

ASX RELEASE

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Results for the Half Year ended 31 December 2016

iSentric Limited (the Company) is pleased to announce its financial report and accounts for the six months ending 31 December 2016.

Financial Review

| Key Financial Information (AUD) | December 16 | December 15 | % Change |
|---|--------------------|--------------------|-------------------|
| Operating Revenue | 4,603,563 | 5,448,234 | ↓ 16% |
| – Sales Direct Cost | (2,610,338) | (2,150,292) | ↑ 21% |
| – Operating Expenses | (1,537,624) | (1,896,121) | ↓ 19% |
| = EBITDA before non-recurring items | 455,601 | 1,401,821 | ↓ 67% |
| – Non-Recurring items | (59,683) | - | NA |
| – Depreciation & Amortisation | (261,530) | (231,733) | ↑ 13% |
| – Finance Costs | - | (21,604) | NA |
| – Income tax gain / (expense) | (247,184) | 546,998 | ↓ >100% |
| = Net Profit / (Loss) After Tax (reported) | (112,796) | 1,695,482 | ↓ >100% |

For the 6 months ended 31 December 2016, iSentric Group posted an 18% decrease in revenue, compared to the previous corresponding period, due to a reduction in subscriber download activity with our telco partners Celcom (Malaysia) and Indosat (Indonesia). Which impacted the Digital Media division. An improved financial performance of the Enterprise Mobility division partially offset the result from Digital Media. The revenue and gross contribution per division for the 1H2017 quarter are outlined below:

December 16

| | Revenue | Gross contribution |
|----------------------------|----------------------|---------------------------|
| Enterprise Mobility | \$2.44 million (55%) | \$0.57 million (32%) |
| Digital Payments | \$0.86 million (20%) | \$0.14 million (8%) |
| Digital Media and Services | \$1.09 million (25%) | \$1.07 million (60%) |

December 15

| | Revenue | Gross contribution |
|----------------------------|----------------------|---------------------------|
| Enterprise Mobility | \$1.15 million (21%) | \$0.43 million (13%) |
| Digital Payments | \$1.86 million (35%) | \$0.45 million (14%) |
| Digital Media and Services | \$2.35 million (44%) | \$2.32 million (73%) |

Direct cost of sales increased 21% as a result of investment in mobile software and application development work required for new work generated by the Enterprise Mobility Division. Most of these costs were front loaded into Enterprise Mobility work which should see a reduction in the second half of FY17.

Operating expenses decreased in line with revenue as Management maintained tight control on overhead costs. Marketing expenses decreased 54% commensurate with lower activity with Celcom which follows on from the changes to the Celcom platform previously reported in the FY16 results. The impact of the lower levels of subscription downloads in Digital Media was the key driver to an EBITDA of \$0.46 million, which is a decrease of 67.5% from the EBITDA posted in 1H 2016.

Review of Operations

Digital Media distribution channels

The company's Digital Media & Services division continues to be the main contributor to the Group. Operations in Indonesia were impacted by the internal restructuring of Indosat (The 2nd largest carrier in Indonesia), due to changes in their Value Added Services platform which has been outsourced to Huawei. The changes made to the platform, resulted in technical outages which affected iSentric's ability to provide the level of downloads for subscribers thus reducing revenue. Since December 2016, there have been no outages and results have improved significantly. As previously reported the decision of our Malaysian telecommunications partner Celcom to shut down and relaunch a new Content Management Platform, resulted in a subdued contribution in Malaysia.

While we were dealing with the technical outages in Indosat, we have been working hard to grow our business in the 3rd largest carrier, XL Axiata. Whilst our HUSH entertainment service was initially launched with XL Axiata, we have launched additional services including VONVON, Mini Game and MEME which have received strong marketing support from XL Axiata generating has generated significant growth with high profit margins.

iSentric's plan to enter the Myanmar market was put on hold until the second half of 2017 due to regulatory changes which impacted our payment partner. iSentric will initially launch 'Game Buffett' in Myanmar, following the successful launch of the service in Malaysia in June, with Indonesia in September.

Celcom; in collaboration with its holding company, Axiata Group Berhad have relaunched a new Content Provider Platform which iSentric is working on to onboarding content and service providers which will utilize the MIFE Direct Carrier Billing platform. iSentric is a selected service provider for the MIFE Direct Carrier Billing platform which is scheduled to be active by the end February 2017. On completion of the platform iSentric will launch a number of services including HUSH, Gamebuffet, which should contribute to results.

Enterprise Mobility

The favorable fintech market trend has help drive the revenue growth of the division by more than 100% compared to the first half 2016. As one of the early fintech innovators developing mobile technology for enterprise and financial institutions, iSentric is well positioned to take advantage of its relationship and leverage its skills set in the sector. The division has secured mobile wallet and payment solution contracts from existing and new clients such as Great Eastern, Public Bank, Touch & Go, Sarawak Energy, Sports Toto and Sunway Group. Moving forward, management is confident that the division will continue drive better results for Malaysia the operation based on recently secured sales and existing pipeline of yearly maintenance contracts.

Summary and Outlook

Having gone through the challenges during 1H2017, management is focused on expanding channels for distribution of Digital Media products in Indonesia and building up the Enterprise Mobility project pipeline. Management is optimistic that the Company's results will show significant improvement in the second half of FY2017. Management is working on new technologies including mobile wallet which will be to be rolled out in the second half of 2017 which should add multiple sources of revenue, including recurring or transaction based revenues. The company is also continuing to look for acquisitions that are the right fit strategically, financially and culturally

Commenting on the outlook, Mr. Tham said: "I'm pleased to release our financial result for first half. Despite the setback during the period, we did not abandon our thirst for innovation, we continued to expand our offerings to meet the demands of the market. Having ironed out the issues faced in the first half, we are well positioned for a stronger second half."

For further information:

Sean Tham, Chief Executive Officer

Sean.tham@isentric.com