JCurve Solutions Limited

Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2019

Corporate Information

ABN 63 088 257 729

Directors

Mr Bruce Hatchman
Mr Mark Jobling
Mr David Franks

Company Secretary

Mr David Franks

Registered office

Level 8, 9 Help Street
Chatswood NSW 2067
Ph. (02) 9467 9200

Principal place of business

Level 8, 9 Help Street
Chatswood NSW 2067
Ph. (02) 9467 9200

Share Register

Automic Registry Services
Level 5, 126 Phillip St,
Sydney NSW 2000
1300 288 664 or +61 2 9698 5414

Auditors

BDO East Coast Partnership
Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

Securities Exchange Listings

Australian Securities Exchange
ASX Code: JCS

Website

www.jcurvesolutions.com

Chairman's Letter

I am pleased to report, that over the past year JCurve Solutions Limited has continued to strengthen its financial position and achieved solid financial results whilst diversifying operations with a view to delivering medium to long term growth in shareholder value.

Over the past year we have increased our overall number of customers, diversified operations geographically into Asia, further developed and then commercialised the Riyo platform, grown the consolidated top line revenue result and improved our financial stability through positive operating and overall cash flows.

After the acquisition of Riyo and Spectrum in mid to late 2018, we reset our three core strategic priorities, which are to:

- Rapidly grow our Asia operations;
- Grow our Oracle NetSuite ERP practice in Australia; and
- Grow our Riyo business at a faster pace.

1. Rapidly grow our Asia operations

We have assessed particularly strong overall growth opportunities within the Asian market for our portfolio of solutions which will complement anticipated growth from our Australian operations. The Company assessed that the quickest way to kick start our growth in Asia was through the acquisition of an existing NetSuite partner. In December 2018 the Company was successful in completing the purchase of the business and assets of the Spectrum Partner Group, a NetSuite Two-Star Solution Provider based in Singapore. The purchase of Spectrum's business and assets provides JCurve Solutions with a launch pad for further expansion into the growing ERP Asian market. In addition to a small number of customer contracts and committed license and service revenue, Arthur Fernandez who was the founder and Director of Spectrum for four years, was appointed as the General Manager of JCS' Asian operations.

After building small team in Singapore to expand the operations of the acquired business, in April 2019 JCurve Solutions incorporated JCurve Solutions Philippines Inc (JSP) and has been building a delivery centre of excellence which will service our forecast significant ERP growth and also assists to lower the cost base of our overall Group operations. In addition to the direct employment of the resources from a third-party service outsourced arrangement, a number of employees have been, and will be, directly recruited into the JCurve Solutions Philippines team.

In addition to expanding our Oracle NetSuite solution offering, we are exploring other M&A opportunities in Asia related to the acquisition of Product IP. These opportunities are in line with our overall diversification strategy and the relocation of the JCS CEO, Stephen Canning, to Singapore from the start of August 2019, will provide further impetus to this strategic initiative.

2. Grow our Oracle NetSuite ERP practice in Australia

During the year ended 30 June 2019, the NetSuite ERP division grew by 7% after recognising $9.8 million of revenue, increasing from the $9.2 million recognised in FY2018. The Company has achieved strong growth results from its existing ERP customers by minimising churn and maximising revenue through renewals and upsells.

While we didn't make the level of new business sales to prospective customer which we were forecasting after a number of sales opportunities which were expected to close in FY2019 were won in July 2019, we are forecasting a solid increase in new business sales in FY2020. The Company continues to see a shift toward the more complex NetSuite solutions resulting in longer sales cycles.

The $9.8 million in revenue generated in FY2019 helped the NetSuite ERP Division to generate a statutory profit before tax of $2.2 million for the year. As at 30 June 2019 we had over 600 ERP customers across our portfolio of solutions, customers which are spread across both Australia and New Zealand.

We continue to build on our status as the #1 Oracle NetSuite Solution Partner globally by customer count and remained a 5-star NetSuite Solution Partner thereby guaranteeing JCS receives the highest level of commissions on NetSuite edition licence sales.

3. Grow our Riyo business at a faster pace

After purchasing the Riyo Platform in May 2018, the Company has focused on enhancing the solution through research and development activities, defining the go to market plan and building a team to launch and support the solution. The further development of the Riyo platform (which has been expensed in line with the Company's current accounting policy for R&D), has now broadened the Riyo solution to a much larger addressable customer base from which was launched to our existing customers in 2HY2019.

The Riyo business unit provided a small revenue contribution in FY2019 to the Group result, a contribution which is forecast to exponentially increase over the next 2-3 years. The Company signed its first Riyo customer in April 2019 and in June had signed a number of customers to trial agreements a number of which are expected to convert into paying customers in early FY2020. The JCS team continues to build a solid pipeline of opportunities to build a strong base of customers from which we are forecasting significant recurring revenue. We have assessed a number of overseas opportunities for the Riyo software which we will be exploring over the next 12 months.

Financial Commentary

Most importantly as we continue to assess several carefully selected product IP acquisition opportunities, JCurve Solutions continues to strengthen its strong balance sheet and solid operating fundamentals.

The statutory profit before tax generated by JCurve Solutions for the year ending 30 June 2019 was $0.6 million (2018: $0.9 million). The normalised EBITDA was $0.9 million down from $1.0 million in FY2018.

In FY2019 the Group was $0.7 million operating cash flow positive while remaining debt free and holding $4.8 million in cash reserves as at 30 June 2019. This financial stability ensures we can evaluate multiple acquisition targets while continuing to organically grow our existing business operations.

Over the past year we have delivered short term shareholder value through an appreciation of our share price which rose from 3.1 cents to 3.4 cents as at 30 June 2019, a 10% increase during FY2019.

Once again, I would like to thank our employees and shareholders for their continuing support over the past year.

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 2019. 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.

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 listed companies

Bruce Hatchman is currently a Non-Executive Director of Consolidated Operations Group Limited.

Former directorships of other listed companies

None.

Special responsibilities

Member of the Audit & Risk Management Committee and Chairman of the Remuneration Committee.

David Franks

B.Ec, CA, F Fin, FGIA, JP.
(Non-Executive Director & 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: AUB Group Limited, Adcorp Australia Limited, Elk Petroleum Limited, Noxapharm Limited, Nyrada Inc, Consolidated Operations Group Limited, White Energy Company Limited, White Energy Technology Limited and ZIP Co Limited. David is also a Director and Principal of Automic Group Pty Ltd.

Directorships of other listed 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 listed companies

None.

Former directorships of other listed companies

None.

Special responsibilities

Member of the Audit & Risk Management Committee and the Remuneration Committee.

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 2019, 1,500,000 performance rights granted to employees under the Equity Incentive Plan expired. 10,000,000 performance rights granted to employees under the Equity Incentive Plan remained as at 30 June 2019.

Unissued ordinary shares under option totalling 8,928,571 expired during the financial year.

Dividends and shareholder returns

No dividends were declared or paid during the financial year ended 30 June 2019.

Principal activities

The principal activities of JCurve Solutions during the year ended 30 June 2019 were:

- the sale of Enterprise Resource Planning (ERP) solutions, which included the exclusively licensed JCurveERP and associated implementation and consulting services as well as NetSuite mid market and enterprise editions in addition to accompanying associated implementation and consulting services;
- the purchase and integration of Spectrum and subsequent sale of Enterprise Resource Planning (ERP) solutions in South East Asia;
- the sale of proprietary Telecommunications Expense Management Solutions; and
- the development and sale of the Riyo platform solution.

Operating financial review

Financial Results for the Year

The Group recognised a profit after tax of $0.3 million for year ended 30 June 2019 (2018 $0.8 million).

The 'Normalised EBITDA' for the full year ended 30 June 2019 was $0.9 million (2018 $1.0 million), which has been determined as follows:

	Consolidated ($)	
	2019	**2018**
Total comprehensive income for the year	**338,114**	847,267
Add Back: Non-cash expenses:		
Depreciation / amortisation	**254,490**	102,328
Total non-cash expenses	**254,490**	102,328
Income tax expense	**266,273**	48,105
Interest income/finance costs	**(6,288)**	(17,769)
Normalised EBITDA	**852,589**	979,931

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 2019 was $12.6 million (2018: $11.9 million), which includes revenue from the sale of JCurveERP/NetSuiteERP licenses and accompanying support and implementation revenue in Australia of $9.8 million (2018: $9.2 million), revenue from the sale of NetSuiteERP licenses and accompanying support and implementation revenue in Asia following the acquisition of Spectrum $0.4 million (2018: nil), revenue from the sale of Telecommunications Expense Management Solutions $2.3 million (2018: $2.7 million) and revenue from the sale of MYOB Advanced licenses and accompanying support and implementation revenue $0.1 million (2018: $0.05 million).

Total expenses for the full year ended 30 June 2019 were $12.2 million (2018: $11.3 million). The largest expense during the year ended 30 June 2019 was amounts paid to employees with $6.1 million being paid or accrued (2018: $6 million).

Financial Position as at 30 June 2019

The Group had cash reserves as at 30 June 2019 totaling $4.8 million which increased by $0.3 million from $4.5 million as at 30 June 2018. The $0.3 million of cash flows generated for the year was after $0.3 million was paid to acquire Spectrum in December 2018 and $0.1 million paid to acquire an E-Commerce connector which has been capitalised in intangible assets. 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 $11.5 million as at 30 June 2018 to $12.3 million as at 30 June 2019, was achieved through improved working capital management which assisted the Group to be $0.3 million cash flow positive during the year as well as the inclusion of capitalised costs following the acquisition of the Spectrum intangible assets.

The liabilities balance increased from $6.6 million as at 30 June 2018 to $7.0 million as at 30 June 2019.

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:

- A comprehensive annual insurance program facilitated by an external broker;
- A monthly risk register which is reviewed by the Executive Management Team and reported to the Board;
- Annual Strategic and operational business plans; and
- 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: *https://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:

- The purchase of Spectrum to grow the Group's NetSuite operations in Asia.

Events since the end of the financial year

No significant matters or circumstances have arisen since 30 June 2019 that have significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- 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.

The Group continues to improve work practices in its pursuit of reducing paper usage as much as possible and work electronically.

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:	7		4	2
Number of meetings attended:				
B Hatchman	7	7	4 (4)	2 (2)
D Franks	7	7	4 (4)	2 (2)
M Jobling	7	7	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.

The current board was re-elected by shareholders at the following prior AGMs:

- 2018: Mark Jobling;
- 2017: Bruce Hatchman;
- 2016: David Franks

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

Remuneration Report (Audited)

The directors are pleased to present JCurve Solution Limited's ("the Company's") remuneration report for the year ended 30 June 2019. 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 2018 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 with Sales Director responsibilities from 5 February 2019
- Katrina Doring
  Chief Operating Officer
- Peter Choo
  Product Strategy Director
- Arthur Fernandez
  General Manager – JCurve Solutions Asia (from 18 December 2018)
- Bill Beedie
  Sales Director (until 4 February 2019)

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:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- 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 2019, 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.

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.

The remuneration of non-executive directors for the year ended 30 June 2019 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).

(i) Base salary and benefits

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash, superannuation 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.

For all members of the Executive Management Team except the Sales Director, the FY2019 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 Management 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:

	FY2019 STI Potential (*)	FY2018 STI Potential (*)
Executives		
S Canning	32%	33%
J Aulsebrook	28%	29%
K Massey (***)	29%	30%
K Doring	29%	30%
P Choo	29%	24%
A Fernandez	26%	N/A
B Beedie (**)	28%	28%

(*) 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.

(***) Sales Director responsibilities from 5 February 2019 which included the commission scheme previously provided to the Sales Director on top of the STI as the Chief Marketing Officer. Commission scheme was uncapped.

(iii) Long-term incentive

The long-term equity incentive plan implemented in FY2017 has been designed to align a portion of Executive Remuneration with long term shareholder value.

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 and cancelled 4 February 2019

4. Remuneration of key management personnel

Table 1: Key Management Personnel remuneration for the year ended 30 June 2019: 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 %
B Hatchman	2019	86,646	-	-	11,000	-	97,646	-
Chairman (non-executive)	2018	87,646	-	-	10,000	1,791	99,437	2%
D Franks	2019	60,000	-	-	5,700	-	65,700	-
Director (non-executive)	2018	60,000	-	-	5,700	1,791	67,491	3%
M Jobling	2019	60,000	-	-	-	-	60,000	-
Director (non-executive)	2018	60,000	-	-	-	-	60,000	-
Total Directors Fees	**2019**	**206,646**	**-**	**-**	**16,700**	**-**	**223,346**	**0%**
Total Directors Fees	**2018**	**207,646**	**-**	**-**	**15,700**	**3,582**	**226,928**	**2%**

(1) Expense recognised under the Employee Share Plan.

Table 2: Key Management Personnel remuneration for the year ended 30 June 2019: Executives

		Short-term employee benefits			Long-term	Post-employment	Equity	Total	
Executives		Salary $	Bonuses / Commission (10) $	Other short-term benefits (8) $	Long service leave (9) $	Super-annuation or CPF $	Shares / Performance Rights $		Performance Related %
S Canning (1)	2019	309,000	35,000	17,985	25,533	20,531	11,363	419,412	11%
Chief Executive Officer	2018	300,000	35,000	25,677	1,012	20,531	12,101	394,321	12%
J Aulsebrook (2)	2019	181,000	17,500	(5,005)	1,248	18,858	3,788	217,389	10%
Chief Financial Officer	2018	175,000	25,000	5,805	298	19,000	3,788	228,891	13%
K Massey (3)	2019	171,000	20,104	12,882	9,039	18,155	3,788	234,968	10%
Chief Marketing Officer	2018	166,000	15,000	13,586	14,674	17,195	4,213	230,668	8%
K Doring (4)	2019	171,000	10,000	15,572	831	17,195	3,788	218,386	6%
Chief Operating Officer	2018	166,000	15,000	10,909	156	17,195	3,788	213,048	9%
P Choo (5)	2019	170,000	10,000	12,159	1,402	17,100	2,525	213,186	6%
Product Strategy Director	2018	109,494	2,131	5,480	323	10,551	2,525	130,504	4%
A Fernandez (6)	2019	100,754	-	2,703	-	16,237	-	119,694	-
GM JCS Asia	2018	-	-	-	-	-	-	-	-
B Beedie (7)	2019	138,525	12,867	(3,358)	-	10,366	(9,944)	148,456	2%
Sales Director	2018	109,128	16,186	11,262	-	11,905	11,828	160,309	17%
Total Executive Rem.	**2019**	**1,241,279**	**105,471**	**52,938**	**38,053**	**118,442**	**15,308**	**1,571,491**	**8%**
Total Executive Rem.	**2018**	**1,025,622**	**108,317**	**72,719**	**16,463**	**96,377**	**38,243**	**1,357,741**	**10%**

1. *Bonus of $38,750 based on performance related KRA's under the Short Term Incentive Scheme for FY2019 and will be paid on 30 August 2019. This bonus has not been included in table 2.*
2. *Bonus of $19,375 based on performance related KRA's under the Short Term Incentive Scheme for FY2019 and will be paid on 30 August 2019. This bonus has not been included in table 2.*
3. *Bonus of $10,000 based on performance related KRA's under the Short Term Incentive Scheme for FY2019 and will be paid on*

30 August 2019. This bonus has not been included in table 2. Additional Sales Director responsibilities from 5 February 2019.

4. *Bonus of $10,000 based on performance related KRA's under the Short Term Incentive Scheme for FY2019 and will be paid on 30 August 2019. 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 $19,375 based on performance related KRA's under the Short Term Incentive Scheme for FY2019 and will be paid on 30 August 2019. This bonus has not been included in table 2.*
6. *became a Key Management Personal (KMP) from 18 December 2018. Information in table 2 for the period whilst a KMP. Bonus of A$2,799 based on performance related KRA's under the Short Term Incentive Scheme for FY2019 and will be paid on 30 August 2019. This bonus has not been included in table 2.*
7. *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. Resigned 4 February 2019.*
8. *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.*
9. *other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8.*
10. *The bonuses or commissions included in the above table are those which have been paid during the financial year.*

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 1 August 2019 on a rolling contract	S$311,000	6 months base salary
J Aulsebrook	Chief Financial Officer	Commenced 18 April 2016 on a rolling contract	$186,000	3 months base salary
K Massey	Chief Marketing Officer	Commenced 1 September 2015 on a rolling contract	$175,000	3 months base salary
K Doring	Chief Operating Officer	Commenced 5 July 2016 on a rolling contract	$175,000	3 months and 1 week base salary
P Choo	Product Strategy Director	Commenced 26 October 2017 on a rolling contract	$175,000	3 months base salary
A Fernandez (*)	General Manager JCS Asia	Commenced 18 December 2018 on a rolling contract	S$185,000	3 months base salary

(*) Information outlined as at the date after the completion date of the Spectrum acquisition. Became a member of the Key Management Personnel from 18 December 2018.

(**) Current base salaries excluding superannuation are quoted for the year commencing 1 July 2019. They are reviewed annually by the Remuneration Committee. The salaries recorded in Table 2 are for the years ending 30 June 2019 and 30 June 2018.

(***) As at the date the Remuneration Report is approved.

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

- 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
- 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:

	2019	2018	2017	2016
	$	$	$	$
Total profit/(loss) for the year	**338,114**	847,267	454,286	(2,597,423)
Normalised EBITDA	**852,589**	979,931	801,920	131,517
Share price at year end ($)	**0.034**	0.031	0.011	0.006
Increase/(decrease) in share price	**10%**	282%	83%	(60%)
Dividends paid	**-**	-	-	-

The remuneration of JCurve Solutions Executives outlined in Table 2 has consisted primarily of salaries and superannuation. Performance related remuneration was 8% 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 2018 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, 100% of proxy votes lodged (lodged as for/against/open excluding all other votes) voted "yes" on the Remuneration Report for the 2018 financial year. Comments raised by shareholders during the course of the Annual General Meeting were responded to by the Directors during the meeting.

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 3: Shares issued to Directors under the employee share plan on 7 December 2015 (effecting comparative Remuneration in Table 1)

	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 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

(*) Cancelled 4 February 2019 as the service condition accompanying the performance rights was not met.

Table 4: Shares issued to members of the Executive Management Team under the employee share plan on 11 September 2015 effecting comparative Remuneration in Table 1)

	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.

Table 5: Performance rights issued which formed part of remuneration during the year ended 30 June 2019

	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	1%
B Beedie	0.02062	26,005	-	26,005	(9,944)	-7%

For further details on the Employee Share Plan, please refer to Note 24.

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%

(*) Granted while not a Key Management Personnel member.

8. Shareholdings of Key Management Personnel

Ordinary shares held in JCurve Solutions Limited (number)

30 June 2019	Balance 01 Jul 18	Granted as remuneration	Bought back under employee share plan	Net Change Other	Balance 30 Jun 19
Directors					
B Hatchman	3,500,000	-	-	-	3,500,000
D Franks	4,206,174	-	-	-	4,206,174
M Jobling	51,204,301	-	-	-	51,204,301
Executives					
S Canning	3,233,418	-	-	-	3,233,418
J Aulsebrook	-	-	-	-	-
K Massey	665,000	-	-	-	665,000
K Doring	1,975,534	-	-	-	1,975,534
P Choo	455,000	-	-	-	455,000
A Fernandez (*)	-	-	-	600,000	600,000
B Beedie	-	-	-	-	-
Total	**65,239,427**	**-**	**-**	**600,000**	**65,839,427**

(*) A Fernadez became an Executive Team member on 18 December 2018. 96,489 shares held before A Fernadez become an Executive Team member. A further 503,511 purchased after A Fernadez became an Executive Team member.

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.

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.

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	**2019**	**2018**
Automic	**$**	**$**
Company secretarial services (1)	48,536	50,121
Directors Fees (included in Table 1 and including Superannuation)	65,700	65,700
Share registry fees	2,635	-
	116,871	**115,821**

(1) David Franks was appointed as Company Secretary of JCurve Solutions Limited on 15 September 2014 and was also appointed as a Non-Executive Director on that date. David was 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. Franks and Associates became a member of Automic Group in June 2018. In September 2018, the Automic Group took over the share registry work for the Group.

Company secretarial service fees for the year ended 30 June 2019 amounted to $48,536 net of GST excluding out of pocket expenses (2018: $50,121) and were provided on commercial terms. Automic Group invoices JCurve Solutions for David Franks' Directors fees and superannuation, which has been included in Section 4, Table 1 of the Remuneration Report. The share registry fees were provided on commercial terms.

Sales to Related Parties	**2019**	**2018**
Tomorrow Entertainment	**$**	**$**
Customer purchases	41,335	-
	41,335	-

(1) Tomorrow Entertainment Holdings Pte Ltd (Tomorrow Entertainment), a Company which Mark Jobling is the founder and a Director, became a customer of the Group. The Group invoiced Tomorrow Entertainment $41,335 in the year ended 30 June 2019 (2018: NIL). The services sold to Tomorrow Entertainment were at commercial rates and on commercial terms.

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 18 and forms part of this Directors' Report for the year ended 30 June 2019.

Non-Audit Services

There were no non-audit related activities carried out by the Company's auditors during the year ended 30 June 2019.

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 26 August 2019.

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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 2019, 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.

Gareth Few

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 26 August 2019

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

		Consolidated ($)	
	Notes	**2019**	**2018**
Revenue	3	12,579,475	11,945,625
Cost of goods sold		(2,230,419)	(2,036,936)
Gross profit		**10,349,056**	**9,908,689**
Other income	3	241,318	288,370
Employee benefits expense		(6,102,949)	(5,997,005)
Other employee related expense	4	(658,519)	(742,224)
Communications expense		(440,913)	(356,096)
Advertising and marketing		(204,830)	(149,788)
Professional fees	4	(1,252,995)	(855,199)
Occupancy expense	4	(508,068)	(458,203)
Depreciation and amortisation expense	4	(254,490)	(102,328)
Finance income/(expense)		(8,082)	74
Due Diligence costs		(33,687)	(18,681)
Other expenses		(521,454)	(622,237)
Profit before income tax		**604,387**	**895,372**
Income tax expense	5	(266,273)	(48,105)
Profit for the year		**338,114**	**847,267**
Other comprehensive income		-	-
Total comprehensive income for the year		**338,114**	**847,267**
Basic earnings per share (cents per share)	6	0.10	0.26
Diluted earnings per share (cents per share)	6	0.10	0.26

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes. The classification of some prior period comparatives have been adjusted. Refer to note 23(2) for future details.

Statement of Financial Position

As at 30 June 2019

	Notes	Consolidated ($) 2019	2018
Assets			
Current Assets			
Cash and cash equivalents	7	4,765,339	4,487,536
Trade and other receivables	8	2,389,384	2,190,485
Other financial assets	10	10,454	-
Current tax asset		-	162,937
Other current assets	9	925,641	935,484
Total Current Assets		**8,090,818**	**7,776,442**
Non-Current Assets			
Property, plant and equipment	11	53,504	86,139
Intangible assets	12	3,402,499	2,892,857
Deferred tax asset	5	717,393	737,252
Total Non-Current Assets		**4,173,396**	**3,716,248**
Total Assets		**12,264,214**	**11,492,690**
Liabilities			
Current Liabilities			
Trade and other payables	13	3,263,849	2,477,734
Unearned income	14	2,032,347	2,720,858
Current tax liability		37,020	-
Provisions	15	331,426	263,791
Total Current Liabilities		**5,664,642**	**5,462,383**
Non-Current Liabilities			
Unearned income	14	181,738	-
Deferred tax liabilities	5	1,078,069	1,076,287
Provisions	15	88,411	55,017
Total Non-Current Liabilities		**1,348,218**	**1,131,304**
Total Liabilities		**7,012,860**	**6,593,687**
Net Assets		**5,251,354**	**4,899,003**
Equity			
Share capital	16	17,588,248	17,588,248
Reserves	17	1,818,117	1,803,880
Accumulated losses		(14,155,011)	(14,493,125)
Total Equity		**5,251,354**	**4,899,003**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes. The classification of some prior period comparatives have been adjusted. Refer to note 23(2) for future details.

Statement of Cash Flows

For the Year Ended 30 June 2019

	Notes	Consolidated ($) Inflows / (Outflows) 2019	2018
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		13,497,100	12,890,984
Payments to suppliers and employees (inclusive of GST)		(12,954,320)	(11,420,434)
Interest received		12,964	17,695
Interest (paid)/refunded		(456)	74
Income tax received		152,292	165,043
Net cash provided by operating activities	**7**	**707,580**	**1,653,362**
Cash flows used in investing activities			
Payments for property, plant and equipment		(17,310)	(61,725)
Purchase of intangible assets		(100,000)	-
Cash paid for the purchase of the Spectrum business and assets		(312,467)	-
Cash paid for the purchase of the Riyo Platform		-	(600,000)
Net cash used in investing activities		**(429,777)**	**(661,725)**
Net increase in cash and cash equivalents		277,803	991,637
Cash and cash equivalents at 1 July		4,487,536	3,495,899
Cash and cash equivalents at 30 June	**7**	**4,765,339**	**4,487,536**

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 2019

	Share Capital	Accumulated Losses	Equity Benefits Reserve	Consolidated ($) Total
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**
As at 1 July 2018	**17,588,248**	**(14,493,125)**	**1,803,880**	**4,899,003**
Total comprehensive income for the year	-	338,114	-	338,114
	-	**338,114**	**-**	**338,114**
Transactions with owners in their capacity as owners:				
Issued rights under employee incentive scheme	-	-	15,307	15,307
Exchange differences on translation of foreign operations	-	-	(1,070)	(1,070)
	-	-	14,237	14,237
Balance at 30 June 2019	**17,588,248**	**(14,155,011)**	**1,818,117**	**5,251,354**

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, which included the exclusively licensed JCurveERP and associated implementation and consulting services as well as NetSuite mid market and enterprise editions in addition to accompanying associated implementation and consulting services;
2. the purchase and integration of Spectrum and subsequent sale of Enterprise Resource Planning (ERP) solutions;
3. continuing investment in the TEMS research and development aimed at maximising the value from the TEMS business; and
4. Riyo – the development and commercialization of the Riyo Platform.

A more detailed outline about the Group's performance and financial position is outlined in the Directors Report operating and financial review on page 6

Note 2: Segment Reporting

1. 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.

2. 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 2019, 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 the unallocated column in the segment information below.

Following the acquisition of Spectrum, the Group now operates in two geographical segments being Australasia (Australia and New Zealand) along with SE Asia.

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.

3. 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 2019 (including the comparative period) is as follows:

Year ended 30 June 2019	**NetSuite ERP**	**TEMS**	**MYOB Advanced**	**Riyo**	**JCS Asia**	**All other segments**	**Total**
Total revenue	9,814,712	2,292,424	114,415	3,366	354,558	-	12,579,475
Total cost of sales	(2,100,699)	(2,330)	(18,936)	(3,750)	(104,704)	-	(2,230,419)
Gross profit	**7,714,013**	**2,290,094**	**95,479**	**(384)**	**249,854**	**-**	**10,349,056**
Other income	-	-	-	135,497	-	105,821	241,318
Total expenditure excluding cost of sales	(5,526,590)	(1,002,032)	(68,377)	(642,193)	(445,295)	(2,301,500)	(9,985,987)
Total profit/(loss) before tax	**2,187,423**	**1,288,062**	**27,102**	**(507,080)**	**(195,441)**	**(2,195,679)**	**604,387**

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**

Note 3: Revenues and Other Income

	Consolidated ($)	
	2019	**2018**
Revenue		
Enterprise Resource Planning (ERP) solutions – JCERP and NetSuite	10,169,270	9,191,633
Enterprise Resource Planning (ERP) solutions - MYOB Advanced	114,415	49,685
Telecommunications expense management	2,292,424	2,704,307
Riyo solutions	3,366	-
	12,579,475	**11,945,625**

Other Income		
Research and Development incentive	196,967	266,871
Interest income	14,370	17,695
Sundry Income	29,981	3,804
	241,318	**288,370**

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.

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;
- The performance obligation for providing Telecommunication Expense Management solutions is satisfied over the contracted period; and

- The performance obligation for the implemented Riyo software is satisfied when the Riyo software has been installed and is operating materially as contractually required.

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.

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

Note 4: Expenses

	Consolidated ($)	
	2019	**2018**
Other employee related expense - superannuation	502,547	517,831
Other employee related expense – excluding superannuation	155,972	224,393
	658,519	**742,224**
Depreciation of plant and equipment	66,244	92,328
Amortisation of intangibles	188,246	10,000
	254,490	**102,328**
Operating lease rental expense: minimum lease payments	485,611	437,608
Other	22,457	20,595
	508,068	**458,203**
Directors' Fees (includes superannuation)	223,346	226,928
Consultancy Fees	901,652	505,575
Audit Fees	72,226	72,576
Company Secretarial Fees (includes fees paid to non-related parties overseas)	55,771	50,120
	1,252,995	**855,199**

1. Accounting policy

(i) 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.

(ii) 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 ($)	
	2019	**2018**
Income tax recognised in profit or loss		
The major components of tax benefit/(expense) are:		
Current tax benefit (i)	(233,987)	(103,934)
Origination and reversal of temporary differences	(21,641)	80,119
Under/(over) provision from prior years - current tax	(10,645)	(24,290)
Total tax benefit/(expense) (i)	**(266,273)**	**(48,105)**
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	604,387	895,372
Income tax expense calculated at 27.5%	**(166,207)**	**(246,228)**
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:		
Permanent differences	(16,653)	(25,092)
Temporary differences	(23,315)	(2,402)
Adjustments for current tax of prior periods	28,950	-
	(11,018)	**(27,494)**
Research and development incentive	(70,353)	(95,322)
Differences in overseas tax rates	(11,851)	-
Carried forward tax losses previously not brought to account now recognised	3,801	310,300
Reduction in deferred tax liabilities due to a change in the company income tax rate	-	34,929
Under/(over) provision in prior years	(10,645)	(24,290)
Income tax benefit/(expense) reported in the Statement of Profit or Loss and other Comprehensive Income	**(266,273)**	**(48,105)**

Deferred Taxes (Non-Current)	Consolidated ($)	
	2019	**2018**
Analysis of deferred tax assets:		
Deductible temporary differences available to offset against future taxable income		
Deferred expenditure	306,006	269,174
Accruals and provisions	372,876	422,046
Tax losses available to offset against future taxable income	38,511	46,032
	717,393	**737,252**
Analysis of deferred tax liabilities:		
Plant and equipment	4,482	-
Deferred license revenue	970,286	990,450
Other	103,301	85,837
	1,078,069	**1,076,287**
Net Deferred Tax Liability	**360,676**	**339,035**

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.

(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 $490,088 (2018: $476,267 unrecognised). The deductible temporary differences and tax losses do not expire under current legislation. Deferred tax assets totaling $134,774 (2018: $130,973) 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.

The balance of carried forward capital losses that have not been recognised in the Financial Statements amount to $572,640 (2018: $572,640 unrecognised). The deductible temporary differences and tax losses do not expire under current legislation. Deferred tax assets totaling $157,476 (2018: $157,476) have not been recognised in respect of these items at this stage because it is not probable that future capital gains 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.

Note 6: Earnings Per Share

	Consolidated	
	2019	2018
	$	$
Earnings used for calculation of basic and diluted earnings per share		
Profit from operations - basic earnings per share	338,114	847,267
Profit from operations - diluted earnings per share	338,114	847,267

	No.	No.
Weighted average number of shares used for calculation of basic and diluted EPS		
Weighted average number of shares	327,856,900	329,343,064

	Cents per share	Cents per share
Earnings used for calculation of basic and diluted earnings per share		
Basic earnings per share (cents per share)	0.10	0.26
Diluted earnings per share (cents per share)	0.10	0.26

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 ($)	
	2019	2018
Cash at bank and on hand	4,765,339	4,487,536
	4,765,339	**4,487,536**

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 2019, the Group has no committed borrowing facilities.

	Consolidated ($) 2019	2018
Reconciliation of profit for the year after tax to net cash flows from operating activities		
Profit for the year	338,114	847,267
Non-cash flows in operating profit:		
Depreciation and amortisation from continuing operations	254,490	102,328
Impaired receivables	104,846	187,180
Loss on disposal of fixed assets	-	5,187
Equity settled share based payment	15,308	41,826
(Increase)/decrease in assets:		
Trade and other receivables	(198,899)	(791,318)
Other current assets	9,843	(93,461)
Other financial assets	(10,454)	19,078
Current tax receivable/payable	199,957	26,396
Deferred tax assets	19,860	(122,552)
Increase/(decrease) in liabilities:		
Trade and other payables – Current	378,478	1,354,943
Unearned income	(506,773)	-
Provisions – Current	67,634	44,619
Provisions – Non-current	33,394	(10,565)
Deferred tax liabilities	1,782	42,434
Net cash used in operating activities	**707,580**	**1,653,362**

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.

Note 8: Trade and Other Receivables

	Consolidated ($) 2019	2018
Current:		
Trade receivables (i)	1,432,258	1,491,841
Allowance for doubtful debts (2)	(71,952)	(114,173)
Accrued revenue/commissions receivable	1,029,078	812,817
	2,389,384	**2,190,485**

(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(6) 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.

The Group adopted AASB 9 for the first time during the year ended 30 June 2019. The adoption of AASB 9 resulted in credit losses being recognised in the allowance for doubtful debts under an expected credit loss (ECL) model. ECLs are a probability weighted estimates of credit losses which are discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls. The impact from adopting AASB 9 during the year ended 30 June 2019 was an additional expense of $13,378 from assessing the lifetime expected credit losses based on the history of past bad debts written off the Group after considering a provision matrix which grouped debtors into product lines. The Group has not retrospectively adjusted the prior period comparative balances or opening balances on adoption of AASB 9.

2. Allowance for doubtful debts reconciliation

At 30 June 2019, trade receivables of the Group with a nominal value of $71,952 (2018: $114,173) were impaired. The allowance for doubtful debts was $71,952 (2018: $114,173). The movement in the allowance for doubtful debts is as follows:

	Consolidated ($)	
	2019	**2018**
At 1 July	114,173	17,893
Provision for impairment recognised during the year	104,846	187,180
Receivables written off during the year as uncollectable	(81,335)	(90,900)
Trade receivables provided for but collected	(65,730)	-
	71,952	**114,173**

Note 9: Other Current Assets

	Consolidated ($)	
	2019	**2018 (*)**
Prepayments	480,484	443,168
Term deposit	231,365	217,665
Deferred expenditure	115,707	166,566
Sundry debtors	98,085	108,085
	925,641	**935,484**

(*) Prior year comparative for prepayments has been adjusted. Reallocation from accrued expenses.

Note 10: Other Financial Assets

	Consolidated ($)	
	2019	**2018**
Security Deposits	10,454	-
	10,454	**-**

Note 11: Plant and Equipment

	Consolidated ($) 2019	2018
Plant and equipment, at cost	286,589	269,279
Less accumulated depreciation	(240,053)	(184,304)
Net carrying amount	**46,536**	**84,975**
Leasehold improvements, at cost	2,740	2,740
Less accumulated depreciation	(2,152)	(1,576)
Net carrying amount	**588**	**1,164**
Make good assets, at cost	16,299	-
Less accumulated depreciation	(9,919)	-
Net carrying amount	**6,380**	**-**
Total net carrying amount	**53,504**	**86,139**

Reconciliations:

	Plant & Equipment	Leasehold Improvements	Make Good Assets	Consolidated ($) Total
Movements:				
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**
Net carrying amounts as at 30 June 2018	84,975	1,164	-	86,139
Disposals	-	-	-	-
Additions	17,310	-	16,299	33,609
Depreciation charges	(55,749)	(576)	(9,919)	(66,244)
Net carrying amounts as at 30 June 2019	**46,536**	**588**	**6,380**	**53,504**

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.

(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	Goodwill	Customer relationships (i)	NetSuite customer contracts (i)	Pistachio connector (ii)	Total
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**
Year ended 30 June 2019							
At 1 July 2018, net of accumulated amortisation and impairment	2,302,857	590,000	-	-	-	-	2,892,857
Additions	-	-	244,515	172,197	175,456	100,000	692,168
Amortisation	-	(120,000)	-	(34,438)	(33,808)	-	(188,246)
FX Revaluation	-	-	2,693	1,503	1,524	-	5,720
At 30 June 2019, net of accumulated amortisation and impairment	**2,302,857**	**470,000**	**247,208**	**139,262**	**143,172**	**100,000**	**3,402,499**

(i) Purchase of Spectrum

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

Refer to Note 25 for further information on the acquisition of Spectrum.

(ii) Pistachio Connector

On 8 April 2019, JCurve Business Software Pty Ltd, a 100% owned subsidiary of JCurve Solutions Limited, purchased the JConnect E-Commerce connector from Pistachio Media. The E-Commerce connector links a customers website to the JCurve edition of NetSuite. JCurve Business Software Pty Ltd previously operated under a licensing arrangement with Pistachio Media with both customers managed directly through JCurve Business Software Pty Ltd as well as some customers directly being managed by Pistachio Media.

The total cost of the asset acquisition was $100,000 which was settled in cash on 27 June 2019. Purchase costs of $3,480 were included in professional fees in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019.

1. 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.

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.

2. 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.

(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.

3. Impairment testing of intangible assets with indefinite lives

(i) Licenses – ERP

The licenses intangible asset reflects the carrying value of the ERP relationship with Oracle NetSuite.

The recoverable amount of the Australian ERP practice has been determined based on a value in use calculation using cash flow projections covering a 5-year period. The discount rate applied to the value in use calculations was 15%. A long term growth rate of 4% has been assumed as has a terminal value. Based on these value in use calculations, there is no impairment for the year ended 30 June 2019 (2018: 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 $213,399 and if the discount rate applied was 10% lower the recoverable amount would increase by $231,785. If the long term growth rate projection applied was 10% lower than the amount forecast, the recoverable amount would decrease by $280,387 and if the long term growth rate projection applied was 10% higher the recoverable amount would increase by $282,297.

Note 13: Trade and Other Payables

	Consolidated ($)	
	2019	**2018 (*)**
Current:		
Trade payables (*)	1,527,278	704,432
Other payables	530,376	701,102
Accrued expenses	853,812	1,072,200
Deferred consideration	352,383	-
	3,263,849	**2,477,734**

(*) Prior year comparative for trade payables has been adjusted. Reallocation from prepayments.

(**) 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 19.

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.

Note 14: Unearned Income

	Consolidated ($)	
	2019	**2018**
Current:		
Unearned Income	2,023,347	2,720,858
Non Current:		
Unearned Income	181,738	-
	2,205,085	**2,720,858**

1. Accounting policy

Unearned income is carried at amortised cost and represents amounts billed to customers in advance of the revenue being recognised in accordance with the revenue recognition policy outlined in note 3. Unearned income is presented as a current liability unless the performance obligations associated with the revenue will be satisfied in greater than 12 months.

Note 15: Provisions

	Consolidated ($)	
	2019	**2018**
Current:		
Annual leave	244,957	231,120
Long service leave	86,469	32,671
	331,426	**263,791**
Non-current:		
Long service leave	64,486	55,017
Make good provision	23,925	-
	88,411	**55,017**

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% (2018: 12.5%).

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

Note 16: Share Capital

	Consolidated ($)	
	2019	2018
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 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**
Share by back and cancellation (a)	-	-
At 30 June 2019	**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. 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 24(ii) for further information.

Note 17: Reserves

	Consolidated ($)	
	2019	2018
Equity Benefits Reserve		
Balance at the start of the year	1,803,880	1,762,054
Shares cancelled under Employee Share Plan	-	4,608
Issued rights under Employee Incentive Scheme	15,307	37,218
Balance at the end of the year	**1,819,187**	**1,803,880**

	Consolidated ($)	
	2019	2018
Foreign Currency Translation Reserve		
Balance at the start of the year	-	-
Currency translation differences arising during the year	(1,070)	-
Balance at the end of the year	**(1,070)**	**-**

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 24(i).

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 18: 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:

- Revenue recognition - Identification of performance obligations – refer to note 3;
- Revenue recognition – Satisfaction of performance obligations – refer to note 3;
- Impairment of intangibles with indefinite useful lives – refer to note 12;
- Useful life of the Riyo Platform - refer to note 12;
- Share-based payment transactions – refer to note 17; and
- Recovery of deferred tax assets – refer to note 5;

Note 19: 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 ($)	
	2019	**2018**
Financial assets		
Cash and cash equivalents	4,765,339	4,487,536
Receivables	2,389,384	2,190,485
Other current assets	231,365	217,665
Other financial assets	10,454	-
Financial liabilities		
Payables	3,263,849	2,477,734

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 2019 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.

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 2019				
Financial assets				
Non interest bearing:				
Trade and other receivables	2,389,384	-	2,389,384	
Other Current Assets	694,276	-	694,276	
	3,083,660	**-**	**3,083,660**	
Floating rate:				
Cash Assets	4,765,339	-	4,765,339	0.15%
Other Current Assets	231,365	-	231,365	2.04%
	4,996,704	**-**	**4,996,704**	
	8,080,364	**-**	**8,080,364**	
Financial liabilities				
Payables	3,263,849	-	3,263,849	
	3,263,849	**-**	**3,263,849**	
Year ended 30 June 2018				
Financial assets				
Non interest bearing:				
Trade and other receivables	2,190,485	-	2,190,485	
Other Current Assets	717,819	-	717,819	
	2,908,304	**-**	**2,908,304**	
Floating rate:				
Cash Assets	4,487,536	-	4,487,536	0.28%
Other Current Assets (*)	217,665	-	217,665	2.13%
	4,705,201	**-**	**4,705,201**	
	7,613,505	**-**	**7,613,505**	
Financial liabilities				
Payables	2,477,734	-	2,477,734	
	2,477,734	**-**	**2,477,734**	

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.

(*) Prior year comparatives have been adjusted to reallocate $482,087 from interest bearing liabilities to non interest bearing liabilities.

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 profit before tax would increase by $24,915 and decrease by $10,188 respectively (2018: increase by $23,525 and decrease by $10,117). This is mainly attributable to the Group's exposure to interest rates on its variable rate cash deposits.

4. Price Risk – Equity and Commodity

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

5. Foreign Currency Risk

Following the acquisition of Spectrum and establishment of a Philippines centre of excellence, the Group is now exposed to foreign currency risk from movements in the Australian dollar relative to the Singapore and US Dollar's and Philippine Peso. Foreign currency risk arises from future transactions and recognizing assets and liabilities denominated in a currency that is not the Group's functional currency.

The Group seeks to limit its exposure to foreign currency risk, by maintaining a bank account denominated in Singapore dollars and is in the process of setting up a Philippines bank account denominated in Philippine Peso so that income received from Asian customers is deposited and held in the overseas currency without the need to transact in multiple currencies.

The Group's exposure to foreign currency risk at the reporting date is as follows (in AUD translated balances):

Year ended 30 June 2019	2019	2018
Cash and cash equivalents	12,605	-
Trade and other receivables	215,095	-
Other Current Assets	120,435	-
Total Current Assets	**348,135**	**-**
Property, plant and equipment	2,783	-
Intangible assets	529,642	-
Total Non Current Assets	**532,425**	**-**
Total Assets	**880,560**	**-**
Trade and other payables	438,846	-
Unearned income	133,657	-
Provisions - current	15,337	-
Total current liabilities	**587,840**	-
Total Liabilities	**587,840**	-
Net Assets	**292,720**	-

For the year ending 30 June 2019, if the average exchange rate for AUD:SGD had been 10% lower or higher and all other variables were held constant, the Group's net profit before tax would decrease by $21,716 and increase by $17,767 respectively (2018: decrease by nil and increase by nil).

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 2019, the ageing analysis of trade receivables is as follows:

	Consolidated	0-30 days	0-30 days	31-60 days	31-60 days	61-90 days	61-90 days	+91 days	+91 days
	Total		CI*		CI*	PDNI*	CI*	PDNI*	CI*
	$	$	$	$	$	$	$	$	$
2019	1,432,258	1,013,134	1,015	207,913	1,015	73,727	1,015	100,009	34,430
2018	1,491,841	1,050,739	-	62,553	-	201,592	-	62,784	114,173

* **PDNI** - *Past due not impaired*
CI - *Considered impaired*

The receivables which are past due but not considered impaired was $173,736 (2018: $264,376).

The provision for doubtful debts as at 30 June 2019 is $71,952 (2018: $114,173). The provision for doubtful debts includes expected credit losses of $13,378 which were recognised on adoption of AASB 9 (2018: nil).

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.

Note 20: 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 ($)	
	2019	**2018**
Within one year	494,226	305,954
After one year but not more than five years	282,300	496,395
	776,526	**802,349**

Operating lease commitments are in respect of the Chatswood office, St Kilda office, an office in Singapore, a serviced office in Singapore as well as telephone and printer leases.

(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 21: Contingencies

1. Contingent Liabilities

The Group does not have any contingent liabilities.

Note 22: Events Occurring After the Reporting Period

No matters or circumstances have arisen since 30 June 2019 that significantly affect, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

Note 23: 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 classification of some prior period comparatives have been adjusted to reflect an internal reporting change in the presentation of financial statement line items which the Company believes will assist users with their understanding of the Annual Report. There was no net overall profit or loss effect from the reclassification.

3. New accounting standards and interpretations not yet adopted

In the year ended 30 June 2019, 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 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:

- Enhanced guidance on identifying whether a contract contains a lease;
- A completely new leases accounting model for lessees that require lessees to recognise all leases on balance sheet except for short-term leases and leases of low value assets; and
- Enhanced financial statement disclosures.

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.

The Group has adopted the new standard from 1 July 2019 under the modified retrospective approach. On adoption of AASB 16, the Group will be recognizing leased liabilities in relation to leases which had previously been classified as operating leases under AASB 117. The adoption of AASB 16 will also result in the recognition of a right of use asset.

AASB 16 will impact the Group's operating leases which are outlined in Note 20. As at 30 June 2019, the Group had non-cancellable operating lease commitments of $776,526 (2018: $802,349). The Group has assessed that the impact of adopting AASB 16 from 1 July 2019 is the recognition of leased liabilities totalling $727,859 and the recognition of right of use assets totaling $727,859.

There are no other standard that are not yet effective and that would be expected to have a material impact on the Group in the current or future periods.

4. Statement of Compliance

The financial report was authorised for issue on 26 August 2019.

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 24: 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.

During the year ended 30 June 2019, 1,500,000 performance rights (valued at $30,933) were cancelled under the plan when the service condition associated with the performance rights were not met.

The share-based payment expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income evenly over the vesting period.

(ii) 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:

	2019		2018	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Outstanding at the beginning of the year	8,928,571	$0.000001	17,857,142	$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**
Exercisable at the end of the year	**-**		**8,928,571**	

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

Note 25: Business Combinations

Acquisition of the Spectrum Partner Group

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

The purchase price is to be paid across a completion payment of S$300,000 (paid on the 13/12/2018) and a deferred payment in August 2019 based on the level of income generated by the Singapore business for the year ending 31 March 2019 plus qualifying opportunities for the following three months to 30 June 2019. Based on the latest available forecasts obtained pre-acquisition as part of the due diligence phase, the Group estimated the deferred payment to be S$300,000 (A$311,333). After closing more qualifying opportunities in the April to June 2019 period, than originally forecast, the deferred payment which is due to be paid by 31 August 2019 was S$334,074 (A$351,805). The $40,472 difference between the estimated deferred payment and actual deferred payment has been released to the Statement of Profit or Loss and Other Comprehensive Income and is included in other expenses.

Acquisition related costs of $17,252 were included in due diligence costs in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019.

The fair values of the identifiable assets acquired as part of the acquisition is as follows:

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

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

Net cash outflow arising on acquisition

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

The acquisition of Spectrum affected the year ended 30 June 2019 consolidated result as follows:

	30 June 2019 $
Revenue	354,558
Less: expenses	(549,999)
Loss before tax	(195,441)

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

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

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

Note 26: Remuneration of Auditors

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

	Consolidated ($)	
	2019	2018
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	72,084	72,576
	72,084	**72,576**

Note 27: 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.

		% Equity Interest	
	Country of Incorporation	2019	2018
Name			
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	100
JCurve Solutions Philippines Inc	Philippines	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, JCurve Mobile Services Pty Ltd and JCS Tech Solutions Asia Pte Ltd are all incorporated in Australia. JCurve Solutions Asia Pte Ltd was incorporated on the 22nd of December 2016 and is domiciled in Singapore. JCurve Solutions Philippines Inc was incorporated on the 23rd of February 2019 and is domiciled in the Philippines.

2. Key Management Personnel Compensation

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

	Consolidated ($)	
	2019	2018
Short-term employee benefits	1,606,333	1,414,304
Post-employment benefits	135,142	112,077
Other long-term benefits	38,054	16,463
Share-based payments	15,308	41,825
Total Compensation	**1,794,837**	**1,584,669**

Note 28: Parent Entity Financial Information

Financial position

	2019 $	2018 $
Assets		
Current assets	3,178,881	2,841,559
Non-current assets	3,065,070	2,625,282
Total assets	**6,243,951**	**5,466,841**
Liabilities		
Current liabilities	1,446,792	1,043,704
Non-current liabilities	37,902	62,423
Total liabilities	**1,484,694**	**1,106,127**
Net Assets	**4,759,257**	**4,360,714**
Equity		
Issued capital	17,588,248	17,588,248
Accumulated losses	(14,648,179)	(15,031,414)
Reserves	1,819,188	1,803,880
Total equity	**4,759,257**	**4,360,714**

Financial Performance	**Year ended 30 June 2019 $**	**Year ended 30 June 2018 $**
Net profit for the year	**383,235**	**661,801**

Directors' Declaration

In the opinion of the directors:

(a) the financial statements and notes set out on pages 19 to 48 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 2019 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 23 (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 26 August 2019

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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 2019, 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 2019 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*
AASB 15 *Contracts with Customers* uses a five step model to recognise revenue. A number of judgements and estimates are made in order to determine the point at which performance obligations are met and revenue can be recognised. The disclosure in connection with the recognition of license and implementation revenue can be found in Note 3. 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.

Acquisition Accounting

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 25 of the financial report, JCurve Solutions Limited acquired the business and assets of the Spectrum Partner Group (an entity incorporated in Singapore). AASB 3 Business Combinations requires a number of judgements to be made in the acquisition accounting The audit of the acquisition is a key audit matter due to the significant judgment and complexity involved in assessing the determination of the fair value of identifiable intangible assets and the final purchase price which included contingent deferred consideration.	Our audit procedures to address the key audit matter included, but were not limited to, the following: • Reviewing the acquisition agreement to understand the key terms and conditions, and confirming our understanding of the transaction with management; • Assessing the estimation of the contingent consideration by challenging the key assumptions; • Comparing the assets recognised on acquisition against the historical financial information of the acquired businesses; • Obtaining the calculation of the fair value of net identifiable intangible assets acquired to critically assess the determination of the fair values; • Reviewing the recoverability of the intangible assets recorded as part of the business combination to ensure they remain recoverable in light of performance following acquisition; and

- Auditing the disclosures associated with the acquisition to ensure they are complete and accurate and reflect the requirements of AASB 3.

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 2019, 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 2019.

In our opinion, the Remuneration Report of JCurve Solutions Limited, for the year ended 30 June 2019, 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, 26 August 2019

Shareholder Information

1. Distribution of shareholder and listed option holder numbers

Category	Ordinary	Units	% of Issued Capital
1 - 1,000	68	6,122	0.00%
1,001 - 5,000	13	37,633	0.01%
5,001 - 10,000	46	398,567	0.12%
10,001 - 100,000	201	9,694,673	2.96%
100,001 - and over	198	317,719,905	96.91%
	530	**327,856,900**	**100.00%**

There are 161 shareholders that hold less than a marketable parcel as at 16 August 2019.

2. Substantial shareholders

The names of the substantial shareholders listed in the Group's register as at 30 June 2019 and 16 August 2019 are outlined below, based on the shareholders last lodged Substantial Shareholder notice:

	30 June 2019		16 August 2019	
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	27,267,804	8.30%	31,075,654	9.48%

3. 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.

4. Company secretary

The name of the company secretary is David Franks.

5. Registered office

The address of the principal registered office in Australia is:

Level 8, 9 Help Street
Chatswood NSW 2067

6. Register of securities

The registers of securities are held at the following address:

Automic Registry Services
Level 5/126 Phillip St, Sydney NSW 2000
1300 288 664 or +61 2 9698 5414

7. Top 20 Registered Holders – Ordinary Shares as of 16 August 2019

	Name	Number of Ordinary Shares	% of Ordinary Shares Held
1	GRAMELL INVESTMENTS PTY LIMITED <SUPERANNUATION FUND A/C>	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>	24,849,499	7.58%
4	MR GREGORY PETER WILSON	9,000,000	2.75%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,777,180	2.07%
6	JACANA GLEN PTY LTD <LARKING SUPER FUND NO 2 A/C>	6,500,000	1.98%
7	POTENTATE INVESTMENTS PTY LTD <NORSTER FAMILY A/C>	6,330,943	1.93%
8	SHANMAC PTY LTD <SHANMAC A/C>	6,000,000	1.83%
8	ROUND ETERNAL INVESTMENTS PTY LTD <VISION SPLENDID A/C>	6,000,000	1.83%
9	P EWART INVESTMENTS PTY LTD	5,856,470	1.79%
10	VERSAILLES HOLDINGS PTY LTD <THE ALMONTE FAMILY A/C>	5,800,000	1.77%
11	MR DAVID JAMES FRANKS & MR WALTER GEORGE FRANKS <DELPHINI SUPER FUND A/C>	4,206,174	1.28%
12	MR CHARLES BYRON SMITH	3,785,600	1.15%
13	BUFF HOLDINGS PTY LTD <BRUCE & EVE HATCHMAN SF A/C>	3,500,000	1.07%
14	MR STEPHEN CANNING	3,233,418	0.99%
15	MR PETER GRAHAM DORAN & MRS BARBARA LINDA DORAN <DORAN & SONS FAMILY A/C>	2,271,973	0.69%
16	MR TRENT ROSS WATSON & MS GAY MCCARTHY & MS ZANA BRODZELI <CPOINT P&A MNGMNT S/F A/C>	2,121,742	0.65%
17	MR ANDREW JOHN PETTINELLA <PETTINELLA SUPER FUND A/C>	2,100,000	0.64%
17	INVIA CUSTODIAN PTY LIMITED <GARNET INVESTMENT A/C>	2,000,000	0.61%
17	MR SIMON JAMES OGILVIE	2,000,000	0.61%
18	ATTENBOROUGH SUPERANNUATION MANAGERS PTY LTD <ATTENBOROUGH S/F A/C>	2,000,000	0.61%
19	MS KATRINA MAREE FIORE	1,975,534	0.60%
20	GLEN ALPINE PTY LTD <HILEY S/F A/C>	1,970,710	0.60%
	TOTAL HELD BY TOP 20 HOLDERS	**239,303,022**	**72.99%**
	TOTAL HELD BY REMAINING SHAREHOLDERS	**88,553,878**	**27.01%**

8. Stock exchange listing– ordinary shares (as of 30 June 2019)

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

9. Restricted securities

As at 30 June 2019 and 16 August 2019 there are no restricted security classes recorded in the Company's share register.

10. Unquoted securities

The unquoted securities of the Company as at 16 August 2019 are:

10,000,000 Performance Rights are outlined below:

Number of Performance Rights	Exercise Price	Expiry Date	Number of Holders
10,000,000	$Nil	31 August 2019	5

11. 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 19 November 2019.

JCurve Solutions Limited
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