



**iSENTRIC LIMITED (ICU:ASX)**

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## **ISENTRIC ANNOUNCEMENT TO ACCOMPANY 4C**

### **Highlights:**

- Revenue for the March 2016 quarter increased 9% over the previous corresponding period to \$2.41 million
- Management is finalising new and expanded product offerings which will be released in the next quarter
- Successfully acquired 1.87million new paying users during the quarter in the Digital and Media Services which is ahead of the 1.5 million per quarter forecast

The operating cash flow of the group for the March 2016 quarter was \$542,762. The improvement in operating cash flow as compared to the previous quarter was mainly due to the receipt of payments from telecommunication companies in Malaysia and Indonesia.

Group revenue for this quarter was up 9% to \$2.41 million (compared to the March 2015 quarter). The growth is mainly driven by the performance of our Indonesian business, Arte Mobile which has performed above expectations in the year to date. A measure of the performance for Arte Mobile, is the acquisition of 1.87 million new paying users in Indonesia which is ahead of the 500,000 per month (or 1.5 million per quarter) forecast. We have also launched USSD Mini Game with XL Axiata, the third largest telecommunications provider in Indonesia. USSD Mini Game is a text based casual game which is compatible with all handsets. USSD Mini Game has been developed internally by our R&D team which provides us with a high gross margin. As a result, the Digital Media and Services division continues to be the main revenue contributor to the group by contributing 44% of group revenue and 77% of the group's gross contribution.

The revenue and gross contribution per division for the March 2016 quarter are outlined below.

	Revenue	Gross contribution
Enterprise Mobility	\$0.57 million (24%)	\$0.18 million (13%)
Digital Payments	\$0.78 million (32%)	\$0.13 million (10%)
Digital Media and Services	\$1.06 million (44%)	\$1.05 million (77%)

### Trading update

Whilst growth remain strong in Indonesia, the Malaysian Digital Media operation has been impacted by a suspension of digital services by one of our telecommunications partner Celcom. This suspension of digital services by Celcom is across all Malaysian service providers, not just iSentric's and as such does not reflect specifically on iSentric's digital content.

Celcom, one of the oldest and largest mobile telecommunications providers in Malaysia made the decision to shutdown the Content Management Platform 1.0 (CMP) which facilitates iSentric's mobile content distribution, stating that it was inadequate to cater to today's multi-channel and multi-variate content distribution industry. The CMP was commissioned almost a decade ago. Celcom's actions were brought on by a culmination of mobile content consumer complaints over the past 3 years and the regulatory body, Mobile Communication and Multimedia Commission, implying the need for the shutdown of the content distribution business.

Celcom are now working with iSentric's Malaysian Operator (Datamorph) to:

- Migrate all of Datamorph's content to a new platform introduced by Celcom i.e. GAMESTORE, BIG WIN, ESCAPE and EMOMI365
- Ensure that Datamorph's platforms continue to be integrated with Celcom's new platforms; and
- Allow the present subscribers who have paid for the services to continue to enjoy the services until their subscription cycle end.

Whilst we are actively working with Celcom to migrate subscribers to the new platform, this process will take time and therefore impact on revenue and profitability for the Malaysian digital business in the current year. As a result of the Celcom action, management wishes to revise the FY2016 EBITDA guidance range to \$2.0 million to \$2.1 million (from the previous range of \$2.8m to \$3.1m) for the year to June 2016.

Management of Datamorph are working towards growing revenue through engagement with other telecommunication operators; both in Malaysia as well as in other geographical markets in order to minimise the financial impact to FY2016.

Operations in iSentric's other business locations are unaffected by this change to Malaysian operations.

Commenting on the update iSentric CEO Sean Tham said:

"Whilst facing headwinds in Malaysia, management are pleased with the performance of the Arte Mobile business in Indonesia which continues to exceed our expectations. We are focusing on leveraging on synergies among our operations to maintain the growth in Indonesia, and the recently established operation in Thailand and rebuilding the digital business in Malaysia. We are also continuing to explore opportunities to meet our regional expansion plans."