

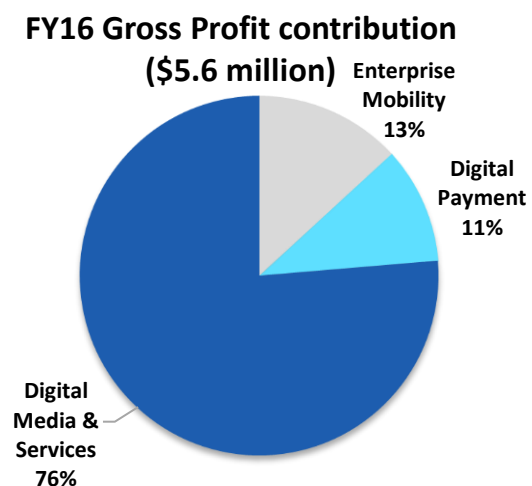
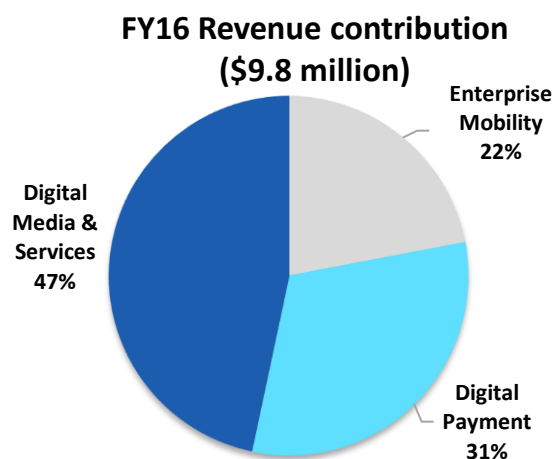
**ASX ANNOUNCEMENT**

**iSENTRIC REPORTS RECORD RESULTS IN FINANCIAL YEAR 2016**

**30 August, 2016:** iSentric Limited (ASX:ICU) is pleased to announce its results for the 12 months ended 30 June 2016 (FY16), a period that saw the Company expand into new markets and successfully launch a number of new digital media products.

**FY16 financial highlights:**

- Group revenue up 13.6% to \$9.8 million
- Underlying EBITDA up 44.0% to \$2.2 million
  - Beat guidance given to the market in April 2016
  - FY15 excludes listing costs and acquisition due diligence costs as well as a loss from discontinued operations
  - FY16 excludes potential acquisition due diligence costs
- Net Profit after Tax \$1.9 million up from a loss of \$0.1 million in FY15
  - A strong performance from Arte Mobile Technology Pte. Ltd. in its first full year of contribution to the Group after being acquired in February 2015 with a gross profit contribution of \$2.8 million. This includes a deferred tax asset of \$0.4 million being recognised as well as an over provision on tax in prior reporting period of \$0.1 million
- Earnings per share in FY16 of 1.43 cents up from loss per share of (0.02) cents in FY15



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

“We are pleased to have delivered a record result in FY16, underpinned by robust growth from our higher margin Digital Media & Services division, which achieved a 95% increase in revenue. Our Enterprise Mobility division experienced a decline in revenue, due to Digital Messaging recording lower transaction volumes largely as a result of lower Mobile Marketing Messaging volume by major client, Citibank. This was partially offset by solid results from our Digital Payments business, which remains a stable earner for the group. Furthermore, we very excited to see an immediate impact from the Cambodian Campu Bank contract contributing to a 38% growth rate in the Product Licensing & Implementation sector of the Enterprise Business Unit”

### **Digital Media distribution channels**

The company’s Digital Media & Services division continues to be the growth driver for the Group, benefitting from initiatives implemented in Indonesia to broaden the customer base across a number of product lines.

While the Group is encouraged by continued growth in Indonesia, like many others, the decision of telecommunications partner Celcom to shut down their Content Management Platform, negatively impacted performance of the Malaysian business. Following Celcom’s exit from the market, Group FY16 EBITDA guidance was revised down to a range of \$2.0-\$2.1 million in April 2016, from a range of \$2.8-\$3.1m. The Group was pleased however to have beaten that revised guidance, delivering EBITDA of \$2.2 million for FY16.

Management are focused on forming new channels to distribute Digital Media products in Malaysia, and with the strong demand from end-users, are pursuing multiple new, alternative distribution avenues. Diversifying their Digital Media distribution channels will increase the breadth of distribution and reduce the reliance on a small number of partners.

iSentric entered the world’s fastest growing telecommunications market, Myanmar, during June 2016. iSentric successfully put in place an agreement with Myanmar’s largest telco business, MPT to provide Digital Media services. This provides a significant opportunity to market and distribute a range of digital media content to MPT’s 20 million user base. This includes, but is not limited to games, videos and celebrity content. iSentric will commence with ‘Game Buffett’, following the successful launch of the application in Malaysia in June 2016, with Indonesia rollout scheduled for September 2016.

### **Product launches in FY16**

iSentric is continually refreshing its product range to attract and retain users and has been encouraged by the success of new products released during FY16. Proprietary mobile reality TV subscription channel ‘HUSH’ contributed to earnings during the year and following the conclusion of a 12-month exclusivity period with XL AXIATA, iSentric has licensed the product to other Indonesian telco partners. Doing so greatly expands the reach of the product to a greater number of subscribers. Leveraging relationships with telco partners to build other revenue streams for iSentric, including advertising, remains a major focus of management.

During the year iSentric launched a new album by THE FREAKS, which attracted extensive media coverage. The album showcased four of the most celebrated young Indonesian musicians and was co-

managed by PT Glow Music. The album is on sale at over 500 KFC branches in Indonesia. This has proved popular with Indonesian youth and the marketing drive has resulted in over 100,000 albums being sold to date. There is further scope to collaborate more closely with these celebrities and create

further digital media content relating to these artists in FY17. Given the size of the Indonesian population and profile of the musicians, this presents an exciting opportunity.

### **New Product Development**

The Company is further exploring avenues to grow revenue and monetise their products via mobile advertising, which can also be used to cross-promote iSentric's products. This also opens up the opportunity to incorporate advertising to increase the revenue achieved for a product, on a per download basis.

The company is in the final stages of developing a 'Check My Balance' application, that allows users to check their phone credit balance in real-time. The product will be downloaded free of charge with monetisation coming through advertising banners which also offer cross-promotion of iSentric products. The product also enables users to purchase prepaid airtime credit. Indonesia will be the first market to launch the product, with up to 99% of users in this region on prepaid services. This offers iSentric huge potential to acquire a large user base with high engagement, leading to further advertising revenue and cross-promotion opportunities.

Leveraging off iSentric's vast access to celebrities in South East Asia, iSentric expects to re-launch 'iShow' in FY17. iShow is a revolutionary platform allowing users to engage with celebrities, following a pilot program FY16. To assist in margin growth, iSentric will continue product development in-house rather than via external partners.

### **Enterprise Mobility**

iSentric's Enterprise Mobility business slowed during FY16 reflecting the economic climate in Malaysia, mainly due to a substantial drop in digital messaging volume. Regardless, the Group continues to enhance the financial service platforms for existing banking clients. This is expected to provide growth in future periods. iSentric has also expanded their product offering into Cambodia with the implementation of the Nexus digital banking platform in Campu Bank, which is a wholly owned subsidiary of Public Bank Group - Malaysia's third largest bank by total assets.

### **Outlook**

Given the number of opportunities for iSentric to expand the distribution of Digital Media products, the company is optimistic on the outlook for growth in FY17. Together with planned organic growth, the company is also continuing to look for attractive acquisitions that are the right fit strategically, financially and culturally. A number of potentials were looked at during the year but did not eventuate as a result of a disciplined and thorough due diligence process.

Commenting on the outlook Mr Tham said:

"iSentric has a collection of quality Digital Media products tailored to the demands of South East Asian markets. Together with our culture of innovation, we are continually evolving and expanding our offering to meet the demands of the market. Having already successfully launched a number of products in Malaysia and Indonesia, we see several opportunities to replicate our success in rapidly developing markets and we are laying the foundations for long-term growth."

### **For further information:**

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