

# Appendix 4D

## Half yearly report

Introduced 30/6/2002.

Name of entity

iSentric Limited

ABN or equivalent company  
reference

11 091 192 871

Half yearly  
(tick)



Preliminary  
final (tick)



Half year/financial year ended ('current period')

31 December 2019

### Results for announcement to the market

		Half-year ended 31 Dec 2019 \$	Half-year ended 31 Dec 2018 \$	Change %
1.	Reporting period			
2.1	Revenues from ordinary activities	3,409,461	3,276,660	4.05%
2.2	Loss after tax from ordinary activities attributable to members	(1,320,188)	(1,839,293)	28.22%
2.3	Net loss attributable to members	(1,320,188)	(1,839,293)	28.22%
2.4	Dividends paid and proposed	Amount per ordinary share 2019	Amount per ordinary share 2018	
	Interim distribution	-	-	
	Final distribution	-	-	
2.5	Record date for determining entitlement to the final distribution	N/A	N/A	
	Date the final distribution is payable	N/A	N/A	
2.6	Commentary on Results and Explanatory Information. Refer to the Review of Operations in the Directors Report on page 2.			
3.	Net tangible assets per share (cents)	0.63	0.83	
4.	Details of entities over which control has been gained or lost during the period	N/A	N/A	
5.	Details of individual and total dividends or distributions and dividend or distribution payments	N/A	N/A	
6.	Dividend reinvestment plan	N/A	N/A	

+ See chapter 19 for defined terms.

7.	Details of associates and joint venture entities	N/A	N/A
8.	Foreign entities accounting framework	N/A	N/A
9.	Audit dispute or qualification. This report is based on accounts which have been reviewed and the review report is attached to the half year report attached to this Appendix 4D.		

**This is a half yearly report, it is to be read in conjunction with the most recent annual financial report.**

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+ See chapter 19 for defined terms.

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**iSENTRIC LIMITED**

**ABN 11 091 192 871**

**AND CONTROLLED ENTITIES**

**INTERIM REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

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**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**Directors**

The names of directors who held office during or since the end of the half-year:

Tim Monger	Non Executive Chairman
Kwong Yang Chong	Non Executive Director
Raymond Hor	Non Executive Director
Lee Chin Wee	Executive Director

**Review of Operations**

The consolidated entity loss for the half year ended 31 December 2019 was \$1,320,188 compared to a loss of \$1,839,293 for the half year ended 31 December 2018.

The Group experienced a challenging half year ended 31 December 2019, which was impacted by falling revenues in Indonesia and Malaysia. The current half-year's result includes:

- (a) Arte Mobile Technology Pte. Ltd. incurred a loss before tax of \$582,140 which included the impairment of intangibles of \$495,273 and a reduction in revenue due to a suspension of a VAS platform by a telecommunications partner; and
- (b) A loss before tax from our Malaysian operation of \$327,075 due to our Enterprise Mobility business underperforming as number of our customers reduced their IT expenditures as a result of an economic slowdown.

Whilst Arte Mobile management are working to rebuild their subscriber base, it is expected to take a minimum of twelve months for the business to achieve previous results.

**Significant Changes in the State of Affairs**

Other than as disclosed in this report, there were no significant changes in the state of affairs of the consolidated group for the half-year ended 31 December 2019.

**Events Subsequent to Reporting Date**

There are no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**Auditor's Independence Declaration**

The lead auditor's independence declaration under s307C of the Corporations Act 2001 in relation to the review of the interim financial report for the half-year ended 31 December 2019 is shown on page 18 and forms part of this report.

This report is signed in accordance with a resolution of the Board of Directors.



Director

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Dated this 26<sup>th</sup> day of February 2020

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

		<b>Consolidated Group</b>	
	<b>Note</b>	<b>31.12.19</b>	<b>31.12.18</b>
		<b>\$</b>	<b>\$</b>
Revenue		3,409,461	3,276,660
Other income	2	50,673	720,607
		<hr/>	<hr/>
		3,460,134	3,997,267
Sales direct costs		(2,310,140)	(2,201,826)
Amortisation and depreciation		(352,617)	(516,144)
Compliance and professional fees		(253,412)	(169,968)
Administration expenses		(135,733)	(199,798)
Employee benefits expense		(809,018)	(964,879)
Impairment of goodwill		-	(997,338)
Impairment on intangible assets	10	(524,207)	-
Marketing expenses		(100,439)	(41,434)
Travel expenses		(72,157)	(105,020)
Insurance expenses		(12,188)	(10,862)
Finance costs		(1,879)	-
Other expenses		(58,029)	(238,118)
Share of loss from associate company		(7)	-
		<hr/>	<hr/>
<b>Loss before income tax</b>		(1,169,692)	(1,448,120)
Income tax expense		(150,496)	(391,173)
		<hr/>	<hr/>
<b>Net loss for the period</b>		(1,320,188)	(1,839,293)
		<hr/>	<hr/>
<b>Other comprehensive income</b>			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		45,135	301,020
		<hr/>	<hr/>
<b>Total comprehensive loss for the period</b>			
<b>attributable to members of the parent entity</b>		(1,275,053)	(1,538,273)
		<hr/>	<hr/>
<b>Earnings per share:</b>			
	4	(0.72)	(1.00)
Basic/Diluted (cents per share)			

The financial statements should be read in conjunction with the accompanying notes.

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	Consolidated Group	
		31.12.19	30.06.19
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		335,679	608,783
Trade and other receivables		2,013,032	1,671,971
<b>TOTAL CURRENT ASSETS</b>		2,348,711	2,280,754
<b>NON-CURRENT ASSETS</b>			
Property and equipment		768,217	772,864
Intangible assets	10	2,456,481	3,130,229
Deferred tax asset		-	75,852
<b>TOTAL NON-CURRENT ASSETS</b>		3,224,698	3,978,945
<b>TOTAL ASSETS</b>		5,573,409	6,259,699
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,924,103	1,372,871
<b>TOTAL CURRENT LIABILITIES</b>		1,924,103	1,372,871
<b>NON-CURRENT LIABILITIES</b>			
Hire purchase		37,531	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		37,531	-
<b>TOTAL LIABILITIES</b>		1,961,634	1,372,871
<b>NET ASSETS</b>		3,611,775	4,886,828
<b>EQUITY</b>			
Issued capital	3	20,966,750	20,966,750
Foreign currency translation reserve		575,883	530,748
Accumulated losses		(17,930,858)	(16,610,670)
<b>TOTAL EQUITY</b>		3,611,775	4,886,828

The financial statements should be read in conjunction with the accompanying notes.



**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	<b>Issued Capital</b>	<b>Foreign Currency Translation Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	20,966,750	124,451	(11,912,616)	9,178,585
Foreign currency translation	-	301,020	-	301,020
Loss for the period	-	-	(1,839,293)	(1,839,293)
<b>Balance at 31 December 2018</b>	<b>20,966,750</b>	<b>425,471</b>	<b>(13,751,909)</b>	<b>7,640,312</b>
<b>Balance at 1 July 2019</b>	20,966,750	530,748	(16,610,670)	4,886,828
Foreign currency translation	-	45,135	-	45,135
Loss for the period	-	-	(1,320,188)	(1,320,188)
<b>Balance at 31 December 2019</b>	<b>20,966,750</b>	<b>575,883</b>	<b>(17,930,858)</b>	<b>3,611,775</b>

The financial statements should be read in conjunction with the accompanying notes.

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	<b>Consolidated Group</b>	
	<b>31.12.19</b>	<b>31.12.18</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	3,155,311	3,619,670
Payments to suppliers and employees	(3,349,835)	(4,090,385)
Interest received	258	622
Finance costs paid	(1,880)	-
Income tax (paid)/refund	(1,401)	(282)
Others	74,322	-
	<hr/>	<hr/>
Net cash (used in)/provided by operating activities	(123,225)	(470,375)
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(63,481)	(30,298)
Purchases of intangible assets	(135,483)	(103,873)
Payment for investment in associate company	(7)	-
Proceed from disposal of equipment	14,490	-
	<hr/>	<hr/>
Net cash used in investing activities	(184,481)	(134,171)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowing	39,645	-
Repayment of borrowings	(2,155)	-
	<hr/>	<hr/>
Net cash provided by financing activities	37,490	-
	<hr/>	<hr/>
<b>Net decrease in cash held</b>	(270,216)	(604,546)
Cash at start of period	608,783	1,144,340
Effect of exchange rate changes	(2,888)	26,036
	<hr/>	<hr/>
<b>Cash at end of period</b>	335,679	565,830
	<hr/>	<hr/>

The financial statements should be read in conjunction with the accompanying notes.

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

These general purpose interim financial statements for half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

iSentric Limited is the legal parent of iSentric Sdn. Bhd. The consolidated financial statements are issued under the name of iSentric Limited but are deemed to be a continuation of the legal subsidiary iSentric Sdn. Bhd.

This interim financial report is intended to provide users with an update on the latest annual financial statements of iSentric Limited and its controlled entities (referred to as the "consolidated group" or the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the following half-year.

**(b) Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. Except in relation to the matters discussed below.

**(c) Critical Accounting Estimates and Judgments**

The critical estimates and judgments are consistent with those applied and disclosed in the June 2019 annual report.

**(d) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period**

The Company has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

The Group has adopted AASB16: *Leases* from 1 July 2019. AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases* and will almost result in all leases being recognised in the statement of financial position as a "right of use" (ROU) asset with a corresponding lease liability to reflect future lease payments. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the "right of use" asset and an interest expense on the recognised lease liability. There are two exemptions to this standard for lessees – lease of low value assets and short-term leases. The accounting for lessors will not significantly change with this standard and will continue to carry forward the requirements of AASB 117.

The Group has operating lease commitments for office spaces which is less than one year. The adoption of AASB 16 has no impact on the Group's financial statements,

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Company's presentation of, or disclosure in, its interim financial statements.

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period (Continued)**

*New Accounting Standards and Interpretations issued but not yet applied by the Group*

There are no other Standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

**(e) Investments**

Investments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at cost.

Investments are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

**(f) Going Concern**

The financial report has been prepared on a going concern basis. This presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities will occur in the normal course of business.

For the half year ended 31 December 2019 the Group generated a loss after tax of \$1,320,188 (31 December 2018: loss \$1,839,293), as at the balance date the Group's total assets exceeded total liabilities by \$3,611,775 (30 Jun 2019: net assets \$4,886,828).

The Directors believe that the Group will be able to continue as a going concern and, as a consequence, the financial report has been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities will occur in the normal course of business.

The Directors believe that the going concern basis of accounting is appropriate due to the expected cash flows to be generated by the Group over the next twelve months and that the company will be able to pay its debts as and when they fall due.

**(g) General information and basis for preparation**

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the half year ended 31 December 2019 and are presented in Australian Dollars (\$), which is the functional currency of the parent entity.

**Statement of Financial Position**

- The 30 June 2019 Statement of Financial Position represents iSentric Limited and its controlled entities as at 30 June 2019.
- The 31 December 2019 Statement of Financial Position represents iSentric Limited and its controlled entities as at 31 December 2019.

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) General information and basis for preparation (Continued)**

**Statement of Profit or Loss and Other Comprehensive Income**

- The 31 December 2019 Statement of Profit or Loss and Other Comprehensive Income comprises six months of iSentric Limited and its controlled entities for the period from 1 July 2019 to 31 December 2019.
- The 31 December 2018 Statement of Profit or Loss and Other Comprehensive Income comprises six months of iSentric Limited and its controlled entities for the period from 1 July 2018 to 31 December 2018.

**Statement of Changes in Equity**

- The 31 December 2019 Statement of Changes in Equity comprises iSentric Limited and its controlled entities changes in equity for the six months period from 1 July 2019 to 31 December 2019.
- The 31 December 2018 Statement of Changes in Equity comprises iSentric Limited and its controlled entities changes in equity for the six months period from 1 July 2018 to 31 December 2018.

**Statement of Cash Flows**

- The 31 December 2019 Statement of Cash Flows comprises six months of iSentric Limited and its controlled entities cash transactions for the period from 1 July 2019 to 31 December 2019.
- The 31 December 2018 Statement of Cash Flows comprises six months of iSentric Limited and its controlled entities cash transactions for the period from 1 July 2018 to 31 December 2018.

The interim financial statements have been approved and authorised for issue by the Board of Directors on the 26<sup>th</sup> of February 2020.

**(h) Fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

	<b>Consolidated Group</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>NOTE 2: OTHER INCOME</b>	<b>\$</b>	<b>\$</b>
Bank interest	350	725
Gain on disposal of equipment	4,644	-
Gain on foreign exchange translation	33,965	25,897
Gain on re-measurement of financial liability, contingent consideration	-	673,544
Other miscellaneous income	11,714	20,441
	<b>50,673</b>	<b>720,607</b>

	<b>Consolidated Group</b>	
	<b>31.12.2019</b>	<b>30.06.2019</b>
<b>NOTE 3: SHARE CAPITAL</b>	<b>\$</b>	<b>\$</b>
<b>Issued shares:</b>		
183,655,041 (30.06.2019: 183,655,041) ordinary shares	20,966,750	20,966,750

**Options**

No options were issued during the period. The balance of options at 31 December 2019 is nil (30.06.2019: nil).

	<b>Half-year ended</b>	
<b>NOTE 4: EARNINGS PER SHARE</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Basic (cents per share)	(0.72)	(1.00)
Diluted (cents per share)	(0.72)	(1.00)
Weighted average number of shares used in the calculation of basic earnings per share	183,655,041	183,655,041
Weighted average number of shares used in the calculation of diluted earnings per share	183,655,041	183,655,041

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**NOTE 5: DIVIDENDS**

No dividends were declared or paid in the period

**NOTE 6: CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 December 2019.

**NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE**

There are no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**NOTE 8: FAIR VALUE MEASUREMENT**

The Group has a number of financial instruments which are measured at fair value in the balance sheet. These had the following fair values as at 31 December 2019.

	<b>Carrying Amount</b>	<b>Fair Value</b>
	\$	\$
<b>Current receivables</b>		
Trade and other receivables	2,013,032	2,013,032
	<hr/> 2,013,032	<hr/> 2,013,032
<b>Current liabilities</b>		
Trade and other payables	1,924,103	1,924,103
	<hr/> 1,924,103	<hr/> 1,924,103

Due to their short-term nature, the carrying amounts of current receivables, current payables and financial liabilities are assumed to approximate their fair value.

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**NOTE 9: SEGMENT REPORTING**

The Group identified its operating segments based on internal reports that were reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining allocation of resources.

	Malaysia	Singapore	Australia	Indonesia	Myanmar	Consolidation Adjustment	Consolidated Group
	\$	\$	\$	\$	\$	\$	\$
<b>31.12.2019</b>							
<b>REVENUE</b>							
External sales	2,399,382	436,310	-	515,699	163,731	(105,661)	3,409,461
Interest revenue	175	46	-	92	37	-	350
Other income	16,689	38,144	-	4,644	-	(9,154)	50,323
Total revenue	<u>2,416,246</u>	<u>474,500</u>	<u>-</u>	<u>520,435</u>	<u>163,768</u>	<u>(114,815)</u>	<u>3,460,134</u>
Expenses	(2,743,321)	(1,056,640)	(181,906)	(553,622)	(209,060)	114,723	(4,629,826)
Loss before income tax expense	(327,075)	(582,140)	(181,906)	(33,187)	(45,292)	(92)	(1,169,692)
Income tax expense							(150,496)
Loss after income tax expense							<u>(1,320,188)</u>
<b>31.12.2019</b>							
<b>ASSETS</b>							
Total assets	<u>2,701,140</u>	<u>6,169,871</u>	<u>15,162,652</u>	<u>867,595</u>	<u>188,303</u>	<u>(19,516,152)</u>	<u>5,573,409</u>
<b>LIABILITIES</b>							
Total liabilities	<u>2,348,727</u>	<u>22,851</u>	<u>3,944,887</u>	<u>1,664,580</u>	<u>201,269</u>	<u>(6,220,680)</u>	<u>1,961,634</u>



**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**NOTE 9: SEGMENT REPORTING (CONTINUED)**

	Malaysia	Singapore	Australia	Indonesia	Myanmar	Consolidation Adjustment	Consolidated Group
	\$	\$	\$	\$	\$	\$	\$
<b>31.12.2018</b>							
<b>REVENUE</b>							
External sales	2,527,911	498,148	-	148,065	174,195	(71,659)	3,276,660
Interest revenue	304	52	-	103	266	-	725
Other income	21,096	22,764	673,544	1,980	-	498	719,882
Total revenue	<u>2,549,311</u>	<u>520,964</u>	<u>673,544</u>	<u>150,148</u>	<u>174,461</u>	<u>(71,161)</u>	<u>3,997,267</u>
Expenses	(2,784,035)	(613,951)	(1,061,975)	(528,290)	(308,724)	(148,412)	(5,445,387)
Profit before income tax expense	(234,724)	(92,987)	(388,431)	(378,142)	(134,263)	(219,573)	(1,448,120)
Income tax expense							(391,173)
Profit after income tax expense							<u>(1,839,293)</u>
<b>31.12.2018</b>							
<b>ASSETS</b>							
Total assets	<u>2,994,547</u>	<u>6,917,965</u>	<u>17,775,013</u>	<u>841,955</u>	<u>193,024</u>	<u>(19,205,992)</u>	<u>9,516,512</u>
<b>LIABILITIES</b>							
Total liabilities	<u>1,369,984</u>	<u>165,161</u>	<u>3,660,104</u>	<u>1,531,042</u>	<u>170,905</u>	<u>(5,020,996)</u>	<u>1,876,200</u>

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**NOTE 10: INTANGIBLE ASSETS**

	<b>Product Development Expenditure</b>	<b>Intellectual Properties</b>	<b>Goodwill</b>	<b>Customer Relationship</b>	<b>Consolidated Group</b>
	\$	\$	\$	\$	\$
<b>At 31.12.2019</b>					
Cost	698,586	5,374,355	16,480,641	298,000	22,851,582
Accumulated amortisation and impairment	(669,357)	(4,510,892)	(14,916,852)	(298,000)	(20,395,101)
Net book amount	<u>29,229</u>	<u>863,463</u>	<u>1,563,789</u>	<u>-</u>	<u>2,456,481</u>
<b>Movement</b>					
Opening balance 1 July 2019	44,193	1,522,247	1,563,789	-	3,130,229
Additions	19,011	115,745	-	-	134,756
Amortisation charge	(6,226)	(293,766)	-	-	(299,992)
Impairment/Write off (i)	(28,934)	(495,273)	-	-	(524,207)
Effect of movement in exchange rate	1,185	14,510	-	-	15,695
Closing balance 31 December 2019	<u>29,229</u>	<u>863,463</u>	<u>1,563,789</u>	<u>-</u>	<u>2,456,481</u>
<b>At 30.06.2019</b>					
Cost	669,872	5,239,330	16,479,809	298,000	22,687,011
Accumulated amortisation and impairment	(625,679)	(3,717,083)	(14,916,020)	(298,000)	(19,556,782)
Net book amount	<u>44,193</u>	<u>1,522,247</u>	<u>1,563,789</u>	<u>-</u>	<u>3,130,229</u>
<b>Movement</b>					
Opening balance 1 July 2018	317,822	3,293,089	3,478,126	253,300	7,342,337
Additions	29,576	239,222	-	-	268,798
Amortisation charge	(10,416)	(896,517)	-	(59,600)	(966,533)
Impairment/Write off	(297,272)	(1,205,100)	(1,915,003)	(193,700)	(3,611,075)
Effect of movement in exchange rate	4,483	91,553	666	-	96,702
Closing balance 30 June 2019	<u>44,193</u>	<u>1,522,247</u>	<u>1,563,789</u>	<u>-</u>	<u>3,130,229</u>

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**NOTE 10: INTANGIBLE ASSETS (CONTINUED)**

**(i) Intangibles impairment tests**

The impairment test undertaken at 31 December 2019 involved determining the recoverable amount of intellectual properties of Arte Mobile Technology Pte. Ltd. ("Arte") based on their fair value less cost to sell and comparing it the carrying amount. Fair value reflects the best estimate of the amount that an independent third party would pay to purchase the intellectual properties, less related selling costs.

The directors used management's internal assessment as the basis for determining the fair value less costs to sell. Fair value has been calculated using discounted future cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The valuation is based on cash flow projections over a five year period using assumptions that represent management's best estimate of the range of business and economic conditions at this time. The valuations have been reviewed and approved by the Board of iSentric.

Discount rates are calculated using a weighted average cost of capital method which is based on market data, reflects the time value of money and includes a risk premium to account for current economic conditions.

The pre-tax discount rates applied to the undiscounted cash flows were 15%. Management consider that, as all intellectual properties operate in the Digital Media Industry in Indonesia and provide equivalent products and services in the same markets, the risk specific to each unit are comparable and therefore a discount rate of 15% is applicable to Arte's intellectual properties.

Based on the results of the test undertaken, there was impairment of \$495,273 recognised in relation to Arte's intellectual properties as at 31 December 2019 (31 December 2018: \$nil).

Besides, there was a product development expenditure written off of \$28,934 due to the games are obsolete.

**iSENTRIC LIMITED**  
**ABN 11 091 192 871**  
**AND CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of iSentric Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 16 are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Dated this 26<sup>th</sup> day of February 2020



**ISENTRIC LIMITED AND CONTROLLED ENTITIES  
ABN 11 091 192 871**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE  
CORPORATIONS ACT 2001  
TO THE DIRECTORS OF ISENTRIC LIMITED AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

*MNSA Pty Ltd*

MNSA Pty Ltd

**Mark Schiliro**  
Director

Sydney  
Dated this 26<sup>th</sup> day of February 2020

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**ISENTRIC LIMITED AND CONTROLLED ENTITIES**  
ABN 11 091 192 871

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF**  
**ISENTRIC LIMITED AND CONTROLLED ENTITIES**  
ABN 11 091 192 871

**Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of iSentric Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

**Directors' Responsibility for the Half-year Financial Report**

The directors of iSentric Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the iSentric Limited's financial position as at 31 December 2019 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of iSentric Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we consider the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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### **Matters Relating to Electronic Publication of the Audited Financial Report**

This review report relates to the financial report of iSentric Limited for the half-year ended 31 December 2019 included on the website of iSentric Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of iSentric Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of iSentric Limited's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Material Uncertainty Regarding Continuation as a Going Concern**

Without qualifying our conclusion, we draw your attention to Note 1 in the financial report which indicates that the consolidated entity has experienced operating losses and negative operating cash flows during the period ended 31 December 2019, and as of that date, the continuing viability of the consolidated entity and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent upon the consolidated entity's ability to successfully achieve positive cash flows from the groups business units and the raising of additional funds or through sale by corporate transaction. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

MNSA Pty Ltd

MNSA Pty Ltd



**Mark Schiliro**  
Director

Sydney  
Dated this 26<sup>th</sup> day of February 2020