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ASX ANNOUNCEMENT

iSENTRIC RESULTS FOR THE YEAR ENDED 30 JUNE 2018

30 August, 2018:

iSentric Limited (ASX:ICU) is pleased to announce its results for the year ended 30 June 2018 (FY18), a year that saw the business regaining momentum and the Company exploring new business opportunities in the digital gaming space.

FY18 financial commentary:

- Group revenue up 20% to $9.4 million
- Underlying EBITDA up 107% to $1.2 million
  - FY18 excludes transaction costs in relation to the acquisition of My Play Company Limited and one-off business development costs for new Burmese ventures
  - FY17 excludes fund raising costs and goodwill impairment

The result for the year was a loss due to depreciation, amortisation and non-recurring items. Despite the statutory loss operating cash flow increased by 72% to $0.55 million.

Key Financial Information (AUD)	**June 18**	**June 17**	**% Change**
Operating Revenue	9,363,995	7,829,383	↑ 20%
– Sales Direct Cost	(4,070,982)	(4,228,739)	↓ 37%
– Operating Expenses	(4,061,333)	(2,944,913)	↑ 38%
= EBITDA before non-recurring items	**1,231,680**	**595,731**	**↑ 107%**
– Non-Recurring items	(459,849)	(28,350)	↑ 1522%
– Goodwill impairment	-	(13,000,000)	NA
– Depreciation & Amortisation	(928,924)	(525,304)	↑ 77%
– Finance Costs	-	-	NA
– Income tax gain / (expense)	(501,375)	(570,453)	↓ 12%
= Net (Loss) After Tax (reported)	**(658,468)**	**(13,528,376)**	**↓ 95%**

Commenting on the results, iSentric Limited CEO Sean Tham said:

"We are pleased to present the results of FY18, whereby our Digital Media & Services business got back on track after the downturn of market conditions in FY2017 as a result of growing our services along with XL AXIATA (3rd largest Telco in Indonesia). In addition, we have successfully acquired My Play Company Limited, the largest mobile game developer in Myanmar which has enabled us to create in house content in the digital gaming industry."

Digital Media distribution channels

The Digital Media & Services division as the main profit contributor to the Group, managed to put a lacklustre FY17 behind by performing above expectation in FY18. As a result of the technical glitches with our Indosat platform, we have turned our attention towards growing our business in Indonesia's 3rd largest telecommunications carrier, XL Axiata. In FY18, our co-branded services such as, MINI GAME and MEME made positive strides among XL AXIATA's subscribers and made positive contribution to our top line.

We have also secured two new projects with XL Axiata, GameBuffet and GameArtis. GameBuffet is a HTML5 game service which is compatible with all mobile phones with internet connection and colour browser, which caters for over 80% of Indonesian mobile phone subscribers. Having just launched this service with XL Axiata exclusively where XL Axiata's subscribers would have chance to play and win prizes, XL Axiata has committed to marketing and promotion support. With the early success of GameBuffet, XL Axiata has agreed to also launch GameArtis with us, which is a similar service with games featuring Indonesian top celebrities. XL Axiata's users would be given opportunities to win holiday trips with the celebrities. This is giving us unique selling propositions and enabling us to convince huge marketing support from XL Axiata.

Moving forward, we are aiming to secure an exclusive co-brand service with Axis, a wholly owned subsidiary of XL Axiata. This will provide the Company with a new revenue stream with a new business partner. In addition, the Company intend to grow its Mobile Value Added Service revenue in Myanmar by leveraging its product's and marketing knowledge in the Indonesian market.

Enterprise Mobility

The Enterprise Mobility division's main source of revenue was from annual support and maintenance from Sarawak, Energy Berhad, Public Bank, Kuwait Finance House and Touch & Go .No new projects were secured in FY18 and the business was impacted by a lacklustre market condition as our customers tightened their IT expenditure and competitors' aggressive pricing, which caused the business to suffer depressed margins in our services such as bulk SMS.

As a result, for the FY19, the Company will focus on enhancing its project margins by securing new enterprise mobility projects and reducing costs.

Digital Gaming

The acquisition of My Play Company Limited has enabled the Company to create in house content in the digital gaming industry. Currently, our team is in the midst of developing new mobile games to expand our portfolio of games which is currently being championed by "Shan Koe Mee World".

In addition to further establishing My Play's market position in Myanmar, the Company plans to develop new games and publish third party games in the Indonesian, Malaysian and Thailand markets leveraging on iSentric's relationships with telecommunication companies, with the aim of creating a strong social gaming brand in the region.

Outlook

During FY18, the Company managed to mitigate the impact of our Indosat platform by substantially growing our business with XL AXIATA and successfully completed the acquisition of My Play Company Limited. The acquisition of My Play has provided the Company with the opportunity to grow its business in a frontier market with tremendous growth potential. As a result of the acquisition and growth potential of the digital gaming industry, the Company is focusing on growing its digital gaming business in the ASEAN region.

Commenting on the outlook Mr Tham said:

“Subsequent to the financial setback in FY17, we have continued to evolve and expand our offering to meet the demands of the Indonesian market. Therefore, the turnaround experienced in FY18 is a testament to our perseverance of product innovation. However, we do not intend to rest on our laurels. The stability of performance by our Digital Media division will provide us to foundation to grow our digital gaming services in the region. This would be our main focus of FY19 as we work toward creating more value for all our stakeholders.”

For further information:
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