**	812,817
	2,223,021	2,190,485

NOTE 6: OTHER CURRENT ASSETS

	Consolidated ($)	
	31 Dec 2018	30 June 2018
Current		
Prepayments	**375,209**	207,366
Term deposits	**169,844**	169,844
Deferred expenditure	**139,491**	166,566
Accrued research and development incentive	**117,315**	-
Sundry debtors	**85,953**	108,085
	887,812	651,861

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Consolidated ($)			
	Plant and Equipment	Leasehold Improvements	Make good asset	Total
At 1 July 2018, net of accumulated depreciation	84,975	1,164	-	86,139
Additions	10,106	-	16,300	26,406
Depreciation	(32,206)	(288)	(8,242)	(40,736)
At 31 December 2018, net of accumulated depreciation	**62,875**	**876**	**8,058**	**71,809**

NOTE 8: INTANGIBLE ASSETS

	Consolidated ($)					
	Licences (1)	Riyo Platform	Goodwill (2)	Customer relationships (2)	NetSuite customer contracts (2)	Total
At 1 July 2018, net of accumulated amortisation and impairment	2,302,857	590,000	-	-	-	2,892,857
Additions	-	-	244,515	175,456	172,197	592,168
Amortisation	-	(60,000)	-	(857)	(841)	(61,698)
FX revaluation	-	-	(888)	(646)	(634)	(2,168)
At 31 December 2018, net of accumulated depreciation	**2,302,857**	**530,000**	**243,627**	**173,953**	**170,722**	**3,421,159**

(1) The licenses intangible asset reflects the carrying value of the the unimpaired amount paid for the purchase of the exclusive reseller agreement with NetSuite for the JCurve ERP edition of the NetSuite software. This Agreement with NetSuite provides JCurve Solutions with the exclusive selling rights for the JCurve ERP edition of the NetSuite business software for an indefinite period and was the basis on which Interfleet Pty Ltd immediately became a five star NetSuite partner on becoming a NetSuite Solution Provider in August 2016. The agreement was the basis from which the Company has built its ERP practice. The NetSuite JCurve ERP reseller 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 Solutions a royalty of 30% of the future revenue stream to NetSuite for a 3-year period which along with an increasing level of license commission and service revenue which is generated from the sale of NetSuite editions indicates that it is unlikely that there will be an impairment in future periods.

(2) Refer to Note 16 for further information on the acquisition of the Spectrum Partner Group.

NOTE 9: TRADE AND OTHER PAYABLES

	Consolidated ($)	
	31 Dec 2018	30 June 2018
Current		
Trade payables	**949,854**	704,432
Other payables	**364,696**	701,102
Accrued expenses	**124,262**	836,398
Deferred consideration (1)	**311,333**	-
	1,750,145	2,241,932

(1) Refer to Note 16 for further information on the deferred consideration.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 10: SHARE CAPITAL

	Consolidated ($)	
	31 Dec 2018	30 June 2018
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 11: (LOSS)/EARNINGS PER SHARE

	Consolidated ($)	
	31 Dec 2018	31 Dec 2017
(Loss)/Earnings used for calculation of basic and diluted earnings per share	**(208,945)**	393,427
Basic (loss)/earnings from operations	**(208,945)**	393,427
	Number	Number
Weighted average number of shares used for calculation of basic and diluted EPS	**327,856,900**	330,821,108
Basic (loss)/earnings per share (cents per share)	**(0.06)**	0.12
Diluted (loss)/earnings per share (cents per share)	**(0.06)**	0.12

NOTE 12: DIVIDENDS PAID AND PROPOSED

Dividends Paid

No final dividend was declared or paid for the half year ended 31 December 2018.

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 2019 and it will consider reinstating the dividend policy in the future, subject to performance.

NOTE 13: 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. Each performance right has a nil exercise price and convert into one fully paid ordinary share in JCurve Solutions Limited upon meeting the vesting conditions. The performance rights vest on 31 August 2019. If the vesting conditions are not met the performance rights lapse 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 13: SHARE-BASED PAYMENT PLANS (continued)

Share Option Plan – Acquisition of JCurve Business Software

JCurve Solutions Limited issued 35,714,284 options (valued at $1,572,144) as part consideration for the acquisition of JCurve Solutions Pty Ltd by its subsidiary JCurve Business Software Pty Ltd.

The contractual life of each option granted is between 3 and 5 years. There are no cash settlement alternatives.

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 2018:

	Six months to 31 December 2018		Year to 30 June 2018	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of the period/year	8,928,571	$0.000001	17,857,142	$0.000001
Granted during the period/year	-	-	-	-
Expired during the period/year	-	-	(8,928,571)	-
Outstanding at the end of the period/year	8,928,571	$0.000001	8,928,571	$0.000001
Exercisable at the end of the period/year	-		-	

The outstanding balance as at 31 December 2018 is represented by:

- 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 14: CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 31 December 2018 which have not been recognised in the Half Year Report.

NOTE 15: RELATED PARTY TRANSACTIONS

Transactions with Directors

During the half-year ended 31 December 2018, Franks and Associates, a member of Automic Group from June 2018 and 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 $23,000 during the half year (2017: $25,477) by Franks and Associates/Automic Group for the company secretarial work during the period July 2018 to December 2018. In addition to the company secretarial work, Franks and Associates/ Automic Group also invoiced the Group for both Mr Franks' Director fees (inclusive of superannuation) and for the paid share registry services it is now providing for the Group starting from September 2018.

During the half-year ended 31 December 2018, Tomorrow Entertainment Holdings Pte Ltd (Tomorrow Entertainment), a Company which Mark Jobling is the founder and a Director, became a customer of the Group. The Group invoiced Tomorrow Entertainment $13,659 in the period ended 31 December 2018 (2017: NIL). The services sold to Tomorrow Enteratinment were at commercial rates and on commercial terms.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 16: BUSINESS COMBINATIONS

Acquisition of the Spectrum Partner Group

On 17 December 2018, JCurve Solutions Asia Pte Ltd, a 100% owned subsidiary of the Group purchased all of the business and assets of Spectrum Partner Group Pte Ltd (Spectrum), a NetSuite two star partner domiciled in Singapore.

The purchase price is to be paid across a completion payment of S$300,000 (paid on the 13/12/2018) and a deferred payment in August 2019 based on the level of income generated by the Singapore business for the year ending 31 March 2019 plus qualifying opportunities for the following three months to 30 June 2019. Based on the latest available forecasts obtained pre-acquisition as part of the due diligence phase, the Group has estimated the deferred payment to be S$300,000 (A$311,333).

Acquisition related costs of $17,252 were included in due diligence costs in the Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2018.

The Group has, due to the timing of the acquisition, provisionally recognised the fair values of the identifiable assets acquired as part of the acquisition based upon the information available as of the reporting date. The final fair values acquired as part of the acquisition will be recognised in the 30 June 2019 Annual Report. The provisional business combination accounting is as follows:

	Fair value at acquisition date (S$)	Fair value at acquisition date (A$)
NetSuite customer contracts	165,326	172,197
Customer relationships	168,455	175,456
Sundry debtors	31,460	32,767
Fair value of identifiable net assets	**365,241**	**380,420**
Goodwill arising on acquisition	234,759	244,515
Total consideration	**600,000**	**624,935**

It is expected that the acquisition of the Spectrum Partner Group will deliver the Group additional synergies through a reduction in the overall cost base of the ERP delivery team as the ERP division grows, while it is expected that the Group will be able to increase sales through the Asian market through the ultiisation of the marketing and finance departments from the Group's head office. These synergies are recognised through the goodwill balance recognised. In addition the acquisition by JCurve Solutions will see the Group receive NetSuite five-star partner margins on Spectrum customers eligible for commission, where pre-acquisition only two star partner margins were received. This synergy has been recognised through the NetSuite customer contracts balance recognised.

Net cash outflow arising on acquisition

The cash outflow on acquisition was $312,467 (S$300,000) with a further deferred payment to be paid in August 2019 based on the performance factors outlined above.

The acquisition of Spectrum affected the consolidated half year result as follows:

	31 December 2018 $
Revenue	-
Less: expenses	1,698
Loss before tax	**(1,698)**

The Group has not disclosed the revenue or profit or loss as though the acquisition date for business combination occurred at the start of the financial year as such disclosure would not be reliable with the acquired entities financial statements being unaudited.

The useful life of the NetSuite customer contracts intangible asset was assessed as 2.5 years, with the intangible asset being amortised from 18 December 2018 evenly over the 2.5 year period.

The useful life of the customer relationships intangible asset was assessed as 2.5 years, with the intangible asset being amortised from 18 December 2018 evenly over the 2.5 year period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 17: GOING CONCERN

The Group generated an after tax loss for the period of $208,945 (31 December 2017: $393,427 profit). At the balance date, the Group had cash assets of $3,258,206 (30 June 2018: $4,487,536) and a positive working capital position of $1,550,392 (30 June 2018: $2,266,238). The working capital of $1,550,392 includes current unearned income of $2,789,984 and current deferred expenditure of $139,491 (30 June 2018: $2,720,858 and $166,566).

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.

NOTE 18: SUBSEQUENT EVENTS

No matters or circumstances have arisen since 31 December 2018 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 2018 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 15 February 2019

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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 2018, 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 2018 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 2018 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.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

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 East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 15 February 2019