

30 January 2017

ISENTRIC ANNOUNCEMENT TO ACCOMPANY 4C

Highlights:

- Cash receipts for the December 2016 quarter increased 58% over the previous quarter to \$3.04 million
- The Company reported four consecutive quarters of positive cash flow over the last year

During the December quarter, the Group registered cash receipts of \$3.04 million, representing a 58% increase over the September quarter 2016. The Arte mobile business continues to provide the greatest contribution to the Group, while the operations in Malaysia and Thailand made positive contributions to cash receipts during the quarter. Overall, operating cash flow for the December quarter was \$348,353 which resulted in an increase in cash. iSentric announces its 1H FY2017 next month at which time a detailed overview will be provided.

Arte Mobile continues to outperform with the acquisition of 3.46 million paying subscribers in Indonesia this quarter, well ahead of the 1.5 million per quarter forecast. Leveraging the popularity of celebrity content in Indonesia, iSentric launched a new service, MEME, which provides subscribers with celebrity images and interesting comments. Marketed by XL Axiata, the 3rd largest Telco in Indonesia with help from the celebrities' social media network, MEME has acquired 600,000 new subscribers to date and enhanced the gross margin of the division. Thus, the high margin Digital Media and Services division continues to be the main gross contributor to the group, contributing 52% of the group's gross profit.

During the quarter, revenue generated by the Enterprise Mobility division increased to 67% of the Group's total. Gross contribution also increased to 39% from 28% in the prior quarter. The division's improved performance is a result of increased sales of mobile wallet product licensing, generated from financial and enterprise sector clients.

Revenue in the Digital Payment division fell from the previous quarter as content providers decreased their advertising and promotion spend.

December quarter revenue and gross contribution per division is outlined below.

	Revenue	Gross contribution
Enterprise Mobility	\$1.78 million (67%)	\$0.36 million (39%)
Digital Payments	\$0.36 million (14%)	\$0.08 million (9%)
Digital Media and Services	\$0.52 million (19%)	\$0.48 million (52%)