JCurve Solutions Limited

Annual Financial Report
For the year ended 30 June 2018

JCurve Solutions Limited
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Contents

CORPORATE INFORMATION

ABN 63 088 257 729

Directors
Mr Bruce Hatchman
Mr Mark Jobling
Mr David Franks

Company Secretary
Mr David Franks

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Principal place of business
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Securities Exchange Listings
Australian Securities Exchange
ASX Code: JCS

Website
www.jcurvesolutions.com

CHAIRMAN'S LETTER

The financial year ended 30 June 2018 was a year of accelerating growth for JCurve Solutions Limited as we built on the foundations established over the past two years. We have increased our customer count, improved our financial profitability and financial stability and diversified our market offerings. It was a period of transition for the Company with further investment in our people and internal capabilities made to keep pace with the changing revenue profile of our growing ERP division where the mix of opportunities arising is moving towards larger more complex solutions.

As I have previously stated, since July 2016, JCurve Solutions has embarked on a sustained period of business growth aiming to increase revenues, diversify market offerings, expand geographical territories and invest in our people to increase the value provided to customers and achieve an order of magnitude lift in long term shareholder value. The Company's three core stated strategic objectives (investing to grow the ERP Business, maximising value from the Telecommunications Expense Management (TEMS) business and diversification) remained at the forefront of our operational and strategic initiatives in FY2018.

1) Investing to grow the ERP business

Our ERP practice has expanded over the past 24 months to include additional products, namely MYOB Advanced and additional editions of NetSuite as we looked to expand our market offerings and take advantage of the increasing awareness of ERP cloud software solutions.

During the year ended 30 June 2018, the NetSuite ERP division grew by 26% after recognising $9.2 million of revenue, a substantial increase on the $7.3 million recognised in FY2017. We are forecasting an even larger increase in new business sales in FY2019. The $9.2 million in revenue generated in FY2018 helped the NetSuite ERP Division to generate an operating profit before tax of $1.8 million for the year. At 30 June 2018 we had over 600 ERP customers across our portfolio of solutions offered spread across both Australia and New Zealand.

In FY2018 we recognised $0.05 million of MYOB revenue and generated a loss of $0.4 million from the MYOB Advanced division.

The combined 27% growth achieved from the NetSuite ERP and MYOB Advanced divisions was below our original forecast levels with the Group unable to ramp up sales of MYOB Advanced at the pace we anticipated. The lower than expected MYOB Advanced sale and project delivery results were offset by the growth achieved from selling the larger editions of NetSuite and continuing growth of our exclusive JCERP small business edition offering. We were able to reduce ERP customer churn to 6.3% for FY2018 and a number of our customers committed to longer term contracts.

2) Maximising value from the TEMS business

We have seen further stabilisation of TEMS customer churn with the customer profile of the TEMS division now comprised of fewer, larger value customers. We continue to focus on customer retention rather than actively selling our TEMS proprietary owned solutions to new business customers with our customer count remaining above 100 customers across Australia.

During the year ending 30 June 2018 we were able to recognise $2.7 million of revenue from TEMS solutions. While this was a 13% decrease from the $3.1 million generated in FY2017, it was more favourable than we had expected. With cost restructures in the previous financial years the division despite reduced revenue was able to generate a $1.6 million profit before tax and R&D net expenditure in FY2018.

In FY2018 we continued to invest some of the profits earnt from the TEMS division back into research and development (R&D) activities which were intended to minimise TEMS churn and capitalise on related expense management opportunities. $0.6 million of R&D expenditure before R&D credits was incurred and expensed in the first eight months of FY2018. The expense management opportunities have not been as large as forecast, and with the Riyo Business purchase arising, we are prioritising research and development investment in the Riyo Platform business opportunity. 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 have in FY2018 investigated a number of acquisition opportunities in both the Australasian and Asian markets. In May 2018 the Group was successful in completing the purchase in Australia of the Riyo Platform for a purchase price of $600,000 which was settled out of the Group's existing cash reserves.

The Riyo solution which is a platform to provide on-demand or scheduled booking, dispatch and payment (BDP) is complementary to our existing business and will provide a strong value-added sale opportunity to our existing ERP customers, as well as providing a stand-alone solution to new customers. The purchase of the Riyo platform aligns with our existing business, enables us to become a solution owner and further diversifies our market offerings.

Since completing the purchase of the Riyo Platform on the 31st of May 2018, the JCS team has focused on defining the go to market plan for the Riyo solution offering, building a team to launch and support the solution and re-engaging with two pre-acquisition enterprise trial customers.

Financial Commentary

With a strong balance sheet and solid operating fundamentals, JCS continues to assess acquisition opportunities both locally and in Asia.

The statutory profit before tax generated by JCurve Solutions for the year ending 30 June 2018 was $0.9 million (2017: $0.7 million). The normalised EBITDA increased from $0.8 million to $1.0 million in FY2018.

JCurve Solutions continues to be supported by strong financial foundations. In FY2018 the Group was $1.7 million operating cash flow positive while remaining debt free and holding $4.5 million in cash reserves as at 30 June 2018. This financial stability ensures we are well positioned to build capitalise on diversification and expansion opportunities as they arise.

Over the past year we have delivered short term shareholder value through an appreciation of our share price which rose from 1.1 cents to 3.1 cents as at 30 June 2018, a 282% increase during FY2018.

The JCurve Solutions team continues to pride itself on a very strong, high-performance corporate culture, with the Group winning awards and being recognised as an Employer of Choice, all of which continues to raise the market profile of JCurve Solutions and assists with our growth aspirations. The strong corporate culture has been critical in attracting the right talent as we expanded our sales, marketing and professional services capabilities.

Once again I would like to thank our employees and shareholders for their continuing support over the past year. Your Directors look forward to seeing increasing levels of growth from the investment made in FY2018 throughout FY2019.

Bruce Hatchman
Chairman

DIRECTORS' REPORT

Your directors present the annual financial report of 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 year ended 30 June 2018. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' Report is as follows:

Directors and Company Secretary

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Names, qualifications, experience, and special responsibilities

Bruce Hatchman FCA MAICD JP (Non-Executive Chairman)	
Experience and expertise	Bruce Hatchman was appointed as the Chairman of JCurve Solutions on 27 November 2014. Bruce Hatchman is an experienced and successful finance professional. As the former Chief Executive of Crowe Horwath, Bruce Hatchman has 40 years' experience in providing audit and assurance services to listed companies and consulting services to large private enterprises. He is a qualified Chartered Accountant and a member of the Australian Institute of Company Directors.
Directorships of other companies	Bruce Hatchman is currently the Chairman and a Non-Executive Director of the following listed company's: Consolidated Operations Group Limited.
Former directorships of other listed companies	None.
Special responsibilities	Member of the Audit & Risk Management Committe and Chairman of the Remuneration Committee.

David Franks B.Ec, CA, F Fin, JP. (Non-Executive Director and Company Secretary)	
Experience and expertise	David Franks joined JCurve Solutions on 15 September 2014 as Company Secretary and a Non-Executive Director. He is a Chartered Accountant, Fellow of the Financial Services Institute of Australia, Fellow of the Governance Institute of Australia, Justice of the Peace, Registered Tax Agent and holds a Bachelor of Economics (Finance and Accounting) from Macquarie University. With over 20 years in finance and accounting, initially qualifying with Price Waterhouse in their Business Services and Corporate Finance Divisions, David has been CFO, Company Secretary and/or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy retailing, transport, financial services, mineral exploration, technology, automotive, software development and healthcare. David Franks is currently the Company Secretary for the following public entities: Elk Petroleum Limited, Noxapharm Limited, Consolidated Operations Group Limited, White Energy Company Limited and White Energy Technology Limited. David is also a Senior Executive of Automic Group Pty Ltd.
Directorships of other companies	None.
Former directorships of other listed companies	None.
Special responsibilities	Chairman of the Audit & Risk Management Committee and Member of the Remuneration Committee.

Mark Jobling B. Eco, B Laws (Hons) (Non-Executive Director)	
Experience and expertise	Mark Jobling joined the company on 8 April 2015 as a Non-Executive Director. Mark Jobling is a substantial shareholder of the Company and holds a Bachelor of Economics and Bachelor of Laws (Hons) from Monash University. Mark Jobling manages investments in a diverse range of industries including power technology and angel investing in Asian start-up companies and is currently based in Hong Kong. He began his career as a commercial lawyer with Mallesons Stephen Jaques in Australia and went on to hold senior executive roles in multi-billion dollar companies, including Managing Director of South East Asia and Taiwan for CLP Holdings Limited, and CEO of OneEnergy Limited, a CLP/Mitsubishi Corporation joint venture in Asia. Mark Jobling is the Chairman of Tomorrow Entertainment Holdings Pte Ltd.
Directorships of other companies	None.
Former directorships of other listed companies	None.
Special responsibilities	Member of the Audit & Risk Management Committee and the Remuneration Committee.

DIRECTORS' REPORT (continued)

Interests in the shares and options of the Group and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of JCurve Solutions were:

	Ordinary Shares	Options over Ordinary Shares
M Jobling	51,204,301	-
B Hatchman	3,500,000	-
D Franks	4,206,174	-
	58,910,475	-

During the year ended 30 June 2018, 1,500,000 performance rights were granted to employees under the Equity Incentive Plan. Details of performance rights issued under the Equity Incentive Plan are as follows:

	Number of performance rights	KMP Holding	Exercise price	Vesting Date
JCurve Solutions Ltd	1,500,000	1,500,000	Nil	31 August 2019

In the prior year, 10,000,000 performance rights were granted to employees under the Equity Incentive Plan. Details of performance rights issued under the Equity Incentive Plan are as follows:

	Number of performance rights	KMP Holding	Exercise price	Vesting Date
JCurve Solutions Ltd	10,000,000	10,000,000	Nil	31 August 2019

Details of unissued ordinary shares under options as at 30 June 2018 are as follows:

	Number of options	KMP option holdings	Exercise price	Expiry date
JCurve Solutions Ltd	8,928,571	-	$0.000001	31 March 2019

No ordinary shares were issued during the financial year as a result of the exercise of these options.

Options totalling 8,928,571 under this option scheme expired during the financial year.

Dividends and shareholder returns

No dividends were declared or paid during the financial year ended 30 June 2018.

Principal activities

The principal activities of JCurve Solutions during the year ended 30 June 2018 were:

1) the sale of Enterprise Resource Planning (ERP) solutions, predominately the exclusively licensed JCurveERP and associated implementation and consulting services as well as NetSuite and MYOB Advanced in addition to accompanying associated implementation and consulting services;
2) the development and sale of proprietary Telecommunications Expense Management Solutions; and
3) the acquisition of the Riyo Business.

DIRECTORS' REPORT (continued)

Operating financial review

Financial Results for the Year

The Group recognised a profit after tax of $0.8 million for year ended 30 June 2018 (2017 $0.5 million).

The 'Normalised EBITDA' for the full year ended 30 June 2018 was $1.0 million (2017 $0.8 million), which has been determined as follows:

	Consolidated ($)	
	2018	**2017**
Total comprehensive income for the year	**847,267**	**454,286**
Add Back: Non-cash expenses:		
Depreciation / amortisation	102,328	78,664
Total non-cash expenses	102,328	78,664
Income tax expense	48,105	286,630
Interest income/finance costs	(17,769)	(17,660)
Normalised EBITDA	**979,931**	**801,920**

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.

The Group's total revenue for the year ended 30 June 2018 was $11.9 million (2017: $10.4 million), which includes revenue from the sale of JCurveERP/NetSuiteERP licenses and accompanying support and implementation revenue $9.2 million (2017: $7.3 million), revenue from the sale of Telecommunications Expense Management Solutions $2.7 million (2017: $3.1 million) and revenue from the sale of MYOB Advanced licenses and accompanying support and implementation revenue $0.05 million (2017: nil).

Total expenses for the full year ended 30 June 2018 were $11.3 million (2017: $9.9 million). The largest expense during the year ended 30 June 2018 was amounts paid to employees with $6 million being paid or accrued (2017: $5.1 million).

Financial Position as at 30 June 2018

The Group had significant cash reserves as at 30 June 2018 totaling $4.5 million which increased by $1 million from $3.5 million as at 30 June 2017 following strong fourth quarter sales by the ERP division and continuing improved debt collection processes by the Group. The $1 million of cash flows generated for the year was after $0.6 million was paid to acquire the Riyo Platform in May 2018. Having significant cash reserves while remaining debt free ensures that JCurve Solutions is well positioned to explore acquisition opportunities, the exploration of which remains ongoing.

The increase in assets from $8.9 million as at 30 June 2017 to $11.3 million as at 30 June 2018, was achieved through strong quarter four ERP Division sales which assisted the Group to be $1 million cash flow positive during the year as well as the inclusion of capitalised costs following the acquisition of the Riyo Platform.

The liabilities balance increased from $4.9 million as at 30 June 2017 to $6.4 million as at 30 June 2018 with a large portion of the $4.4 million in quarter four Group sales (2017: $3.5 million) recorded in deferred revenue as at 30 June 2018 with the projects still in the process of being implemented at year end.

DIRECTORS' REPORT (continued)

Risk management

The Group recognises the need to pro-actively manage the risks and opportunities associated with both day-to-day operations of the Group and its longer term strategic objectives and has developed a risk management policy.

The Board is responsible for the establishment, oversight and approval of the Group's risk management strategy, internal compliance and controls. The Board is also responsible for defining the "risk appetite" of the Group so that the strategic direction of the Group can be aligned with its risk management policy.

The Group has the following risk management controls embedded in the Group's management and reporting system:

1) A comprehensive annual insurance program facilitated by an external broker;
2) A monthly risk register which is reviewed by the Executive Management Team and the Board;
3) Strategic and operational business plans; and
4) Annual budgeting and monthly reporting systems which enable the monitoring of performance against expected targets and the evaluation of trends.

The Chief Executive Officer and Chief Financial Officer through monthly Board papers, report to the Board as to whether all identified material risks are being managed effectively across the Group.

During the year, ongoing monitoring, mitigation and reporting on material risks was conducted by Executive Management Team, the Audit and Risk Committee and the Board and took place in accordance with the process disclosed above.

A copy of the Risk Management Policy can be found on the Group's website: http://www.jcurvesolutions.com/wp-content/uploads/2016/12/JCurve-Solutions-Risk-Management-Internal-Compliance-and-Control-Policy.pdf

Significant changes in the state of affairs

Significant changes in the state of affairs of JCurve Solutions during the financial year were as follows:

1) Throughout FY2018 the Group has continued to see its sales/revenue mix changing towards fewer but larger priced NetSuite contracts which take longer to implement and recognise revenue in line with our revenue recognition accounting policy. This followed becoming a NetSuite Solution Provider ("SP") Partner in August 2016.

2) In May 2018 the Group purchased the Riyo Platform operated by Riyo Pty Ltd and Gojo Software Pty Ltd for $600,000. The purchase price was paid from the Group's existing cash reserves. Since completing the purchase, JCurve Solutions has focused on defining the go to market plan for the Riyo solution offering, building a team to launch and support the solution and re-engaging with two pre-acquisition enterprise trial customers. The Group did not generate any revenue from the purchase of the Riyo Platform during the year ending 30 June 2018.

Events since the end of the financial year

No significant matters or circumstances have arisen since 30 June 2018 that have significantly affected, or may significantly affect:

1) the Group's operations in future financial years, or
2) the results of those operations in future financial years, or
3) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Therefore, this information has not been presented in this report.

Environmental legislation

The Group is not subject to any significant environmental legislation. The Group does not meet either the facility or the corporate group threshold for registration under the National Greenhouse and Energy Reporting Act 2007.

During the financial year the Group continued to improve work practices in its pursuit of reducing paper usage as much as possible. Over the past two years printing costs across the Group were reduced by 224% following an emphasis towards paperless practices.

DIRECTORS' REPORT (continued)

Indemnification and insurance of Directors and Officers

The Group has agreed to indemnify all the directors and officers for any breach of laws and regulations arising from their role as a director and officer. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

JCurve Solutions has not indemnified or agreed to indemnify an auditor of the Group or any related body corporate against liability incurred as an auditor.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings (Eligible to attend)	Directors' Meetings (Attended)	Audit & Risk Management Committee Attended/(Eligible)	Remuneration Committee Attended /(Eligible)
Number of meetings held:	8		4	2
Number of meetings attended:				
B Hatchman	8	8	4 (4)	2 (2)
D Franks	8	8	4 (4)	2 (2)
M Jobling	8	8	4 (4)	2 (2)

Retirement, election and continuation in office of Directors

It is the Board's policy to consider the appointment and retirement of Non-Executive Directors on a case-by-case basis. In doing so, the Board must take into account the requirements of the Australian Securities Exchange Listing Rules and the *Corporations Act 2001.*

Clause 13.4 of the JCurve Solutions Constitution allows the Directors to at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the JCurve Solutions Constitution. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting. There have been no such appointments during the year.

Clause 13.2 of the JCurve Solutions Constitution requires that no director who is not the Chief Executive Officer may hold office without re-election beyond the third AGM following the meeting at which the director was last elected or re-elected.

Noting that Stephen Canning as Chief Executive Officer is not subject to Clause 13.2 of the Constitution, the current board was re-elected by shareholders at the following prior AGMs:
2017: Bruce Hatchman;
2016: David Franks; and
2015: Bruce Hatchman and Mark Jobling.

Therefore, under Clause 13.4 of the Constitution, Mark Jobling is due for election at the Next Annual General Meeting under the noted time period.

DIRECTORS' REPORT (continued)

Remuneration report (Audited)

The directors are pleased to present JCurve Solution Limited's ("the Company's") remuneration report for the year ended 30 June 2018. The remuneration report is prepared in accordance with section 300A of the *Corporations Act 2001* and has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The remuneration report outlines the key aspects of JCurve Solutions remuneration policy, framework and remuneration awarded for JCurve Solutions directors and executives. The Executives for the purpose of this report are Key Management Personnel who are not Non-Executive Directors.

The Remuneration Report is structured as follows:
1) Directors and other Key Management Personnel
2) Remuneration Governance
3) Remuneration Structure
4) Remuneration of key management personnel
5) Relationship between remuneration and JCurve Solutions performance
6) Voting and comments made at the Company's 2017 Annual General Meeting
7) Details of share-based compensation
8) Shareholdings of Key Management Personnel
9) Transactions with Directors and Key Management Personnel

1) Directors and other Key Management Personnel

Non-Executive Directors

Bruce Hatchman	Non-Executive Chairman – Independent
David Franks	Non-Executive Director – Independent
Mark Jobling	Non-Executive Director – Not Independent

Executive Management Team (Executives)

Stephen Canning	Chief Executive Officer
James Aulsebrook	Chief Financial Officer
Kate Massey	Chief Marketing Officer (change of title from 26 October 2017)
Katrina Doring	Chief Operating Officer (change of title from 26 October 2017)
Peter Choo	Product Strategy Director (from 26 October 2017)
Bill Beedie	Sales Director (from 26 October 2017)

Key Management Personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly (and include the directors of the Company). The Executive Management team are responsible for preparing the Group's 3 year Strategic Plan and evaluating the Company's progress against that Strategic Plan.

2) Remuneration governance

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives employed by JCurve Solutions. The philosophy of the Company in determining remuneration levels is to:

(i) set competitive remuneration packages to attract and retain high calibre employees;
(ii) link executive rewards to shareholder value creation; and
(iii) establish appropriate performance hurdles for variable executive remuneration.

Nomination and Remuneration committee

The Nomination and Remuneration Committee is responsible for determining and reviewing compensation arrangements for the directors and the executive management team.

The composition of the Nomination and Remuneration Committee during the year ended 30 June 2018, comprised Bruce Hatchman (Chairman), Mark Jobling and David Franks being three members, all non-executive directors, with an independent Chairman and the majority of whom are independent. On this basis, the Nomination and Remuneration Committee is in compliance with the ASX Corporate Governance Principles and Recommendations.

Members of the Nomination and Remuneration Committee are appointed, removed and/or replaced by the Board.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration which the directors and executives receive on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

The Company's Corporate Governance Statement which can be found on the Company's website: http://www.jcurvesolutions.com/corporate-governance, provides further information on the role of the Nomination and Remuneration Committee and its composition and structure.

A copy of the Nomination and Remuneration Committee's charter is included on the Company's website.

3) Remuneration Structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides JCurve Solutions with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

JCurve Solutions' constitution adopted at the AGM on 9 November 2010 specifies that the aggregate remuneration of non-executive directors shall be a maximum of $400,000 per year, and can be varied by ordinary resolution of the shareholders in a General Meeting. There have been no changes to the constitution of JCurve Solutions since this date.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually.

Non-executive directors are paid their director fees in cash, including statutory superannuation contributions. They do not receive any bonus payments nor are they entitled to any payment upon retirement or resignation.

An Employee Share Plan was approved by shareholders at the Annual General Meeting held on 31 October 2013. Following approval by shareholders at the Annual General Meeting held on 17 November 2015, on 7 December 2015, 1,000,000 shares were issued to both Bruce Hatchman and David Franks (2,000,000 in total) under the Employee Share Plan with payment via a non-recourse loan. These shares were bought back by the Company on the 7th of December 2017 as the shares were out of the money against their attaching non-recourse loans which were at a share price of 5 cents per share with the Directors electing not to repay their non-recourse loans by the due date.

The remuneration of non-executive directors for the year ended 30 June 2018 and comparative year is detailed in Section 4, Table 1 of the Remuneration report.

Executive remuneration

The Company's Executive remuneration structure consists of three components:

Fixed components	***Variable 'at-risk' components***
(i) Base salary and benefits, including superannuation.	(ii) Short-term incentives in the form of cash bonuses; and (iii) Long-term incentives, through participation in the JCurve Solutions Equity Incentive Plan (EIP) and the Employee Share Plan.

(i) Base salary and benefits

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

Each executive's remuneration is reviewed annually by the Nomination and Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market, internally and, where appropriate, external advice on policies and practices. The Nomination and Remuneration committee has access to external, independent advice if required.

(ii) Short-term incentive

The Short-term incentive (STI) scheme is designed to reward the Executive Management team for their contribution to the success of JCurve Solutions in achieving its financial goals, as well as the individual contribution of each employee to business goals, as determined by the Board.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

For all members of the Executive Management Team except the Sales Director, the FY2018 KPI targets for the Short-term incentive plan were determined by the Board based on a number of Key Result Areas (KRA's) which the Board believes will affect the performance of JCurve Solutions during the financial year. The KRA's included a revenue metric, a profitability metric, various sales metrics, leadership metrics while depending on the Executive team members position a business diversification metric, marketing or project delivery metric. The metrics are determined with reference to JCurve Solutions strategic goals and objectives. The revenue, profitability, sales, marketing and project delivery metrics are measured based on the audited statutory financial results. The leadership metric is measured from independently collated feedback scores from employees and the Directors. The diversification metric is determined with reference to the number of profitable acquisitions made by JCurve Solutions during the year. This short-term incentive scheme takes the form of a cash bonus payable once the results for the year have been determined.

The Short-term incentive plan for the Sales Director is in the form of a commission scheme whereby actual ERP new business sales results are compared against set targets on a monthly basis. The targets are set with reference to the Company's annual ERP new business budget. The Short-term incentive scheme for the Sales Director takes the form of cash which is paid as part of the pay-run the month following the month of the ERP new business sale.

The potential value of the short-term incentive schemes as a proportion of each Executive's base salary was as follows:

	FY2018 STI Potential (*)	FY2017 STI Potential (*)
Executives		
S Canning	33%	17%
J Aulsebrook	29%	14%
K Massey	30%	15%
K Doring	30%	16%
P Choo	24%	N/A
B Beedie (**)	28%	N/A

(*) STI bonus potential as a proportion of the Executive's base contracted salary excluding superannuation and other benefits.
(**) On target earnings. Commission scheme was uncapped.

(iii) Long-term incentive

The long-term incentive scheme implemented in the previous financial year have been designed to align a portion of Executive Remuneration with long term shareholder value.

The Group had two long-term incentive schemes which impacted the FY2018 remuneration of the Executive Management Team.

Equity Incentive Plan (EIP)

The JCurve Solutions Equity Incentive Plan (EIP) was approved by shareholders at the Annual General Meeting held on 22 November 2016. On 27 June 2017 performance rights totalling 10,000,000 were issued employees under the EIP. On 9 October 2017 performance rights totalling 1,500,000 were issued to an employee under the EIP. The performance rights under both tranches are subject to a performance condition and a service condition and vest on 31 August 2019.

11,500,000 of the performance rights issued were to Executive team members as follows:

	Performance Rights Issued
Executives	
S Canning	4,500,000
J Aulsebrook	1,500,000
K Massey	1,500,000
K Doring	1,500,000
P Choo	1,000,000
B Beedie (*)	1,500,000

(*) Issued 9 October 2017.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Employee Share Plan

The Employee Share Plan was approved by shareholders at the Annual General Meeting held on 31 October 2013. On 11 September 2015, 4,800,000 shares were issued to employees under the employee share plan with payment via a non-recourse loan.

The Employee Share Plan concluded in FY2018 when the remaining 2,050,000 shares were bought back by the Company on the 13th of September 2017 as the shares were out of the money against their attaching non-recourse loans which were at a share price of 5 cents per share with the Employees electing not to repay their non-recourse loans by the due date.

The remuneration of JCurve Solutions Executives for the year ended 30 June 2018 and comparative year is detailed in Section 4, Table 2 of the Remuneration Report.

4) Remuneration of key management personnel

Table 1: Key Management Personnel remuneration for the year ended 30 June 2018: Directors

		Short-term employee benefits			Post-employment	Equity	Total	
Directors		Director's Fees $	Bonuses / Commission $	Other short-term benefits $	Super-annuation $	Shares $ (1)	Total $	Performance Related % (1)
B Hatchman	2018	87,646	-	-	10,000	1,791	99,437	2%
Chairman (non-executive)	2017	81,372	-	-	16,274	4,086	101,732	4%
D Franks	2018	60,000	-	-	5,700	1,791	67,491	3%
Director (non-executive)	2017	60,000	-	-	5,700	4,086	69,786	6%
M Jobling	2018	60,000	-	-	-	-	60,000	-
Director (non-executive)	2017	60,000	-	-	-	-	60,000	-
Total Directors Fees	2018	207,646	-	-	15,700	3,582	226,928	2%
Total Directors Fees	2017	201,372	-	-	21,974	8,172	231,518	4%

(1) Expense recognised under the Employee Share Plan. Refer to section 3 for further details.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Table 2: Key Management Personnel remuneration for the year ended 30 June 2018: Executives

		Short-term employee benefits			Long-term	Post-employment	Equity	Total	
Executives		Salary $	Bonuses / Commission (9) $	Other short-term benefits (7) $	Long service leave (8) $	Super-annuation $	Shares/ Performance Rights $	$	Perfor mance Related %
S Canning (1)	2018	300,000	35,000	25,677	1,012	20,531	12,101	394,321	12%
Chief Executive Officer	2017	300,000	25,000	15,525	2,148	21,406	3,751	367,830	8%
J Aulsebrook (2)	2018	175,000	25,000	5,805	298	19,000	3,788	228,891	13%
Chief Financial Officer	2017	175,000	-	8,514	374	16,625	21	200,534	0%
K Massey (3)	2018	166,000	15,000	13,586	14,674	17,195	4,213	230,668	8%
Chief Marketing Officer	2017	163,127	7,500	7,492	1,847	16,210	2,149	198,325	5%
K Doring (4)	2018	166,000	15,000	10,909	156	17,195	3,788	213,048	9%
Chief Operating Officer	2017	158,359	-	13,646	-	15,044	21	187,070	0%
P Choo (5)	2018	109,494	2,131	5,480	323	10,551	2,525	130,504	4%
Product Strategy Director	2017	-	-	-	-	-	-	-	-
B Beedie (6)	2018	109,128	16,186	11,262	-	11,905	11,828	160,309	17%
Sales Director	2017	-	-	-	-	-	-	-	-
Total Executive Rem.	2018	1,025,622	108,317	72,719	16,463	96,377	38,243	1,357,741	10%
Total Executive Rem.	2017	796,486	32,500	45,177	4,369	69,285	5,942	953,759	4%

(1) bonus of $35,000 based on performance related KRA under the Short Term Incentive Scheme for FY2018 and will be paid on 31 August 2018. This bonus has not been included in table 2.
(2) Bonus of $17,500 based on performance related KRA under the Short Term Incentive Scheme for FY2018 and will be paid on 31 August 2018. This bonus has not been included in table 2.
(3) Bonus of $15,000 based on performance related KRA under the Short Term Incentive Scheme for FY2018 and will be paid on 31 August 2018. This bonus has not been included in table 2.
(4) Bonus of $10,000 based on performance related KRA under the Short Term Incentive Scheme for FY2018 and will be paid on 31 August 2018. This bonus has not been included in table 2.
(5) became a Key Management Personal (KMP) from 26 October 2017. Information in table 2 for the period whilst a KMP, it excludes salaries and commissions up until the time P Choo became a KMP. Bonus of $10,000 based on performance related KRA under the Short Term Incentive Scheme for FY2018 and will be paid on 31 August 2018. This bonus has not been included in table 2.
(6) became a Key Management Personal (KMP) from 26 October 2017. Information in table 2 for the period whilst a KMP. It excludes salaries, wages and consulting fees earnt up until the date B Beedie became a KMP.
(7) other short-term benefits include car parking expenses for S Canning, K Massey, K Doring, P Choo and B Beedie as well as annual leave accrued for each Executive Team Member as per Corporations Regulation 2M.3.03(1) Item 6.
(8) other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8.
(9) The bonuses or commissions included in the above table are those which have been paid during the year.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Table 3: Service Agreements

Remuneration and other terms of employment for the Executive Management Team are formalised in service agreements, in the form of a contract of employment.

Arrangements relating to remuneration of the Company's Executive Management Team currently in place are set out below:

Executive	Title	Term of agreement	Current base salary excluding superannuation (***)	Contractual termination benefits (****)
S Canning	Chief Executive Officer	Commenced 12 January 2015 on a rolling contract	$309,000	3 months and 1 week base salary
J Aulsebrook	Chief Financial Officer	Commenced 18 April 2016 on a rolling contract	$181,000	3 months base salary
K Massey	Chief Marketing Officer	Commenced 1 September 2015 on a rolling contract	$171,000	3 months base salary
K Doring	Chief Operating Officer	Commenced 5 July 2016 on a rolling contract	$171,000	3 months and 1 week base salary
P Choo (*)	Product Strategy Director	Commenced 26 October 2017 on a rolling contract	$170,000	3 months base salary
B Beedie (**)	Sales Director	Commenced 26 October 2017 on a rolling contract	$165,000	3 months base salary

(*) Information outlined as the date P Choo was promoted to the role of Product Strategy Director. Became a member of the Key Management Personnel from 26 October 2017.
(**) Information outlined as the date B Beedie was promoted to the role of Sales Director. Became a member of the Key Management Personnel from 26 October 2017.
(***) Current base salaries excluding superannuation are quoted for the year commencing 1 July 2018. They are reviewed annually by the Remuneration Committee. The salaries recorded in Table 2 are for the years ending 30 June 2018 and 30 June 2017.
(****) As at the date the Remuneration Report is approved.

The service agreement contracts outlined above may be terminated in the following circumstances:

(i) Voluntary termination by the Company: the contractual termination benefit outlined in the table above as well as any statutory entitlements accrued will be paid; or

(ii) Termination by the Company for cause without notice: no contractual termination benefits are payable. Only statutory entitlements accrued will be paid.

5) Relationship between remuneration and JCurve Solutions performance

Performance in respect of the current year and the previous two years is detailed in the table below:

	2018 **$**	2017 $	2016 $	2015 $
Total profit/(loss) for the year (*)	**847,267**	454,286	(2,597,423)	(5,022,542)
Normalised EBITDA	**979,931**	801,920	131,517	568,361
Share price at year end ($)	**0.031**	0.011	0.006	0.015
Increase/(decrease) in share price	**282%**	83%	(60%)	(66%)
Dividends paid	**-**	-	-	-

The remuneration of JCurve Solutions Executives outlined in Table 2 has consisted primarily of salaries and superannuation. Performance related remuneration was 10% of the Key Management Personnel's remuneration package reflecting the recent performance levels of the Company outlined in the above table.

6) Voting and comments made at the Company's 2017 Annual General Meeting

The JCurve Solutions Remuneration Report resolution was carried by a show of hands, with the results of both the show of hands and proxy position in excess of 75% in favour of the resolution. Of valid proxies received, more than 99% of proxy votes lodged (lodged as for/against/open excluding all other votes) voted "yes" on the Remuneration Report for the 2017 financial year. Comments raised by shareholders during the course of the Annual General Meeting were responded to by the Directors during the meeting.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

7) Details of share-based compensation

Table 1: Performance rights issued to members of the Executive Management Team under the JCurve Solutions Equity Incentive Plan on 27 June 2017

	Performance Rights Issued
Executives	
S Canning	4,500,000
J Aulsebrook	1,500,000
K Massey	1,500,000
K Doring	1,500,000
P Choo	1,000,000

Table 2: Performance rights issued to members of the Executive Management Team under the JCurve Solutions Equity Incentive Plan on 9 October 2017

	Performance Rights Issued
Executives	
B Beedie	1,500,000

Table 3: Shares issued to Directors under the employee share plan on 7 December 2015

	Shares Issued
Directors	
B Hatchman	1,000,000
D Franks	1,000,000

These shares were bought back by the Company on the 7th of December 2017 as the shares were out of the money against their attaching non-recourse loans at a share price of 5 cents per share with the Directors electing not to repay their non-recourse loans by the due date.

Table 4: Shares issued to members of the Executive Management Team under the employee share plan on 11 September 2015

	Shares Issued
Executives (*)	
S Canning	1,300,000

(*) K Massey was issued 750,000 shares as part of this allotment however was not a Key Management Personal as defined in the Remuneration Report at the time of the shares being issued.

These shares were bought back by the Company on the 11th of September 2017 as the shares were out of the money against their attaching non-recourse loans at a share price of 5 cents per share with the Employees electing not to repay their non-recourse loans by the due date.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Table 5: Performance rights issued which formed part of remuneration during the year ended 30 June 2018

	Value per performance right granted $	Value of total performance rights granted $	Value of performance rights lapsed $	Total value of performance rights granted, exercised and lapsed $	Value of performance rights included in remuneration for the year $	% remuneration consisting of shares for the year
Executives						
S Canning	0.0055	24,750	-	24,750	11,363	3%
J Aulsebrook	0.0055	8,250	-	8,250	3,788	2%
K Massey	0.0055	8,250	-	8,250	3,788	2%
K Doring	0.0055	8,250	-	8,250	3,788	2%
P Choo	0.0055	8,250	-	5,500	2,525	2%
B Beedie	0.02062	30,933	-	30,933	11,828	7%

For further details on the Employee Share Plan, please refer to Notes 16 and 23.

Table 6: Shares issued under the employee share plan which formed part of remuneration during the year ended 30 June 2018

	Value per share granted $	Value of total shares granted $	Value of shares exercised $	Value of shares lapsed $	Total value of shares cancelled/bought back $	Value of shares included in remuneration for the year $	% remuneration consisting of shares for the year
Directors							
B Hatchman	0.00568	8,183	-	-	8,183	1,791	2%
D Franks	0.00568	8,183	-	-	8,183	1,791	3%
Executives							
S Canning	0.00568	11,367	-	-	11,367	738	0%
K Massey (*)	0.00568	4,263	-	-	4,263	426	0%

For further details on the Employee Share Plan, please refer to Notes 15, 16 and 23.
(*) Granted while not a Key Management Personnel member.

Table 7: Shares issued under the employee share plan which formed part of remuneration during the year ended 30 June 2017

	Value per share granted $	Value of total shares granted $	Value of shares exercised $	Value of shares lapsed $	Total value of shares granted, exercised and lapsed $	Value of shares included in remuneration for the year $	% remuneration consisting of shares for the year
Directors							
B Hatchman	0.00568	8,183	-	-	8,183	4,086	4%
D Franks	0.00568	8,183	-	-	8,183	4,086	6%
Executives							
S Canning	0.00568	11,367	-	-	11,367	3,751	8%
K Massey	0.00568	4,263	-	-	4,263	2,128	5%

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

8) Shareholdings of Key Management Personnel

Ordinary shares held in JCurve Solutions Limited (number)

30 June 2018	Balance 01 Jul 17	Granted as remuneration	Bought back under employee share plan	Net Change Other	Balance 30 Jun 18
Directors					
B Hatchman	4,500,000	-	-	(1,000,000)	3,500,000
D Franks	5,206,174	-	-	(1,000,000)	4,206,174
M Jobling	51,204,301	-	-	-	51,204,301
Executives					
S Canning	4,533,418	-	-	(1,300,000)	3,233,418
J Aulsebrook	-	-	-	-	-
K Massey	1,415,000	-	-	(750,000)	665,000
K Doring	1,975,534	-	-	-	1,975,534
P Choo (*)	455,000	-	-	-	455,000
B Beedie	-	-	-	-	-
Total	69,289,427	-	-	(4,050,000)	65,239,427

(*) Shares were held before P Choo became an Executive Team member on 26 October 2017.

30 June 2017	Balance 01 Jul 16	Granted as remuneration	Issued under employee share plan	Net Change Other	Balance 30 Jun 17
Directors					
B Hatchman	1,000,000	-	-	3,500,000	4,500,000
D Franks	2,867,000	-	-	2,339,174	5,206,174
M Jobling	51,204,301	-	-	-	51,204,301
Executives					
S Canning	4,533,418	-	-	-	4,533,418
J Aulsebrook	-	-	-	-	-
K Massey	1,415,000	-	-	-	1,415,000
K Doring	-	-	-	1,975,534	1,975,534
Total	61,019,719	-	-	7,814,708	68,834,427

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the company would have adopted if dealing at arm's length.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the company would have adopted if dealing at arm's length.

9) Transactions with Directors and Key Management Personnel

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

Purchases from Related Parties	2018 $	2017 $
Franks & Associates Pty Ltd (*)		
Company secretarial services (1)	50,121	55,408
Directors Fees (included in Table 1 and including Superannuation)	65,700	65,700
	115,821	121,108

(1) David Franks was appointed as Company Secretary on 15 September 2014 and was also appointed as a Non-Executive Director on that date. David is the Proprietor of Franks and Associates, a firm that has provided guidance on corporate compliance requirements pursuant to the Company's constitution, ASX Listing Rules and Corporations Act, assistance in drafting notices of meeting and announcements and Board documentation. Company secretarial service fees for the year ended 30 June 2018 amounted to $50,121 net of GST excluding out of pocket expenses (2017: $55,408) and were provided on commercial terms. Franks and Associates invoices JCurve Solutions for David Franks' Directors fees and superannuation, which has been included in Section 4, Table 1 of the Remuneration Report.

(*) Franks and Associates became a member of Automic Group in June 2018.

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

End of Remuneration Report

Proceedings on behalf of the company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor Independence and Non-Audit Services

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 audit of the annual report. This Independence Declaration is set out on page 21 and forms part of this Directors' Report for the year ended 30 June 2018.

Non-Audit Services

There was no non-audit related activities carried out by the Company's auditors during the year ended 30 June 2018.

Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. The Board supports a system of corporate governance to ensure that the management of JCurve Solutions is conducted to maximise shareholder wealth in a proper and ethical manner.

The Corporate Governance Statement and other corporate governance practices which outline the principal corporate governance procedures of JCurve Solutions can be found on the company's website at: http://www.jcurvesolutions.com/corporate-governance/.

Signed in accordance with a resolution of the directors.

Bruce Hatchman
Chairman
Dated at Sydney 21 August 2018

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Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF JCURVE SOLUTIONS LIMITED

As lead auditor of JCurve Solutions Limited for the year ended 30 June 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of JCurve Solutions Limited and the entities it controlled during the period.

BDO

Gareth Few

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 21 August 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated ($)	
	Notes	**2018**	**2017**
Revenue	3	11,945,625	10,378,808
Cost of goods sold		(2,036,936)	(2,327,229)
Gross profit		**9,908,689**	**8,051,579**
Other income	3	288,370	223,822
Employee benefits expense		(5,997,005)	(5,062,916)
Other employee related expense	4	(1,040,342)	(796,021)
Communications expense		(111,966)	(71,300)
Advertising and marketing		(149,788)	(274,509)
Professional fees	4	(855,199)	(500,434)
Occupancy expense	4	(480,668)	(399,604)
Listing expense		(42,323)	(46,628)
Depreciation and amortisation expense	4	(102,328)	(78,664)
Finance income/(expense)		74	(548)
Loss on disposal of fixed asset		(5,187)	-
Other expenses		(516,955)	(303,861)
Profit before income tax		**895,372**	**740,916**
Income tax expense	5	(48,105)	(286,630)
Profit for the year		**847,267**	**454,286**
Other comprehensive income		-	-
Total comprehensive income for the year		**847,267**	**454,286**
Basic earnings per share (cents per share)	6	0.26	0.14
Diluted earnings per share (cents per share)	6	0.26	0.14

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 30 JUNE 2018

	Notes	Consolidated ($) 2018	Consolidated ($) 2017
Assets			
Current Assets			
Cash and cash equivalents	7	4,487,536	3,495,899
Trade and other receivables	8	2,190,485	1,586,347
Current tax asset		162,937	189,333
Other current assets	9	699,682	606,221
Total Current Assets		7,540,640	5,877,800
Non-Current Assets			
Property, plant and equipment	11	86,139	121,929
Intangible assets	12	2,892,857	2,302,857
Other financial assets	10	-	19,078
Deferred tax asset	5	737,252	614,701
Total Non-Current Assets		3,716,248	3,058,565
Total Assets		11,256,888	8,936,365
Liabilities			
Current Liabilities			
Trade and other payables	13	4,962,790	3,607,848
Provisions	14	263,791	219,172
Total Current Liabilities		5,226,581	3,827,020
Non-Current Liabilities			
Deferred tax liabilities	5	1,076,287	1,033,854
Provisions	14	55,017	65,581
Total Non-Current Liabilities		1,131,304	1,099,435
Total Liabilities		6,357,885	4,926,455
Net Assets		4,899,003	4,009,910
Equity			
Share capital	15	17,588,248	17,588,248
Reserves	16	1,803,880	1,762,054
Accumulated losses		(14,493,125)	(15,340,392)
Total Equity		4,899,003	4,009,910

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Consolidated ($) Inflows / (Outflows) 2018	2017
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		12,890,984	10,743,643
Payments to suppliers and employees (inclusive of GST)		(11,420,434)	(9,607,873)
Interest received		17,769	17,660
Income tax received		165,043	518
Net cash provided by operating activities	7	1,653,362	1,153,948
Cash flows used in investing activities			
Payments for property, plant and equipment		(61,725)	(39,381)
Purchase of intangible assets		-	(1,367)
Cash paid for the purchase of the Riyo Platform		(600,000)	-
Net cash used in investing activities		(661,725)	(40,748)
Net increase in cash and cash equivalents		991,637	1,113,200
Cash and cash equivalents at 1 July		3,495,899	2,382,699
Cash and cash equivalents at 30 June	7	4,487,536	3,495,899

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated ($)			
	Share Capital	**Accumulated Losses**	**Equity Benefits Reserve**	**Total**
As at 1 July 2016	17,588,248	(15,794,678)	1,745,372	3,538,942
Total comprehensive income for the year	-	454,286	-	454,286
	-	454,286	-	454,286
Transactions with owners in their capacity as owners:				
Issued shares under employee share plan	-	-	16,544	16,544
Issued rights under employee incentive scheme	-	-	138	138
	-	-	16,682	16,682
Balance at 30 June 2017	17,588,248	(15,340,392)	1,762,054	4,009,910
As at 1 July 2017	17,588,248	(15,340,392)	1,762,054	4,009,910
Total comprehensive income for the year	-	847,267	-	847,267
	-	847,267	-	847,267
Transactions with owners in their capacity as owners:				
Issued shares under employee share plan	-	-	4,746	4,746
Issued rights under employee incentive scheme	-	-	37,080	37,080
	-	-	41,826	41,826
Balance at 30 June 2018	17,588,248	(14,493,125)	1,803,880	4,899,003

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONTENTS TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The financial position and performance of the group was particularly affected by the following factors, events and transactions during the reporting period:

1) the sale of Enterprise Resource Planning (ERP) solutions, predominately the exclusively licensed JCurveERP and associated implementation and consulting services as well as NetSuite and MYOB Advanced in addition to accompanying associated implementation and consulting services;
2) continuing investment in the TEMS research and development aimed at maximising the value from the TEMS business; and
3) the acquisition of the Riyo Business.

A more detailed outline about the Group's performance and financial position is outlined in the Directors Report operating and financial review on page 8.

NOTE 2: SEGMENT REPORTING

(a) Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors and Executive Management Team of JCurve Solutions.

(b) 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 year ended 30 June 2018, considered the business from a product perspective and identified three reportable segments:

- NetSuite ERP - ERP cloud-based Business Management solutions and associated consulting services; and
- MYOB Advanced - 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 currently operates in one significant geographical segment being Australia and New Zealand with a very small presence in Singapore which has not been separately disclosed.

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.

(c) Segment information provided to the chief operating decision maker

The segment information provided to the Board and the Executive Management Team for the reportable segments for the year ended 30 June 2018 (including the comparative period) is as follows:

			Consolidated ($)		
Year ended 30 June 2018	NetSuite ERP	TEMS	MYOB Advanced	All other segments	Total
Total revenue	9,191,633	2,704,307	49,685	-	11,945,625
Total cost of sales	(2,036,936)	-	-	-	(2,036,936)
Gross profit	7,154,697	2,704,307	49,685	-	9,908,689
Other income	-	-	-	288,370	288,370
Total expenditure excluding cost of sales	(5,314,817)	(1,138,394)	(455,591)	(2,392,885)	(9,301,687)
Total profit/(loss) before tax	**1,839,880**	**1,565,913**	**(405,906)**	**(2,104,515)**	**895,372**

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Consolidated ($)			
Year ended 30 June 2017	ERP	TEMS	All other segments	Total
Total revenue	7,271,122	3,107,686	-	10,378,808
Total cost of sales	(2,248,324)	(78,905)	-	(2,327,229)
Gross profit	5,022,798	3,028,781	-	8,051,579
Other income	-	-	223,822	223,822
Total expenditure excluding cost of sales	(3,982,849)	(1,245,635)	(2,306,001)	(7,534,485)
Total profit/(loss) before tax	**1,039,949**	**1,783,146**	**(2,082,179)**	**740,916**

NOTE 3: REVENUES AND OTHER INCOME

	Consolidated ($)	
	2018	**2017**
Revenue		
Enterprise Resource Planning (ERP) solutions – JCERP and NetSuite	9,191,633	7,271,122
Enterprise Resource Planning (ERP) solutions MYOB Advanced	49,685	-
Telecommunications expense management	2,704,307	3,107,686
	11,945,625	10,378,808
Other Income		
Research and Development incentive (i)	266,871	189,333
Interest income	17,695	18,208
Sundry Income	3,804	16,281
	288,370	223,822

(i) The research and development incentive has been reclassified from a credit to the tax expense to other income for the years ended 30 June 2018 and 30 June 2017 to reflect the nature of the incentive being a government grant under *AASB 120 Accounting for Government Grants and Disclosure of Government Assistance.*

1) Accounting policy

Revenue recognition

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 which is as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations;

Step 5: Recognise revenue as the performance obligations are satisfied.

Following the adoption of AASB 15, on 1 July 2017, the Group's revenue recognition accounting policy is that:

- The performance obligation for the implemented ERP software is satisfied when the ERP software has been installed and is operating materially as contractually required. Rather than recognising the contracted revenue evenly over the contract period which ranges from 12 to 60 months in the case of license revenue or evenly over an implementation period for service revenue (generally 2 to 3 months), under the new accounting policy, both license and implementation revenue for the contracted period is recognised at the point in time when the ERP software has been installed and is operating materially as contractually required;
- The performance obligation for 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

In addition to contracts with customers, the Group receives interest income from monies held in its bank accounts, Interest income is recognised on an accruals basis based on the interest rate, deposited amount and time which lapses before the reporting period end date.

The expected future Research and Development incentive, for past qualifying Research and Development expenditure is accrued as other income when it is established that the conditions of the Research and Development incentive have been met and that the expected amount of the incentive can be reliably measured.

2) Significant accounting judgments, estimates and assumptions: Revenue recognition

(i) Identification of performance obligations

The Group has determined that for new ERP software sales, while licenses and implementation services are quoted as separate line items and have separate list prices they are not distinct performance obligations as the customer is purchasing customisable ERP software which requires not only the licenses to be provisioned but the software to be installed by a qualified JCurve Solutions implementation consultant. As such a combined implemented ERP software performance obligation is presented.

Technical support which is purchased by ERP software customers to assist with their ongoing use of the ERP software and is separate from the combined ERP software/implementation performance obligation.

(ii) Satisfaction of performance obligations

The performance obligation for the implemented ERP software is satisfied at the point in time when the ERP software has been installed and is operating materially as contractually required. It is when the customer has full access to and control of the ERP software.

The performance obligation for providing ERP software customers with technical support remains throughout the contract period so is satisfied over the contract period.

The performance obligation for providing Telecommunication Expense Management solutions remains throughout the contract period so is satisfied over the contract period.

NOTE 4: EXPENSES

	Consolidated ($)	
	2018	**2017**
Other employee related expense - superannuation	517,831	424,003
Other employee related expense – excluding superannuation	522,511	372,018
	1,040,342	796,021
Depreciation of non-current assets	91,586	75,833
Amortisation of intangibles	10,742	2,831
	102,328	78,664
Operating lease rental expense: minimum lease payments	437,608	357,869
Other	43,060	41,735
	480,668	399,604
Directors' Fees (includes superannuation)	226,928	231,518
Consultancy Fees	505,575	158,021
Audit Fees	72,576	55,487
Company Secretarial Fees	50,120	55,408
	855,199	500,434

NOTES TO THE FINANCIAL STATEMENTS (continued)

(1) Accounting policy

- **Wages, salaries, annual leave and sick leave**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

- **Long service leave**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(2) Significant accounting judgments, estimates and assumptions: Recognition of subscription costs of sales

The recognition of the license cost associated with each JCurveERP software subscription is estimated on a gross margins basis and is amortised over the life of the contract in a manner consistent with the method for recognising the revenue.

NOTE 5: INCOME TAX

	Consolidated ($)	
	2018	**2017**
Income tax recognised in profit or loss		
The major components of tax benefit/(expense) are:		
Current tax benefit (i)	(103,934)	-
Origination and reversal of temporary differences	80,119	(371,831)
Under/(over) provision from prior years - current tax	(24,290)	85,201
Total tax benefit/(expense) (i)	(48,105)	(286,630)
The prima facie income tax (benefit)/expense on pre-tax accounting profit from continuing operations reconciles to the income tax (benefit)/expense in the financial statements as follows:		
Accounting profit before tax	895,372	740,916
Income tax expense calculated at 27.5% (2017: 30%)	(246,228)	(222,275)
Deferred tax expense relating to the origination and reversal of temporary differences:		
Permanent differences – (non assessable income)/non-deductible expenses	(27,494)	(14,363)
Permanent differences - Research and development incentive calculated at 27.5% (2017: 27.5%) (i)	(95,322)	(73,775)
Carried forward tax losses previously not brought to account now recognised	310,300	-
Tax losses not brought to account	-	(61,418)
Reduction in deferred tax liabilities due to a change in the company income tax rate	34,929	-
Under/(over) provision in prior years	(24,290)	85,201
Income tax benefit/(expense) reported in the Statement of Profit or Loss and other Comprehensive Income (i)	(48,105)	(286,630)

(i) The research and development incentive has been reclassified from a credit to the tax expense to other income for the years ended 30 June 2018 and 30 June 2017 to reflect the nature of the incentive being a government grant under *AASB 120 Accounting for Government Grants and Disclosure of Government Assistance.*

NOTES TO THE FINANCIAL STATEMENTS (continued)

Deferred Taxes (Non-Current)

	Consolidated ($)	
	2018	**2017**
Analysis of deferred tax assets:		
Deductible temporary differences available to offset against future taxable income		
Deferred expenditure	269,174	356,918
Accruals and provisions	422,046	257,783
Tax losses available to offset against future taxable income	46,032	-
	737,252	614,701
Analysis of deferred tax liabilities:		
Deferred license revenue	990,450	1,015,578
Other	85,837	18,276
	1,076,287	1,033,854
Net Deferred Tax Liability	339,035	419,153

(1) Accounting policy

(i) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(ii) Tax Consolidation Legislation

JCurve Solutions and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

JCurve Solutions Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

Assets or Liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

(iii) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(2) Significant accounting judgments, estimates and assumptions: Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over future years together with future tax planning strategies.

(3) Unrecognised deferred tax assets and deferred tax liabilities

The balance of carried forward tax losses that have not been recognised in the Financial Statements amount to $476,267 (2017: $1,563,791 unrecognised). The deductible temporary differences and tax losses do not expire under current legislation. Deferred tax assets totaling $130,973 (2017: $469,137) have not been recognised in respect of these items at this stage because it is not probable that future tax profits will be available against which the Group can utilise the benefits thereof.

There are no unrecognised deferred tax liabilities.

(4) Tax Consolidation

JCurve Solutions and its 100% owned Australian resident subsidiaries implemented the tax consolidation legislation from 1 January 2014. The accounting policy for the implementation of the tax consolidation legislation is set out in note 5(1)(ii).

The entities in the tax consolidated group have entered into a tax sharing agreement on adoption of the tax consolidation legislation which, in the opinion of the directors, limits the joint and several liability of the controlled entities in the case of a default by the head entity, JCurve Solutions.

JCurve Solutions and its controlled entities have entered into a tax funding agreement under which the 100% owned Australian resident subsidiaries compensate JCurve Solutions for all current tax payable assumed and are compensated by JCurve Solutions for any current tax receivable and deferred tax assets which relate to unused tax credits or unused tax losses that, under the tax consolidation legislation, are transferred to JCurve Solutions. These amounts are determined by reference to the amounts which are recognised in the financial statements of each entity in the tax consolidated group.

The amounts receivable/ payable under the tax funding agreement are due on receipt of the funding advice from JCurve Solutions, which is issued as soon as practicable after the financial year end. JCurve Solutions may also require payment of interim funding amounts to assist with obligations to pay tax instalments. These amounts are recognised as current intercompany receivables or payables.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 6: EARNINGS PER SHARE

	Consolidated	
	2018	2017
	$	$
Earnings used for calculation of basic and diluted earnings per share		
Profit from operations - basic earnings per share	847,267	454,286
Profit from operations - diluted earnings per share	847,267	454,286
	No.	No.
Weighted average number of shares used for calculation of basic and diluted EPS		
Weighted average number of shares	329,343,064	332,264,434
	Cents per share	Cents per share
Earnings used for calculation of basic and diluted earnings per share		
Basic earnings per share (cents per share)	0.26	0.14
Diluted earnings per share (cents per share)	0.26	0.14

(1) Accounting policy

Basic earning per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earning per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated ($)	
	2018	2017
Cash at bank and on hand	4,487,536	3,495,899
	4,487,536	3,495,899

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

At 30 June 2018, the Group has no committed borrowing facilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Consolidated ($)	
	2018	**2017**
Reconciliation of profit for the year after tax to net cash flows from operating activities		
Profit for the year	847,267	454,286
Non-cash flows in operating profit:		
Depreciation and amortisation from continuing operations	102,328	78,664
Impaired receivables	187,180	97,156
Loss on disposal of fixed assets	5,187	-
Equity settled share based payment	41,826	16,682
(Increase)/decrease in assets:		
Trade and other receivables	(791,318)	(643,348)
Other current assets	(93,461)	70,922
Other financial assets	19,078	-
Current tax receivable	26,396	(189,333)
Deferred tax assets	(122,552)	(173,030)
Increase/(decrease) in liabilities:		
Trade and other payables – Current	1,354,943	835,775
Provisions – Current	44,619	43,136
Provisions – Non-current	(10,565)	17,660
Deferred tax liabilities	42,434	545,378
Net cash used in operating activities	1,653,362	1,153,948

(1) Accounting policy

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated ($)	
	2018	2017
Current:		
Trade receivables (i)	1,491,841	1,240,106
Allowance for doubtful debts (2)	(114,173)	(17,893)
Accrued revenue/commissions receivable	812,817	364,134
	2,190,485	1,586,347

(i) the average credit period on sales of goods and rendering of services is 30 days. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience. Refer to note 19 for ageing of receivables.

(1) Accounting policy

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(2) Allowance for doubtful debts reconciliation

At 30 June 2018, trade receivables of the Group with a nominal value of $114,173 (2017: $17,893) were impaired. The allowance for doubtful debts was $114,173 (2017: 17,893). The movement in the allowance for doubtful debts is as follows:

	Consolidated ($)	
	2018	2017
At 1 July	17,893	131,607
Provision for impairment recognised during the year	187,180	97,156
Receivables written off during the year as uncollectable	(90,900)	(110,991)
Trade receivables provided for but collected	-	(99,879)
	114,173	17,893

NOTE 9: OTHER CURRENT ASSETS

	Consolidated ($)	
	2018	2017
Prepayments	207,366	161,987
Term deposit	217,665	170,186
Deferred expenditure	166,566	262,408
Sundry debtors	108,085	11,640
	699,682	606,221

NOTE 10: OTHER FINANCIAL ASSETS

	Consolidated ($)	
	2018	2017
Security Deposits	-	19,078
	-	19,078

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 11: PLANT AND EQUIPMENT

	Consolidated ($)	
	2018	2017
Plant and equipment, at cost	269,279	266,357
Less accumulated depreciation	(184,304)	(144,594)
Net carrying amount	84,975	121,763
Leasehold improvements, at cost	2,740	1,000
Less accumulated depreciation	(1,576)	(834)
Net carrying amount	1,164	166
Total net carrying amount	86,139	121,929

Reconciliations:

	Consolidated ($)		
	Plant & Equipment	Leasehold Improvements	Total
Movements:			
Net carrying amounts as at 30 June 2016	158,215	499	158,714
Additions	39,381	-	39,381
Depreciation charges	(75,833)	(333)	(76,166)
Net carrying amounts as at 30 June 2017	121,763	166	121,929
Net carrying amounts as at 30 June 2017	121,763	166	121,929
Disposals	(57,062)	-	(57,062)
Additions	59,985	1,740	61,725
Depreciation write-back on disposals	51,875	-	51,875
Depreciation charges	(91,586)	(742)	(92,328)
Net carrying amounts as at 30 June 2018	84,975	1,164	86,139

(1) Accounting policy

(i) Cost

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

(ii) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

Leasehold improvements are amortised over the period of the lease or the estimated useful life, whichever is the shorter, using the straight-line method. The following estimated useful lives are used in the calculation of depreciation and amortisation:

Plant and equipment	2 – 14 years
Leasehold improvements	1 – 6 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(iii) De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

NOTE 12: INTANGIBLE ASSETS

	Licences	Riyo Platform	Other intangible assets	Total
Year ended 30 June 2017				
At 1 July 2016, net of accumulated amortisation and impairment	2,302,857	-	1,132	2,303,989
Additions	-	-	1,367	1,367
Amortisation	-	-	(2,499)	(2,499)
At 30 June 2017, net of accumulated amortisation and impairment	2,302,857	-	-	2,302,857
Year ended 30 June 2018				
At 1 July 2017, net of accumulated amortisation and impairment	2,302,857	-	-	2,302,857
Additions	-	600,000		600,000
Amortisation	-	(10,000)	-	(10,000)
At 30 June 2018, net of accumulated amortisation and impairment	2,302,857	590,000	-	2,892,857

(1) Purchase of the Riyo Platform

On 31 May 2018, JCurve Mobile Services Pty Ltd, a 100% owned subsidiary of JCurve Solutions Limited purchased the assets of the Riyo Business, a software platform previously operated by Riyo Pty Ltd and Gojo Software Pty Ltd. The Riyo software is a platform to provide on-demand or scheduled booking, dispatch and payment (BDP) services to businesses which has multiple potential commercial applications.

The total cost of the purchase was $600,000 which was settled in cash on the 31st of May 2018. Purchase related costs of $17,221 were included in professional fees in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018.

(2) Accounting policy

(i) Intangible assets – Licenses and other intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(3) Significant accounting judgments, estimates and assumptions

(i) Impairment of intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in Note 18.

(ii) Useful life of the Riyo Platform

The Group has determined that the useful life of the Riyo Platform is 5 years with the useful life to be amortised on a straight line basis over the five year period.

(4) Impairment testing of intangible assets with indefinite lives

(i) JCurve Business Software - ERP

The JCurve Business Software intangible asset balance relates to the recoverable amount of the amount paid for the purchase of the exclusive reseller agreement with NetSuite. This Agreement provides JCurve Solutions with exclusive selling rights for the JCurve ERP 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 Solutions 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. On the basis of current trends, JCurve Business Software revenue is increasing year on year, and should this trend continue, it is unlikely that there will be impairment in future periods.

The recoverable amount of any royalty payment from NetSuite has been determined based on a value in use calculation using cash flow projections covering a 3-year period. The discount rate applied to the contractual royalty cash flow projections is 6.25% (2017: 6.25%). Based on these value in use calculations, there is no impairment for the year ended 30 June 2018 (2017: nil).

The carrying value of the NetSuite License remains $2,302,857.

If the discount rate applied was 10% higher the recoverable amount would decrease by $43,554 and if the discount rate applied was 10% lower the recoverable amount would increase by $43,855. If the license churn projections applied was 10% higher than the amount forecast, the recoverable amount would decrease by $54,057 and if the license churn projections applied was 10% lower the recoverable amount would increase by $54,548.

NOTE 13: TRADE AND OTHER PAYABLES

	Consolidated ($)	
	2018	**2017**
Current:		
Trade payables (*)	704,432	362,889
Other payables	701,102	534,448
Accrued expenses	836,398	521,216
Unearned Income	2,720,858	2,189,295
	4,962,790	3,607,848

(*) Trade payables are non-interest bearing and are normally settled on 30-day terms. Information regarding the effective interest rate and credit risk of current payables is set out in Note 18.

(1) Accounting policy

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 14: PROVISIONS

	Consolidated ($)	
	2018	**2017**
Current:		
Annual leave	231,120	199,442
Provision for long service leave	32,671	19,730
	263,791	219,172
Non-current:		
Provision for long service leave	55,017	65,581
	318,808	284,753

(1) Accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The current pre-tax rate used for discounting purposes is 12.5% (2017: 12.5%).

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

NOTE 15: SHARE CAPITAL

	Consolidated ($)	
	2018	**2017**
Ordinary shares issued and fully paid (i)	17,382,891	17,382,891
Unissued shares	205,357	205,357
	17,588,248	17,588,248

(i) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movement in ordinary shares on issue	**No.**	**$**
At 1 July 2016	332,656,900	17,382,891
Share by back and cancellation (a)	(750,000)	-
At 30 June 2017	331,906,900	17,382,891
Share by back and cancellation (a)	(4,050,000)	-
At 30 June 2018	327,856,900	17,382,891

(1) Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(2) Shares issued under Employee Share Plan – in escrow

JCurve Solutions Limited issued a total of 6,800,000 shares to employees (4,800,000) and Directors (2,000,000) during the year ending 30 June 2016 under an Employee Share Plan. Refer to Note 23(ii) for further information.

(3) 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 in October 2013. Refer to Note 23(iii) for further information.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 16: RESERVES

	Consolidated ($)	
	2018	2017
Equity Benefits Reserve		
Balance at the start of the year	1,762,054	1,745,372
Issued shares under Employee Share Plan	-	13,990
Shares cancelled under Employee Share Plan	4,608	2,554
Issued rights under Employee Incentive Scheme	37,218	138
Balance at the end of the year	1,803,880	1,762,054

(1) Accounting policy

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black- Scholes model, further details of which are given in Note 23.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of JCurve Solutions Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Profit or Loss and Other Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 6).

(2) Significant accounting judgments, estimates and assumptions: Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black - Scholes model, using the assumptions as detailed in the notes to the financial statements.

NOTE 17: CRITICAL JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The 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) Revenue recognition - Identification of performance obligations – refer to note 3;
(2) Revenue recognition – Satisfaction of performance obligations – refer to note 3;
(3) Impairment of intangibles with indefinite useful lives – refer to note 12;
(4) Useful life of the Riyo Platform - refer to note 12;
(5) Share-based payment transactions – refer to note 16;
(6) Recovery of deferred tax assets – refer to note 5; and
(7) Recognition of subscription costs of sales – refer to note 4

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 18: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(1) Capital risk management

Capital risk is managed and monitored by liaising with banks and communicating with shareholders. JCurve Solutions considers new government legislation and monitors the market place by canvassing information from stockbrokers and investors.

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Management adjust the capital structure as necessary to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(i) Categories of financial instruments

	Consolidated ($)	
	2018	**2017**
Financial assets		
Cash and cash equivalents	4,487,536	3,495,899
Receivables	2,190,485	1,586,347
Other current assets	217,665	170,186
Other financial assets	-	19,078
Financial liabilities		
Payables	2,241,932	1,418,553

The Group has no derivative instruments in designated hedging relationships.

(2) Financial Risk Management

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are outlined above in the relevant note.

The Group's principal financial liabilities are trade payables and unearned income which arise during the course of operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The Group's policy throughout 2018 has remained that no trading in derivatives shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, and credit risk. The Board of Directors reviews and agrees on policies for managing each of these risks which are summarised on the following pages.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(3) Interest Rate Risk

The following table sets out the carrying amount, by maturity, of the Group's financial instruments including those exposed to interest rate risk:

	Consolidated ($)			
	Within 1 year	**1 to 5 years**	**Total**	**Weighted average effective interest rate %**
Year ended 30 June 2018				
Financial assets				
Non interest bearing:				
Trade and other receivables	2,190,485	-	2,190,485	
	2,190,485	-	2,190,485	
Floating rate:				
Cash Assets	4,487,536	-	4,487,536	0.28%
Other Current Assets	699,682	-	699,682	2.13%
	5,187,218	-	5,187,218	
	7,377,703	-	7,377,703	
Financial liabilities				
Payables	2,241,932	-	2,241,932	
	2,241,932	-	2,241,932	
Year ended 30 June 2017				
Financial assets				
Non interest bearing:				
Trade and other receivables	1,586,347	-	1,586,347	
	1,586,347	-	1,586,347	
Floating rate:				
Cash Assets	3,495,899	-	3,495,899	0.35%
Other Current Assets	606,221	-	606,221	2.60%
	4,102,120	-	4,102,120	
	5,688,467	-	5,688,467	
Financial liabilities				
Payables	1,418,553	-	1,418,553	
	1,418,553	-	1,418,553	

For all financial instruments, the net fair value approximates their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised forms.

Interest on financial instruments classified as floating rate is fixed at intervals of less than one year. The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net loss before tax would increase by $23,525 and decrease by $10,117 respectively (2017: increase by $17,149 and decrease by $8,433). This is mainly attributable to the Group's exposure to interest rates on its variable rate cash deposits.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(4) Price Risk – Equity and Commodity

The Group's exposure to commodity and equity securities price risk is minimal.

(5) Foreign Currency Risk

The Group has minimal exposure to foreign currency risk as the Group trades mainly within Australia. New Zealand customers settle their outstanding invoices in Australian dollars.

(6) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At 30 June 2018, the ageing analysis of trade receivables is as follows:

	Consolidated Total	0-30 days	0-30 days CI*	31-60 days	31-60 days CI*	61-90 Days PDNI*	61-90 Days CI*	+91 days PDNI*	+91 days CI*
	$	$	$	$	$	$	$	$	$
2018	1,491,841	1,050,739	-	62,553	-	201,592	-	62,784	114,173
2017	1,240,106	330,231	-	490,541	-	192,854	-	193,703	17,893

* **PDNI** - Past due not impaired

CI - Considered impaired

The receivables which are past due but not considered impaired was $264,376 (2017: $386,558).

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(7) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 19: COMMITMENTS

(1) Remuneration Commitments

There are no commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date.

(2) Operating Lease Commitments

The Group had the following operating lease commitments at balance date:

	Consolidated ($)	
	2018	**2017**
Within one year	305,954	238,719
After one year but not more than five years	496,395	559,755
	802,349	798,474

Operating lease commitments are in respect of the Chatswood office, St Kilda office as well as the serviced offices in Perth and Singapore.

(i) Accounting policy - Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Finance leased assets are depreciated on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTE 20: CONTINGENCIES

(1) Contingent Liabilities

The Group does not have any contingent liabilities.

NOTE 21: EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since 30 June 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 22: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). JCurve Solutions Limited is a for-profit entity for the purposes of preparing the financial statements.

The accounting policies detailed below have been consistently applied to all years unless otherwise stated. The financial report is for the consolidated entity consisting of JCurve Solutions Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

(2) Changes to presentation

The research and development incentive has been reclassified from a credit to the tax expense to other income for the years ended 30 June 2018 and 30 June 2017 to reflect the nature of the incentive being a government grant under *AASB 120 Accounting for Government Grants and Disclosure of Government Assistance*. The prior period comparative balance in the Statement of Profit or Loss and Other Comprehensive Income has been updated to reflect this change.

(3) New accounting standards and interpretations not yet adopted

In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

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 which are most relevant to the Group are set out below.

(i) *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.

The Group has assessed that the impact on the Group's future financial reporting will be 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.

ECLs are a probability weighted estimate 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. Based on the history of past bad debts written off the Group has assessed that the impact of adopting AASB 9 will not have a material impact on the financial results. The Group does not currently have any cash flow or interest rate hedges so the new hedge accounting rules under AASB 9 are not expected to have a material impact on the financial results.

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 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 which are outlined in Note 19. As at 30 June 2018, the Group had non-cancellable operating lease commitments of $802,349. 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 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.

(4) Statement of Compliance

The financial report was authorised for issue on 21 August 2018.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(5) Basis of Consolidation

The consolidated financial statements comprise the financial statements of JCurve Solutions Limited and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

NOTE 23: SHARE-BASED PAYMENT PLANS

(i) Shares issued under Equity Incentive Plan

The equity incentive plan was approved by shareholders at the Annual General Meeting held on 22 November 2016. On 27 June 2017, 10,000,000 performance rights (valued at $27,500) were issued to employees under the plan. These performance rights were revalued to $54,862 following an increase in the JCurve Solutions Limited share price during the year. On 9 October 2017, 1,500,000 performance rights (valued at $30,933) were issued to employees under the plan. 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 right lapses 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.

(ii) Shares issued under Employee Share Plan

An employee share plan was approved by shareholders at the Annual General Meeting held on 31 October 2013. On 11 September 2015, 4,800,000 shares (valued at $27,281) were issued to employees under the employee share plan with payment via a non-recourse loan.

Following approval by shareholders at the Annual General Meeting held on 17 November 2015, on 7 December 2015, 1,000,000 shares were issued to both Bruce Hatchman and David Franks (2,000,000 in total valued at $16,367) under the Employee Share Plan with payment via a non-recourse loan.

These shares were bought back by the Company on the 7th of December 2017 as the shares were out of the money against their attaching non-recourse loans at a share price of 5 cents per share with the Directors electing not to repay their non-recourse loans by the due date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The expense recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to share-based payments is disclosed in Note 16.

4,050,000 of the shares issued under the Employee Share Plan (valued at $28,018) were bought back by the JCurve Solutions during the year in accordance with the terms of the Employee Share Plan.

(iii) 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 (No.) and weighted average exercise prices of and movements in share options issued during the year:

	2018		**2017**	
	No.	**Weighted average exercise price**	**No.**	**Weighted average exercise price**
Outstanding at the beginning of the year	17,857,142	$0.000001	26,785,713	$0.000001
Expired during the year	(8,928,571)	-	(8,928,571)	-
Granted during the year	-	-	-	-
Outstanding at the end of the year	8,928,571	$0.000001	17,857,142	$0.000001
Exercisable at the end of the year	8,928,571		17,857,142	

The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 is under 1 year (2017: between 1 and 2 years).

The exercise price for options outstanding at the end of the year was $0.000001 (2017: $0.000001).

8,928,571 of options expired during the year.

The outstanding balance of share options as at 30 June 2018 is represented by:

- 8,928,571 options which automatically vest when the share price reaches 15.0c for a period of 10 consecutive trading days, exercisable on or before 31 March 2019.

NOTE 24: REMUNERATION OF AUDITORS

The auditor of JCurve Solutions Limited is BDO East Coast Partnership.

	Consolidated ($)	
	2018	**2017**
Amounts received or due and receivable by BDO East Coast Partnership for an audit or review of the financial report of the entity and any other entity in the consolidated group	72,576	70,095
Amounts received or due and receivable by HLB Mann Judd for an audit or review of the financial report of the entity and any other entity in the consolidated group	-	(14,608)
	72,576	55,487

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 25: RELATED PARTY TRANSACTIONS

(1) Subsidiaries

The consolidated financial statements include the financial statements of JCurve Solutions Limited and the subsidiaries listed in the following table.

	Country of	% Equity Interest	
Name	**Incorporation**	**2018**	**2017**
JCurve Business Software Pty Ltd	Australia	100	100
Fleet Manager Pty Ltd	Australia	100	100
Phoneware Pty Ltd	Australia	100	100
Interfleet Pty Ltd	Australia	100	100
The Full Circle Group Pty Ltd	Australia	100	100
JCS Tech Solutions Pty Ltd	Australia	100	100
JCurve Solutions Asia Pte Ltd	Singapore	100	100
JCurve Mobile Services Pty Ltd	Australia	100	-

JCurve Solutions Limited is an Australian entity and the ultimate parent of the Group. JCurve Business Software Pty Ltd, Fleet Manager Pty Ltd, Phoneware Pty Ltd, Interfleet Pty Ltd, The Full Circle Group Pty Ltd and JCS Tech Solutions Asia Pte Ltd are all incorporated in Australia. JCurve Solutions Asia Pte Ltd was incorporated on the 22 December 2016 and is domiciled in Singapore. JCurve Mobile Services Pty Ltd was incorporated on the 7th of May 2018 and is domiciled in Australia.

(2) Key Management Personnel Compensation

The aggregate compensation made to directors and other key management personnel of the Group is set out below:

	Consolidated ($)	
	2018	**2017**
Short-term employee benefits	1,414,304	1,075,534
Post-employment benefits	112,077	91,259
Other long-term benefits	16,463	4,369
Share-based payments	41,825	14,114
Total Compensation	1,584,669	1,185,276

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 26: PARENT ENTITY FINANCIAL INFORMATION

Financial position

	2018 $	2017 $
Assets		
Current assets	2,841,559	2,332,212
Non-current assets	2,625,282	1,797,360
Total assets	5,466,841	4,129,572
Liabilities		
Current liabilities	1,043,704	384,947
Non-current liabilities	62,423	87,538
Total liabilities	1,106,127	472,485
Net Assets	4,360,714	3,657,087
Equity		
Issued capital	17,588,248	17,588,248
Accumulated losses	(15,031,414)	(15,693,215)
Reserves	1,803,880	1,762,054
Total equity	4,360,714	3,657,087

Financial Performance	Year ended 30 June 2018 $	Year ended 30 June 2017 $
Net profit for the year	661,801	863,740

DIRECTORS' DECLARATION

In the opinion of the directors:

(a) the financial statements and notes set out on pages 22 to 49 are in accordance with the *Corporations Act 2001*, including:

 (i) complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

 (ii) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 22(4) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

This declaration is signed in accordance with a resolution of the Board of Directors.

Bruce Hatchman

Chairman

Dated 21 August 2018

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INDEPENDENT AUDITOR'S REPORT

To the members of JCurve Solutions Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of JCurve Solutions Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of license and implementation revenue

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 3, the recognition of license and implementation revenue involves a number of key estimates and judgements such as the identification of performance obligations and the satisfaction of those performance obligation. Due to the nature of these key estimates and judgements, and given the financial significance of revenue to the users of the financial report, revenue recognition of license and implementation revenue has been determined as a key audit matter.	Our audit procedures to address the key audit matter included, but were not limited to, the following: • Performing testing, on a sample basis, of management's judgement in relation to application of "Go-live" date during the year and subsequent to year end to ensure revenue was recorded in the correct accounting period; • Review the operating effectiveness of internal controls in relation to the judgements associated with the satisfaction of identified performance obligations; • Reviewing a sample of deferred revenue balances at year end to ensure that revenue was appropriately deferred in accordance with the progress of individual projects; • Selecting a sample of projects during the year and agreeing them to customer contracts to ensure that revenue and deferred revenue were correctly calculated in accordance with AASB 15 and the Group's revenue accounting policies.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's letter, Directors Report (excluding the audited Remuneration Report) and Shareholders Information the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of JCurve Solutions Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 21 August 2018

SHAREHOLDER INFORMATION

(a) Distribution of shareholder and listed option holder numbers

Category	Ordinary	Units	% of Issued Capital
1 - 1,000	65	6,336	-%
1,001 - 5,000	10	29,529	0.01%
5,001 - 10,000	45	394,027	0.12%
10,001 - 100,000	242	11,744,011	3.58%
100,001 - and over	221	315,682,997	96.29%
	583	**327,856,900**	**100.00%**

There are 135 shareholders that hold less than a marketable parcel as at 27 July 2018.

(b) Substantial shareholders

The names of the substantial shareholders listed in the Group's register as at 30 June 2018 and 27 July 2018 are outlined below, based on the shareholders last lodged Substantial Shareholder notice:

	30 June 2018		27 July 2018	
Shareholder	**Number of ordinary shares held**	**% held of ordinary share capital**	**Number of ordinary shares held**	**% held of ordinary share capital**
Gramell Investments Pty Limited	83,124,215	25.35	83,124,215	25.35
Mark Jobling	51,204,301	15.47	51,204,301	15.47
Philip Ewart	22,328,999	7.09	22,328,999	7.09

(c) Voting rights

At members' meetings, each eligible voter (i.e. eligible member, proxy, attorney or representative of an eligible member) has one vote on a show of hands; and one vote on a poll (except where a share has not been fully paid, that share will only confer that fraction of one vote which has been paid, and if the total number of votes does not constitute a whole number, the fractional part of that total will be disregarded). This is subject to the following:

- Where any calls due and payable have not been paid;
- Where there is a breach of a restriction agreement;
- Where a member and their proxy or attorney are both present at the meeting, or if more than one proxy or attorney is present;
- Where a vote on a particular resolution is prohibited by the *Corporations Act 2001*, Listing Rules, ASIC or order of a Court.

(d) Company secretary

The name of the company secretary is David Franks.

(e) Registered office

The address of the principal registered office in Australia is:
Level 8, 9 Help Street
Chatswood NSW 2067

(f) Register of securities

The registers of securities are held at the following address:
Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000
Ph. (08) 9323 2000

SHAREHOLDER INFORMATION (continued)

(g) Top 20 Registered Holders – Ordinary Shares as of 27 July 2018

	Name	Number of Ordinary Shares	% of Ordinary Shares Held
1	GRAMELL INVESTMENTS PTY LIMITED <SUPERANNUATION FUND	83,124,215	25.35
2	MR MARK CHRISTOPHER JOBLING	47,899,564	14.61
3	DR PHILIP GORDON WILSON EWART + MRS KYLIE EWART <EWART SUPER FUND A/C>	14,745,322	4.50
4	MR GREGORY PETER WILSON	9,000,000	2.75
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,777,180	2.07
6	POTENTATE INVESTMENTS PTY LTD <NORSTER FAMILY A/C>	6,330,943	1.93
7	SHANMAC PTY LTD <SHANMAC A/C>	6,000,000	1.83
8	P EWART INVESTMENTS PTY LTD	5,045,931	1.54
9	JACANA GLEN PTY LTD <JACANA GLEN A/C>	5,000,000	1.53
10	ROUND ETERNAL INVESTMENTS PTY LTD <VISION SPLENDID A/C>	5,000,000	1.53
11	VERSAILLES HOLDINGS PTY LTD <THE ALMONTE FAMILY A/C>	4,250,000	1.30
12	MR DAVID JAMES FRANKS + MR WALTER GEORGE FRANKS <DELPHINI SUPER FUND A/C>	4,206,174	1.28
13	MR CHARLES BYRON SMITH	3,785,600	1.15
14	BUFF HOLDINGS PTY LTD <BRUCE & EVE HATCHMAN SF A/C>	3,500,000	1.07
15	MR JUAN CARLOS GONZALEZ	3,470,378	1.06
16	DR PHILIP GORDON WILSON EWART	3,443,307	1.05
17	MR TRENT ROSS WATSON + MS GAY MCCARTHY + MS ZANA BRODZELI <CPOINT P&A MNGMNT S/F A/C>	3,355,332	1.02
18	MR STEPHEN CANNING	3,233,418	0.99
19	MR PETER GRAHAM DORAN + MRS BARBARA LINDA DORAN <DORAN & SONS FAMILY A/C>	2,271,973	0.69
20	MR ANDREW JOHN PETTINELLA <PETTINELLA SUPER FUND A/C>	2,050,000	0.63
	TOTAL HELD BY TOP 20 HOLDERS	**222,489,337**	**67.86**
	TOTAL HELD BY REMAINING SHAREHOLDERS	**105,367,563**	**32.14**

(h) Stock exchange listing– ordinary shares (as of 30 June 2018)

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange.

(i) Restricted securities

As at 30 June 2018 and 27 July 2018 there are no restricted security classes recorded in the Company's share register.

(j) Unquoted securities

The unquoted securities of the Company as at 27 July 2018 are:

8,928,571 Options are outlined below

Number of Options	Exercise Price	Expiry Date	Number of Holders
8,928,571	$0.000001	31 March 2019	1

11,500,000 Performance Rights are outlined below

Number of Performance Rights	Exercise Price	Expiry Date	Number of Holders
11,500,000	$Nil	31 August 2019	6

(k) Listing Rule 3.13.1 and 14.3

Further to Listing Rule 3.13.1 and Listing Rule 14.3, the Annual General Meeting of JCurve Solutions is scheduled for 20 November 2018.