

Appendix 4D

Half yearly report

Introduced 30/6/2002.

Name of entity

iSentric Limited

ABN or equivalent company
reference

11 091 192 871

Half yearly
(tick)



Preliminary
final (tick)



Half year/financial year ended ('current period')

31 December 2017

Results for announcement to the market

| | | Half-year ended 31 Dec 2017 \$ | Half-year ended 31 Dec 2016 \$ | Change % |
|-----|--|---|---|-------------|
| 1. | Reporting period | | | |
| 2.1 | Revenues from ordinary activities | 5,111,503 | 4,603,563 | 11.03% |
| 2.2 | Profit/(loss) after tax from ordinary activities attributable to members | 434,467 | (112,796) | 485.18% |
| 2.3 | Net profit/(loss) attributable to members | 434,467 | (112,796) | 485.18% |
| 2.4 | Dividends paid and proposed | Amount per ordinary share 2017 | Amount per ordinary share 2016 | |
| | Interim distribution | - | - | |
| | Final distribution | - | - | |
| 2.5 | Record date for determining entitlement to the final distribution | N/A | N/A | |
| | Date the final distribution is payable | N/A | N/A | |
| 2.6 | Commentary on Results and Explanatory Information. Refer to the Review of Operations in the Directors Report on page 2. | | | |
| 3. | Net tangible assets per share (cents) | 1.84 | 1.89 | |
| 4. | Details of entities over which control has been gained or lost during the period | N/A | N/A | |
| 5. | Details of individual and total dividends or distributions and dividend or distribution payments | N/A | N/A | |
| 6. | Dividend reinvestment plan | N/A | N/A | |

+ See chapter 19 for defined terms.

| | | | |
|----|--|-----|-----|
| 7. | Details of associates and joint venture entities | N/A | N/A |
| 8. | Foreign entities accounting framework | N/A | N/A |
| 9. | Audit dispute or qualification. This report is based on accounts which have been reviewed and the review report is attached to the half year report attached to this Appendix 4D. | | |

This is a half yearly report, it is to be read in conjunction with the most recent annual financial report.

iSENTRIC LIMITED

ABN 11 091 192 871

AND CONTROLLED ENTITIES

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

iSENTRIC LIMITED
ABN 11 091 192 871
AND CONTROLLED ENTITIES

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iSENTRIC LIMITED
ABN 11 091 192 871
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Directors

The names of directors who held office during or since the end of the half-year:

| | |
|-------------------|-----------------------------------|
| Lim Keong Yew | Non Executive Director (Chairman) |
| Terry Cuthbertson | Non Executive Director |
| Kwong Yang Chong | Non Executive Director |
| Raymond Hor | Executive Director |
| Lee Chin Wee | Executive Director |
| Tim Monger | Non Executive Director |

Review of Operations

The consolidated entity profit for the six months ended 31 December 2017 was \$434,467 compared to a loss of \$112,796 for the six months ended 31 December 2016.

The Group continues to focus on software based mobility platforms and services that enable its customers to extend their information technology applications to any mobile device and integrate mobile technology throughout their existing business.

Significant Changes in the State of Affairs

Other than as disclosed in this report, there were no significant changes in the state of affairs of the consolidated group for the half-year ended 31 December 2017.

Events Subsequent to Reporting Date

There are no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

iSENTRIC LIMITED

ABN 11 091 192 871

AND CONTROLLED ENTITIES

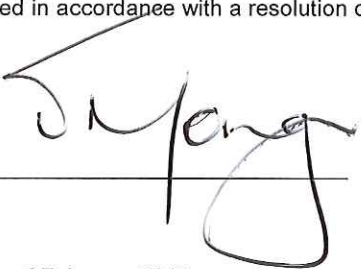
DIRECTORS' REPORT

Auditor's Independence Declaration

The lead auditor's independence declaration under s307C of the Corporations Act 2001 in relation to the review of the interim financial report for the half-year ended 31 December 2017 is shown on page 18 and forms part of this report.

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

Director

A handwritten signature in black ink, appearing to read 'J. Peng', is written over a horizontal line.

Dated this 23rd day of February 2018

iSENTRIC LIMITED
ABN 11 091 192 871
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

| | | Consolidated Group | |
|--|-------------|---------------------------|-----------------|
| | Note | 31.12.17 | 31.12.16 |
| | | \$ | \$ |
| Revenue | | 5,067,237 | 4,389,159 |
| Other income | | 44,266 | 214,404 |
| | | <hr/> | <hr/> |
| | | 5,111,503 | 4,603,563 |
| Sales direct costs | | (2,038,829) | (2,610,338) |
| Amortisation and depreciation | | (398,318) | (261,530) |
| Compliance and professional fees | | (431,480) | (231,592) |
| Administration expenses | | (224,903) | (217,603) |
| Employee benefits expense | | (913,148) | (890,372) |
| Marketing expenses | | (56,897) | (152,003) |
| Travel expenses | | (99,060) | (92,578) |
| Insurance expenses | | (10,493) | (5,559) |
| Finance costs | | - | - |
| Other expenses | | (140,080) | (7,600) |
| | | <hr/> | <hr/> |
| Profit before income tax | | 798,295 | 134,388 |
| Income tax credit/(expense) | | (363,828) | (247,184) |
| | | <hr/> | <hr/> |
| Net Profit/(Loss) for the period | | 434,467 | (112,796) |
| | | <hr/> | <hr/> |
| Other comprehensive income | | | |
| Items that will be reclassified subsequently to profit or loss when specific conditions are met: | | | |
| Exchange differences on translating foreign operations, net of tax | | 187,546 | (432,468) |
| | | <hr/> | <hr/> |
| Total comprehensive income/(loss) for the period | | 622,013 | (545,264) |
| attributable to members of the parent entity | | <hr/> | <hr/> |
| | | | |
| Earnings per share: | | | |
| Basic (cents per share) | 5 | 0.25 | (0.08) |
| Diluted (cents per share) | 5 | 0.21 | (0.08) |

The financial statements should be read in conjunction with the accompanying notes.

iSENTRIC LIMITED
ABN 11 091 192 871
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

| | | Consolidated Group | |
|---|------|--------------------|----------------|
| | Note | 31.12.17 \$ | 30.06.17 \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 1,411,173 | 1,726,678 |
| Trade and other receivables | | 3,194,232 | 2,367,033 |
| TOTAL CURRENT ASSETS | | 4,605,405 | 4,093,711 |
| NON-CURRENT ASSETS | | | |
| Property and equipment | | 825,228 | 848,714 |
| Intangible assets | | 6,817,820 | 4,486,911 |
| Deferred tax asset | | 165,000 | 309,146 |
| TOTAL NON-CURRENT ASSETS | | 7,808,048 | 5,644,771 |
| TOTAL ASSETS | | 12,413,453 | 9,738,482 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,963,037 | 1,415,187 |
| TOTAL CURRENT LIABILITIES | | 1,963,037 | 1,415,187 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liability | | 511,100 | - |
| TOTAL NON-CURRENT LIABILITIES | | 511,100 | - |
| TOTAL LIABILITIES | | 2,474,137 | 1,415,187 |
| NET ASSETS | | 9,939,316 | 8,323,295 |
| EQUITY | | | |
| Issued capital | 4 | 20,966,750 | 19,972,742 |
| Foreign currency translation reserve/(losses) | | (207,753) | (395,299) |
| Retained earnings/(losses) | | (10,819,681) | (11,254,148) |
| TOTAL EQUITY | | 9,939,316 | 8,323,295 |

The financial statements should be read in conjunction with the accompanying notes.

iSENTRIC LIMITED

ABN 11 091 192 871

AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

| | Issued Capital | Foreign Currency Translation Reserve/(Losses) | Retained Earnings | Total |
|------------------------------------|-----------------------|--|------------------------------|--------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2016 | 18,001,394 | 125,834 | 2,274,228 | 20,401,456 |
| Foreign currency translation | - | (432,468) | - | (432,468) |
| Loss for the period | - | - | (112,796) | (112,796) |
| Balance at 31 December 2016 | 18,001,394 | (306,634) | 2,161,432 | 19,856,192 |
| Balance at 1 July 2017 | 19,972,742 | (395,299) | (11,254,148) | 8,323,295 |
| Shares issued | 1,000,000 | - | - | 1,000,000 |
| Cost related to shares issued | (5,992) | - | - | (5,992) |
| Foreign currency translation | - | 187,546 | - | 187,546 |
| Profit for the period | - | - | 434,467 | 434,467 |
| Balance at 31 December 2017 | 20,966,750 | (207,753) | (10,819,681) | 9,939,316 |

The financial statements should be read in conjunction with the accompanying notes.

iSENTRIC LIMITED
ABN 11 091 192 871
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

| | Consolidated Group | |
|---|---------------------------|-----------------|
| | 31.12.17 | 31.12.16 |
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 4,202,061 | 4,962,840 |
| Payments to suppliers and employees | (3,539,467) | (4,279,096) |
| Interest received | 13,408 | 2,323 |
| Finance costs paid | (18,173) | - |
| Income tax refund/(paid) | 73,404 | 39,663 |
| | <hr/> | <hr/> |
| Net cash provided by/(used in) operating activities | 731,233 | 725,730 |
| | <hr/> | <hr/> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (45,581) | (503,474) |
| Purchases of intangible assets | (119,481) | (194,460) |
| Payment for subsidiary, net of cash acquired | (939,835) | - |
| | <hr/> | <hr/> |
| Net cash provided by/(used in) investing activities | (1,104,897) | (697,934) |
| | <hr/> | <hr/> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowing | - | 674,010 |
| Repayment of borrowings | - | (674,010) |
| Capital raising costs | (816) | - |
| | <hr/> | <hr/> |
| Net cash provided by/(used in) financing activities | (816) | - |
| | <hr/> | <hr/> |
| Net increase/ (decrease) in cash held | (374,480) | 27,796 |
| Cash at start of period | 1,726,678 | 691,051 |
| Effect of exchange rate changes | 58,975 | (54,158) |
| | <hr/> | <hr/> |
| Cash at end of period | 1,411,173 | 664,689 |
| | <hr/> | <hr/> |

The financial statements should be read in conjunction with the accompanying notes.

iSENTRIC LIMITED

ABN 11 091 192 871

AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

iSentric Limited is the legal parent of iSentric Sdn. Bhd. The consolidated financial statements are issued under the name of iSentric Limited but are deemed to be a continuation of the legal subsidiary iSentric Sdn. Bhd.

This interim financial report is intended to provide users with an update on the latest annual financial statements of iSentric Limited and its controlled entities (referred to as the "consolidated group" or the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the following half-year.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. Except in relation to the matters discussed below.

(c) Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2017 annual report.

(d) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The Company has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Company's presentation of, or disclosure in, its interim financial statements.

New Accounting Standards and Interpretations issued but not yet applied by the Group

There are no other Standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

iSENTRIC LIMITED
ABN 11 091 192 871
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments

Investments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at cost.

Investments are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(f) Going Concern

The Directors believe that the Group will be able to continue as a going concern and, as a consequence, the financial report has been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities will occur in the normal course of business.

The Directors believe that the going concern basis of accounting is appropriate due to the expected cash flows to be generated by the Group over the next twelve months and that the company will be able to pay its debts as and when they fall due.

(g) General information and basis for preparation

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2017 and are presented in Australian Dollars (\$), which is the functional currency of the parent entity.

Statement of Financial Position

- The 30 June 2017 Statement of Financial Position represents iSentric Limited and its controlled entities as at 30 June 2017.
- The 31 December 2017 Statement of Financial Position represents iSentric Limited and its controlled entities as at 31 December 2017

Statement of Profit or Loss and Other Comprehensive Income

- The 31 December 2017 Statement of Profit or Loss and Other Comprehensive Income comprises six months of iSentric Limited and its controlled entities for the period from 1 July 2017 to 31 December 2017.
- The 31 December 2016 Statement of Profit or Loss and Other Comprehensive Income comprises six months of iSentric Limited and its controlled entities for the period from 1 July 2016 to 31 December 2016.

iSENTRIC LIMITED

ABN 11 091 192 871

AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) General information and basis for preparation (Continued)

Statement of Changes in Equity

- The 31 December 2017 Statement of Changes in Equity comprises iSentric Limited and its controlled entities changes in equity for the six months period from 1 July 2017 to 31 December 2017.
- The 31 December 2016 Statement of Changes in Equity comprises iSentric Limited and its controlled entities changes in equity for the six months period from 1 July 2016 to 31 December 2016.

Statement of Cash Flows

- The 31 December 2017 Statement of Cash Flows comprises six months of iSentric Limited and its controlled entities cash transactions for the period from 1 July 2017 to 31 December 2017.
- The 31 December 2016 Statement of Cash Flows comprises six months of iSentric Limited and its controlled entities cash transactions for the period from 1 July 2016 to 31 December 2016.

The interim financial statements have been approved and authorised for issue by the Board of Directors on the 23rd of February 2018.

(h) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

iSENTRIC LIMITED
ABN 11 091 192 871
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Revenue and Other Income

Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred are recoverable.

Revenue from Support Maintenance Services

Revenue from support maintenance services is recognised on the provision of software licensing maintenance and product enhancement services.

Licensing Software

Revenue is recognised when the right to use the software is granted to the buyers.

Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(j) Development Expenses

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate the following:

- (a) Its ability to measure reliably the expenditure attributable to the asset under development;
- (b) The product or process is technically and commercially feasible;
- (c) Its future economic benefits are probable;
- (d) Its intention to complete and the ability to use or sell the developed asset; and
- (e) The availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses. Development expenditure initially recognised as an expense is not recognised as an asset in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 3 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

iSENTRIC LIMITED
ABN 11 091 192 871
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

| | Consolidated Group | |
|--|---------------------------|-------------------|
| | 31.12.2017 | 31.12.2016 |
| | \$ | \$ |
| NOTE 2: CAPITAL COMMITMENT | | |
| Contracted but not provided for - Purchase of building and equipment | - | 102,905 |

NOTE 3: DIVIDENDS

No dividends were declared or paid in the period

| | Consolidated Group | |
|------------------------------|---------------------------|-------------------|
| | 31.12.2017 | 30.06.2017 |
| | \$ | \$ |
| NOTE 4: SHARE CAPITAL | | |

Issued shares:

| | | |
|---|------------|------------|
| 183,655,041 (30.06.2017: 169,629,795) ordinary shares | 20,966,750 | 19,972,742 |
|---|------------|------------|

Shares issued during the period:

| | | |
|--------------------------------|-------------------|-------------------|
| Opening balance | 19,972,742 | 18,001,394 |
| Add: Shares issued | 1,000,000 | 2,035,565 |
| Costs related to shares issued | (5,992) | (64,217) |
| | <u>20,966,750</u> | <u>19,972,742</u> |

Options

3,000,000 options which issued pursuant to the conversion of convertible notes on 23 September 2014 was lapsed on 23 September 2017. 33,926,092 options were issued on 31 January 2017 with the rights issue, each option is exercisable at \$0.09 and expiring on 31 January 2018. The balance of options at 31 December 2017 is 33,926,092.

| NOTE 5: EARNINGS PER SHARE | Half-year ended | |
|---|------------------------|-------------------|
| | 31.12.2017 | 31.12.2016 |
| Basic (cents per share) | 0.25 | (0.08) |
| Diluted (cents per share) | 0.21 | (0.08) |
| Weighted average number of shares used in the calculation of basic earnings per share | 172,068,968 | 135,703,703 |
| Weighted average number of shares used in the calculation of diluted earnings per share | 207,364,625 | 138,703,703 |

iSENTRIC LIMITED

ABN 11 091 192 871

AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

NOTE 6: CONTINGENT LIABILITIES

There are no contingent assets or contingent liabilities as at 31 December 2017.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

There are no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 8: FAIR VALUE MEASUREMENT

The Group has a number of financial instruments which are not measured at fair value in the balance sheet. These had the following fair values as at 31 December 2017.

| | Carrying Amount | Fair Value |
|-----------------------------|------------------------|-------------------|
| | \$ | \$ |
| Current receivables | | |
| Trade and other receivables | 3,194,232 | 3,194,232 |
| | <u>3,194,232</u> | <u>3,194,232</u> |
| Current liabilities | | |
| Trade and other payables | 1,963,037 | 1,963,037 |
| | <u>1,963,037</u> | <u>1,963,037</u> |

Due to their short-term nature, the carrying amounts of current receivables, current payables and financial liabilities are assumed to approximate their fair value.

iSENTRIC LIMITED

ABN 11 091 192 871

AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

NOTE 9: SEGMENT REPORTING

The Group identified its operating segments based on internal reports that were reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining allocation of resources.

| | Malaysia \$ | Singapore \$ | Australia \$ | Indonesia \$ | Myanmar \$ | Consolidation Adjustment \$ | Consolidated Group \$ |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|---------------|-----------------------------------|-----------------------------|
| 31.12.17 | | | | | | | |
| REVENUE | | | | | | | |
| External sales | 2,496,116 | 1,901,640 | - | 633,517 | 113,539 | (77,575) | 5,067,237 |
| Interest revenue | 11,411 | 50 | 1,205 | 92 | 430 | - | 13,188 |
| Other income | 10,853 | 154 | - | 18,284 | - | 1,787 | 31,078 |
| Total revenue | 2,518,380 | 1,901,844 | 1,205 | 651,893 | 113,969 | (75,788) | 5,111,503 |
| Expenses | (2,736,936) | (575,387) | (398,046) | (483,816) | (97,848) | (21,175) | (4,313,208) |
| Profit before income tax expense | (218,556) | 1,326,457 | (396,841) | 168,077 | 16,121 | (96,963) | 798,295 |
| Income tax credit/(expense) | | | | | | | (363,828) |
| Profit after income tax expense | | | | | | | <u>434,467</u> |
| 31.12.17 | | | | | | | |
| ASSETS | | | | | | | |
| Total assets | 3,943,425 | 6,662,211 | 18,065,298 | 1,106,347 | 173,174 | (17,537,002) | 12,413,453 |
| LIABILITIES | | | | | | | |
| Total liabilities | 1,700,682 | 301,479 | 2,833,075 | 1,255,010 | 63,075 | (3,679,184) | 2,474,137 |

ISENTRIC LIMITED

ABN 11 091 192 871

AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

NOTE 9: SEGMENT REPORTING (CONTINUED)

| | Malaysia \$ | Singapore \$ | Australia \$ | Indonesia \$ | Consolidation Adjustment \$ | Consolidated Group \$ |
|---|----------------|-----------------|-----------------|-----------------|-----------------------------------|-----------------------------|
| 31.12.16 | | | | | | |
| REVENUE | | | | | | |
| External sales | 3,416,560 | 912,023 | - | 190,132 | (129,556) | 4,389,159 |
| Interest revenue | 2,309 | 50 | - | 40 | - | 2,399 |
| Gain/(loss) on foreign exchange translation | 9,150 | 20,438 | 178,434 | (1,374) | 5,357 | 212,005 |
| Total revenue | 3,428,019 | 932,511 | 178,434 | 188,798 | (124,199) | 4,603,563 |
| Expenses | (3,441,949) | (498,248) | (204,998) | (462,757) | 138,777 | (4,469,175) |
| Profit before income tax expense | (13,930) | 434,263 | (26,564) | (273,959) | 14,578 | 134,388 |
| Income tax credit/(expense) | | | | | | (247,184) |
| Loss after income tax expense | | | | | | (112,796) |
| 31.12.16 | | | | | | |
| ASSETS | | | | | | |
| Total assets | 4,242,792 | 5,545,814 | 29,038,062 | 765,211 | (17,362,812) | 22,229,067 |
| LIABILITIES | | | | | | |
| Total liabilities | 1,360,661 | 307,547 | 3,355,020 | 698,402 | (3,348,755) | 2,372,875 |

iSENTRIC LIMITED
ABN 11 091 192 871
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

NOTE 10: BUSINESS COMBINATIONS

On 30 September 2017, the Group acquired 100% of the issued capital of My Play Company Limited ("MyPlay"), the top mobile game developer and publisher in Myanmar. The initial tranche of the purchase consideration was \$2,000,000, being \$1,000,000 in cash and \$1,000,000 in iSentric shares issued at a price of 7.13 cents.

The tranche 2 and 3 contingent consideration for MyPlay is \$2,000,000 each which includes equal components of cash and shares in iSentric, payable over two years being dependant on the future performance. Tranche 2 and 3 will be adjusted on a pro-rated basis should MyPlay not achieve the EBITDA targets. All shares issued in tranche 2 and tranche 3 will be subject to a 12 months escrow from the date of issue.

The acquisition of MyPlay provides iSentric with access to Myanmar, which is a large and rapidly growing market for mobile games and payments; and will allow iSentric to utilise MyPlay's technology to expand into social gaming markets in Asia. Initiatives have been put in place to market MyPlay's gaming products in Malaysia and Thailand.

Through acquiring 100% of the issued capital of MyPlay, the Group has obtained control of the Company.

| | Fair Value \$'000 |
|--|----------------------|
| Purchase consideration | |
| - cash | 1,000 |
| - equity issued | 1,000 |
| | <hr/> 2,000 |
| Net cash acquired | (92) |
| Working capital adjustment | 32 |
| | <hr/> 1,940 |
| Less: | |
| Equipment | 17 |
| Working capital | (15) |
| Intangible assets | |
| - Software | 1,854 |
| - Customer Relationships | 298 |
| Deferred tax on identified intangible assets | (538) |
| | <hr/> 324 |
| Goodwill | |
| | <hr/> |
| Net cash outflow on acquisition | 940 |

Profit and revenue resulting from the acquisition of MyPlay amounting to \$16,121 and \$113,539 respectively are included in the consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2017.

Included within compliance and professional fees in the statement of profit or loss and other comprehensive income are acquisition-related costs totalling \$101,628. The costs include audit, advisory and legal fees.

iSENTRIC LIMITED

ABN 11 091 192 871

AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of iSentric Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 16 are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director

A handwritten signature in black ink, appearing to be 'J. Peng', is written over a horizontal line.

Dated this 23rd day of February 2018



ISENTRIC LIMITED AND CONTROLLED ENTITIES
ABN 11 091 192 871

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE
CORPORATIONS ACT 2001
TO THE DIRECTORS OF ISENTRIC LIMITED AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

MNSA Pty Ltd

MNSA Pty Ltd

Mark Schiliro
Director

Sydney
Dated this 23rd day of February 2018



ISENTRIC LIMITED AND CONTROLLED ENTITIES
ABN 11 091 192 871

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
ISENTRIC LIMITED AND CONTROLLED ENTITIES**

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of iSentric Limited, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of iSentric Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the iSentric Limited's financial position as at 31 December 2017 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of iSentric Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we consider the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Matters Relating to Electronic Publication of the Audited Financial Report

This review report relates to the financial report of iSentric Limited for the half-year ended 31 December 2017 included on the website of iSentric Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of iSentric Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of iSentric Limited's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

MNSA Pty Ltd

MNSA Pty Ltd



Mark Schiliro
Director

Sydney
Dated this 23rd day of February 2018