

## Appendix 4D and Financial Report for the Half Year Ended 31 December 2015

**29 February 2015** – iSignthis Ltd (the "Company") (ASX : ISX) today announced the Financial Report on the results for the half year ended 31 December 2015. In accordance with Listing Rule 4.2A, the report is attached.

### Highlights for the Half Year

- Successfully completed a \$10.45m capital raising to institutional investors at an issue price of \$0.40
- Executed new agreements with CrownBet, The Flying Merchant, Clearhaus, Coinify, Alpha Payment Cloud and TikForce
- Independent legal reviews and/or regulator engagement confirmed acceptance of the iSignthis service as AML/CTF KYC in the United States, Isle of Man and Gibraltar, as well as EU and other jurisdictions.
- Cash at Bank as at 31 December 2015 of \$11.2m
- Investment of \$1.8m for the half year in direct cost of operations, business development, product development and R&D
- Strengthened Balance Sheet with Net Assets of \$12.3m (\$3.5m at 30 June 2015)
- Lodgement of application for an EU wide eMoney License to the Central Bank of Cyprus to allow for value added services to our KYC customers.
- Building Brand Awareness by way of attending and exhibiting at major trade conferences
- Regulatory engagement and response to consultations on regulations in key markets and jurisdictions
- Business focus now firmly on gaming, wagering, trading, forex and other high value, high volume, high KYC frequency regulated businesses

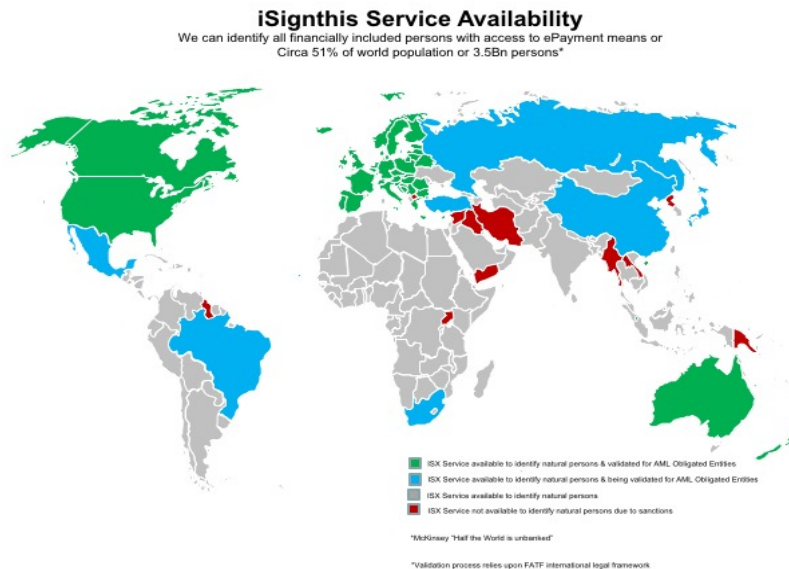
## Business Update – 29<sup>th</sup> February 2016

### **iSignthis Service can identify and verify 51% of world population**

The iSignthis service can identify 51% of the world's population corresponding to the number of banked or financially included persons in the world, irrespective of their country of domicile (excluding high risk /non cooperative countries shown in red below).

iSignthis uniquely identifies and verifies identity using the data and metadata generated from verification of electronic payments executed against regulated payment instruments transacted on secure payment networks. The iSignthis service can be utilised by AML/CTF obligated businesses operating out of any FATF cooperative jurisdiction (shown in green and blue). The core technology associated with this unique approach has been patented in a number of jurisdictions, including the US, Australia, South Africa and others.

**That is, the iSignthis process does not rely on customers self uploading document copies to remotely identify themselves – a practice that some technology companies are promoting, but which practice does not meet AML/CTF KYC regulations<sup>1</sup> for verifying identity in FATF cooperative jurisdictions, including the UK, EU and Australia.**



The use of credit and debit cards as the source of information enables iSignthis to 'tap' an active and live source of identity data to generate data from any of 9.6Bn cards<sup>2</sup>, corresponding to 3.55Bn persons. The convergence of payment and identity

<sup>1</sup> Regulations require either original or 'certified copies by a qualified person'. That is, an independent person must verify any copy if it is to be relied upon. Digital copies and uploading does not meet the independence test, per European Banking Authority Risk Factor Guidance, Hong Kong GN3# 4.12.2, Singapore MAS Guidance Note @ 33, Australia AML Reg 4.2.11, Korea Per AML/CTF/CTF Reg 39, UK JMLSG 5.3.71 and AML/CTF regs section 14(2)(c).

<sup>2</sup> Nilsen Report, January 2016

allows iSignthis to deliver the two key requirements AML/CTF obligated businesses need in order to deliver services to customers online – the assurance of payment tightly coupled with the provision of our Know Your Customer (KYC) service.

### **Isle of Man –A further example of iSignthis Service applicability to gaming sector**

As announced, iSignthis is pleased that the Company’s remote Know Your Customer (KYC) service is applicable to yet another major centre for offshore wagering, gaming, gambling, financial services and banking. Gaming regulators often enhance the standard AML/CTF requirements with their own local codes.

The Company has now received independent guidance and advice that our services will satisfy local legislation and regulations in the key gaming and trading jurisdictions of Cyprus, Gibraltar, Malta, Isle of Man, UK, Australia, France and Italy.

### **EU Regulatory Update**

The Company offers services that assist its customers to meet obligations under various laws.

Principally, the company offers data and systems that allow our customers to meet their Know Your Customer (KYC) requirements, as required under anti money laundering regulations. The company also offers payment instrument verification and payment authentication, which are complimentary to the KYC service.

The European Union is in the process of updating its regulatory framework with emphasis on greater security for electronic transactions. Under the EU framework, member states have 18 months to ‘transpose’ the requirements into local law once passed by the EU Parliament.

There are two principal reforms that the European Parliament has enacted into law that the Company believes will drive growth for the Company’s services.

**The 4<sup>th</sup> AML/CTF Directive<sup>3</sup>**, which was passed in May 2015 by the EU Parliament. This directive replaces the existing 3<sup>rd</sup> AML/CTF Directive, which regulates anti money laundering and wealth movement from within and outside the Union. The European Commission has subsequently called<sup>4</sup> for member states to implement the requirements by end of 2016.

The 4<sup>th</sup> Directive presents advantages to the Company as it:

- i) increases the frequency that KYC must be performed,
- ii) provides an enhanced framework for KYC via electronic verification; and

<sup>3</sup> Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (Text with EEA relevance)

<sup>4</sup> [http://europa.eu/rapid/press-release\\_IP-16-202\\_en.htm](http://europa.eu/rapid/press-release_IP-16-202_en.htm)

- iii) recognises other FATF member countries as being "equivalent", and thus as a source of potential end users for our customers, where those end users can be verified remotely using electronic verification

***The Company has responded<sup>5</sup> to the European Supervisory Authorities Consultation Paper<sup>6</sup>, and views its services as meeting and exceeding the requirements.***

**The Payment Services Directive 2<sup>7</sup> (PSD2)**, provides the legal foundation for an EU single market for payments, to establish safer and more innovative payment services across the EU<sup>8</sup>. The objective is to make cross-border payments as easy, efficient and secure as 'national' payments within a Member State.

The PSD2 is advantageous to the Company as:

-the European Banking Authority has announced that all online transactions in the EU will be subject to payment authentication, from spring 2017. This period provides the company with an opportunity to market its services to prospective customers ahead of the compliance date.

-payment authentication requires dynamic linking of i) the end user to the payment instrument together with linking to two factor authentication (2FA)

-fraud liability is shifted from the merchant to the issuing bank, which will allow merchants to transact online with confidence that they have regulatory and practical protection against fraud, for the first time since the advent of ecommerce.

***The Company has responded<sup>9</sup> to the European Banking Authority's Consultation Paper<sup>10</sup>, and views its services as meeting and exceeding the requirements.***

### **EU Jurisdictional Summary**

The Company has met with regulators and/or received favourable legal advice with regards to its services in:

- The European Union's 28 member states
- The British Overseas Territory of Gibraltar and Crown Dependency of the Isle of Man

The Company has communicated or showcased its process to Gaming/Gambling regulators in Malta, Gibraltar, and Isle of Man, where local 'codes' enhance the EU's AML/CTF Directives. These are major global jurisdictions and centres for gaming, gambling, wagering, betting and online casinos.

<sup>5</sup> <http://www.isignthis.com/assets/pdfs/iSignthis%20Submission%20on%20JC%202015%20061.pdf>

<sup>6</sup> [https://www.eba.europa.eu/news-press/calendar?p\\_id=8&\\_8\\_struts\\_action=%2Fcalendar%2Fview\\_event&\\_8\\_eventId=1240371](https://www.eba.europa.eu/news-press/calendar?p_id=8&_8_struts_action=%2Fcalendar%2Fview_event&_8_eventId=1240371)

<sup>7</sup> Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (Text with EEA relevance)

<sup>8</sup> <http://www.europarl.europa.eu/news/en/news-room/20151002IPR95307/Opening-up-the-online-payments-market-so-as-to-reduce-fees-and-fraud-risks>

<sup>9</sup> [http://www.isignthis.com/assets/pdfs/iSignthis\\_letter\\_EBA\\_DP\\_2015\\_03.pdf](http://www.isignthis.com/assets/pdfs/iSignthis_letter_EBA_DP_2015_03.pdf)

<sup>10</sup> [https://www.eba.europa.eu/news-press/calendar?p\\_id=8&\\_8\\_struts\\_action=%2Fcalendar%2Fview\\_event&\\_8\\_eventId=1303933](https://www.eba.europa.eu/news-press/calendar?p_id=8&_8_struts_action=%2Fcalendar%2Fview_event&_8_eventId=1303933)

The Company's strategy utilises the regulatory certainty of the above directives to market its services to its prospective customers as a solution *to both regulatory requirements*.

The regulatory requirements are new and still some months off before being mandated by law, due to the EU transposition period. Thus it is the ideal time to be making the market and regulators aware of our solution to these new requirements.

***The Company notes that it has not as yet identified any competitor that can offer convergence of payments and identity on a real time transactional basis, to meet the requirements of the above directives. The directives provide opportunity across a broad number of regulated sectors, including banking, payments gaming & trading.***

### **PCI DSS V3.0 Certification**

As announced in March 2015, the Company achieved Tier 1 Payment Card Industry (PCI) Data Security Standard (DSS) v3.0 certification for its cloud based payment processing services.

The Company elected to bring its annual PCI audit forward in order to certify its V2.0 SaaS released in December 2015. The certification covers technical, security and operational procedures of iSignthis Ltd and its subsidiaries and further assures its customers of its on going compliance with the Payment Card Industry requirements. On site audit field work has been completed and the Company is confident of completing the re-certification process in a matter of weeks.

This certification process removes any potential barriers in regards to customer integration and the processing of 'live' transactions, as well as mitigates risk and liability. In order to avoid Customer's integrating fully to V1.0 and then migrating to V2.0, the Company took the position that a slight delay to allow for certification of V2.0 would be optimal for the Company and its Customers. Customer integrations will be completed as expeditiously as possible once the Company's V2.0 SaaS systems are certified.

### **New Business**

The iSignthis sales team recently attended and exhibited our services at major trade shows in Hong Kong and London. The iFX Expo in Hong Kong and ICE Totally Gaming Conference in London provided great exposure to our key markets in Foreign Exchange trading and Gaming. Extensive leads and sales discussions are in the process of being cultivated in to prospective proposals and sales agreements.

As previously advised, the sales process for a compliance solution can be lengthy with external factors such as regulatory review of our customer's proposed changes to their AML/CTF operations required prior to prospective customers executing agreements with iSignthis. Whilst frustrating our desire to grow the business more

quickly, the pipeline of opportunities continues to grow and direct feedback to the service has been extremely positive.

We note that contracting of KYC service requires 'outsourcing' approval in advance from the regulators of some of the AML/CTF obligated entities who have expressed interest in the Company's services. The Company's strategy to actively engage with regulators ensures that the outsource approvals can be granted as expeditiously as possible.

The Company has recently also contracted with an innovative US payments processor, with details to be announced once integration has completed and volumes are understood.

### **Partner Integration Status**

The Integration of existing customers continues to make good progress. With the introduction of significant product update to SaaS version 2.0 platform, the Company has instigated the earlier than required annual PCI DSS audit of the service.

This was deemed to be the most prudential approach by the company's executive, as certification ensures that any ambiguity as to the Company's conformance with PCI requirements is removed, with customer confidence correspondingly increased. It did however mean that receipts during this period were not booked, and partner final integration will not be completed until post certification.

It is anticipated that the annual PCI DSS audit will be concluded in the next few weeks, allowing us to commence commercial transactions on our v2.0 platform. We are continuing to work with existing customers to satisfy their requirements regarding the timing of commencement of services and guiding them through the internal changes required to their compliance documents and internal processes.

### **Channel Partners / Networks**

The following Channel Partners have completed integration, and will be able to commence sales cycle post PCI DSS certification and final test;

- Adelante
- eMerchantPay
- IPG

Integrations commenced or soon to commence;

- Alpha Payments Cloud
- The Flying Merchant
- SmartCardPayment Systems
- Assurity (Singapore Government NAF)

## **Direct Consumers**

The following consumers of our service are at 95% complete, and awaiting final test post certification;

- Coinify
- eZeewallet

Integrations commenced or soon to commence;

- Crownbet
- Tikforce
- SolidTrustPay has not been issued credentials nor integrated to V2.0 SaaS

## **Card Acquiring**

The following acquirers have been fully integrated, awaiting final test post certification;

- Clearhaus
- Yeepay (95% - under test, incorporating some 18 Chinese banks)

Integrations commenced or soon to commence;

- E-Comprocessing

## **12 Month Review**

In the near 12 months since re-listing as iSignthis Ltd the Company has made, and continues to make, significant progress in the growth of the business and delivery of the services offered. Introducing a disruptive, or in our case, a completely new way of digitally meeting KYC compliance requirements requires a number of steps in order to promote our brand awareness and be accepted as a supplier of choice. The considerable time and effort taken in seeking regulatory approval and independent legal review of our solution has now created a clear path for our sales team to tackle the gaming and trading market. The key market jurisdictions of Cyprus, Malta, Gibraltar, Isle of Man, the United Kingdom, Australia, Italy and France provide enormous opportunity through the number of gaming and trading business licensed in those regions and the volume of customers and transactions processed.

The additional capital raised provides further assurance of the investment market's valuation and acceptance of our overall strategy. We have begun the steps of taking advantage of our market opportunity by incorporating new entities in the United States, United Kingdom and Cyprus (key markets) and the growth of our European sales team.

It is self evident that selling a compliance solution takes time. The process can be even longer when considering we were a reactively unknown start up business, offering industry and regulators a 2015 technology substitute solution to the traditional paper based methodology of identifying customers.



It has also become evident that we have a clear value proposition in our multijurisdictional, dynamic, electronic solution and that our first mover advantage lead has extended by way of our business development, regulator awareness and technology stack, with no clear competitor being evident.

The barrier to entry for any potential followers has increased substantially over the past 12 months with what we have been able to achieve. The significant factors or advantages that we now have include;

- Protected Intellectual Property by way of multiple Patents having been lodged in a number of key jurisdictions
- Regulatory Engagement in key markets and jurisdictions, with validation of approach to meet regulatory requirements
- In-house Design and Coding of all of our Software/Systems, allowing us full control of our SaaS suite.
- Opportunities as first mover by way of a new approach to the KYC compliance problem about to be introduced by incoming regulation.
- Channel parties integrated and ready to commence downstream sales to merchants

We thank all shareholders for the support provided over the first 12 months of operation and look forward to further positive updates as they become available.

-ENDS-

## **About iSignthis Ltd (ASX: ISX)**

Australian Securities Exchange listed iSignthis Ltd (ASX : ISX), #payidentity converges remote payment authentication and KYC identification, to deliver automated customer on-boarding with global reach. Any transaction from any card or electronic payment instrument can be authenticated at checkout to safeguard against online fraud, whilst assisting with anti-money laundering regulation compliance. iSignthis' unique solutions protect online customers whilst providing confidence to operators regulated under AML/CTF for KYC compliance solutions.

See <http://www.isignthis.com>

### **#payidentity**

*noun*

*/ 'peɪ dɛntɪti/*

*the convergence of payments and identity, incorporating payment instrument verification and customer identification, in order to remotely link an electronic payment with a person's identity, usually for the purpose of satisfying Anti Money Laundering (AML) or Anti Fraud, or both requirements.*

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**iSignthis Ltd**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity: iSignthis Ltd  
ABN: 93 075 419 715  
Reporting period: For the half-year ended 31 December 2015  
Previous period: For the half-year ended 31 December 2014

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**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	up	7632.8% to	58,537
Loss from ordinary activities after tax attributable to the owners of iSignthis Ltd	up	1544.5% to	(6,765,793)
Loss for the half-year attributable to the owners of iSignthis Ltd	up	1544.5% to	(6,765,793)

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

The loss for the consolidated entity after providing for income tax amounted to \$6,765,793 (31 December 2014: \$411,429).

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.77</u>	<u>0.38</u>

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**4. Control gained over entities**

Name of entities (or group of entities) Not Applicable

Date control gained

	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	-
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

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**5. Loss of control over entities**

Name of entities (or group of entities) Not Applicable

Date control lost Not Applicable

\$

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material) -

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material) -

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## **6. Dividends**

### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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## **7. Dividend reinvestment plans**

Not applicable.

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## **8. Details of associates and joint venture entities**

Not applicable.

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## **9. Foreign entities**

### *Details of origin of accounting standards used in compiling the report:*

Not applicable.

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## **10. Audit qualification or review**

### *Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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## **11. Attachments**

### *Details of attachments (if any):*

The Interim Report of iSignthis Ltd for the half-year ended 31 December 2015 is attached.

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## **12. Signed**

Signed



Date: 26 February 2016

**iSignthis Ltd**

**(Formerly known as Otis Energy Limited)**

**ABN 93 075 419 715**

**Interim Report - 31 December 2015**

**iSignthis Ltd**  
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**31 December 2015**

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**iSignthis Ltd**  
**Corporate directory**  
**31 December 2015**

Directors	Timothy Hart (Non-Executive Chairman) Nickolas John Karantzis (Managing Director) Barnaby Egerton-Warburton (Non-Executive Director) Scott Minehane (Non-Executive Director)
Company secretary & CFO	Todd Richards
Registered office	456 Victoria Parade East Melbourne, VIC, 3002
Share register	Link Market Services Level 12, 680 George Street Sydney, NSW, 2000
Auditor	Grant Thornton Audit Pty Ltd The Rialto, Level 30 525 Collins Street Melbourne, 3000 VIC
Stock exchange listing	iSignthis Limited shares are listed on the Australian Securities Exchange (ASX code: ISX)
Website	<a href="http://www.isignthis.com">www.isignthis.com</a>

**iSignthis Ltd**  
**Directors' report**  
**31 December 2015**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of iSignthis Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

**Directors**

The following persons were Directors of iSignthis Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Tim Hart (Non-Executive Chairman)  
Mr Nickolas John Karantzis (Managing Director)  
Mr Scott Minehane (Non-Executive Director)  
Mr Barnaby Egerton-Warburton (Non-Executive Director)

**Principal activities**

iSignthis Ltd is an Australian based business with Patented technology used to significantly enhance online payment security and to electronically verify identities by way of a dynamic, digital and automated system. The system assists obligated entities under Anti Money Laundering ("AML") and Counter Terrorism Funding ("CTF") legislation to meet their compliance requirements and to ensure rapid and convenient on boarding of their customers. iSignthis also assists online merchants with mitigating Card Not Present fraud and providing CNP liability shift, within the framework of the card scheme rules and applicable regulatory regimes. The consolidated entity has been granted USA, European, South African, Singaporean and Australian patents and has patents pending in several other key jurisdictions including China, Hong Kong, South Korea, Canada, Brazil and India.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$6,765,793 (31 December 2014: \$411,429).

**Financial Position**

The net assets of the consolidated entity increased by \$8,793,040 to \$12,265,535 as at 31 December 2015 (30 June 2015: \$3,472,495).

The consolidated entity's working capital, being current assets less current liabilities was \$10,964,684 at 31 December 2015 (30 June 2015: \$2,179,486). During the period the consolidated entity had a negative cash flow from operating activities of \$1,774,078 (31 December 2014: \$245,152).

As a result of the above the Directors believe the consolidated entity is in a strong and stable position to expand and grow its current operations.

**Significant changes in the state of affairs**

On 2 November 2015 the consolidated entity issued 20,000,000 fully paid ordinary shares upon the exercise of unlisted options at an exercise price of \$0.04 (4 cents) per option raising a total of \$800,000 (these shares are to be held in escrow until 17 March 2017).

Also on the 2 November 2015 the consolidated entity issued 18,000,000 unlisted options in three difference tranches of 6,000,000 unlisted options each.

On 9 November 2015 the consolidated entity completed a placement of 26,125,000 fully paid ordinary shares to institutional investors at \$0.40 (40 cents) per share raising a total of \$10,450,000 before costs.

During the period the consolidated entity issued 750,000 fully paid ordinary upon the exercise options at \$0.05 (5 cents) per option raising a total of \$37,500.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the page 5.

**iSignthis Ltd**  
**Directors' report**  
**31 December 2015**

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Nickolas John Karantzis  
Managing Director

26 February 2016



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**Auditor's Independence Declaration  
To The Directors of iSignthis Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of iSignthis Ltd for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B. L. Taylor  
Partner - Audit & Assurance

Melbourne, 26 February 2016

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**iSignthis Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2015**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	4	58,537	757
<b>Expenses</b>			
Corporate expenses		(392,382)	(242,970)
Advertising & marketing		(57,688)	(15,856)
Employee benefits expense		(865,359)	(86,815)
Research & development expenses		(203,083)	-
Depreciation expense		(10,382)	(99)
Other expenses		(368,635)	(62,484)
Operating costs		(78,979)	(3,756)
Share based payments	5	(4,834,907)	-
Net realised foreign exchange loss		(12,915)	(206)
<b>Loss before income tax expense</b>		(6,765,793)	(411,429)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of iSignthis Ltd</b>		(6,765,793)	(411,429)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(7,892)	(487)
Other comprehensive income for the half-year, net of tax		(7,892)	(487)
<b>Total comprehensive income for the half-year attributable to the owners of iSignthis Ltd</b>		<u>(6,773,685)</u>	<u>(411,916)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	8	(1.15)	(0.13)
Diluted earnings per share	8	(1.15)	(0.13)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**iSignthis Ltd**  
**Statement of financial position**  
**As at 31 December 2015**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2015</b>
<b>Note</b>	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	11,181,291	2,267,022
Trade and other receivables	111,469	32,828
Other	57,508	76,479
<b>Total current assets</b>	<u>11,350,268</u>	<u>2,376,329</u>
<b>Non-current assets</b>		
Property, plant and equipment	49,941	37,660
Intangibles	1,259,000	1,259,000
<b>Total non-current assets</b>	<u>1,308,941</u>	<u>1,296,660</u>
<b>Total assets</b>	<u>12,659,209</u>	<u>3,672,989</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	321,487	169,291
Employee benefits	64,097	27,552
<b>Total current liabilities</b>	<u>385,584</u>	<u>196,843</u>
<b>Non-current liabilities</b>		
Employee benefits	8,090	3,651
<b>Total non-current liabilities</b>	<u>8,090</u>	<u>3,651</u>
<b>Total liabilities</b>	<u>393,674</u>	<u>200,494</u>
<b>Net assets</b>	<u>12,265,535</u>	<u>3,472,495</u>
<b>Equity</b>		
Issued capital	6 22,734,417	8,916,522
Reserves	6,354,936	4,595,398
Accumulated losses	(16,823,818)	(10,039,425)
<b>Total equity</b>	<u>12,265,535</u>	<u>3,472,495</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**iSignthis Ltd**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2015**

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Share based payments reserve</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Foreign currency reserve</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2014	1,259,000	-	-	-	1,259,000
Loss after income tax expense for the half-year	-	-	(411,429)	-	(411,429)
Other comprehensive income for the half-year, net of tax	-	-	-	(487)	(487)
Total comprehensive income for the half-year	-	-	(411,429)	(487)	(411,916)
Balance at 31 December 2014	<u>1,259,000</u>	<u>-</u>	<u>(411,429)</u>	<u>(487)</u>	<u>847,084</u>
<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Share based payments reserve</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Foreign currency reserve</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2015 (Restated)	8,916,522	4,601,216	(10,039,425)	(5,818)	3,472,495
Loss after income tax expense for the half-year	-	-	(6,765,793)	-	(6,765,793)
Other comprehensive income for the half-year, net of tax	-	-	-	(7,892)	(7,892)
Total comprehensive income for the half-year	-	-	(6,765,793)	(7,892)	(6,773,685)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 6)	11,287,500	-	-	-	11,287,500
Share-based payments (note 9)	-	4,834,907	-	-	4,834,907
Transfer from share based payments reserve upon the exercise of options	3,086,077	(3,067,477)	(18,600)	-	-
Capital raising costs	(555,682)	-	-	-	(555,682)
Balance at 31 December 2015	<u>22,734,417</u>	<u>6,368,646</u>	<u>(16,823,818)</u>	<u>(13,710)</u>	<u>12,265,535</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**iSignthis Ltd**  
**Statement of cash flows**  
**For the half-year ended 31 December 2015**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
<b>Note</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(1,798,282)	(245,909)
Interest received	24,204	757
	<u>(1,774,078)</u>	<u>(245,152)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(22,662)	(1,485)
	<u>(22,662)</u>	<u>(1,485)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	6 11,287,500	-
Capital raising costs	(555,682)	-
Proceeds from borrowings	-	300,000
	<u>10,731,818</u>	<u>300,000</u>
Net cash from financing activities		
Net increase in cash and cash equivalents	8,935,078	53,363
Cash and cash equivalents at the beginning of the financial half-year	2,267,022	-
Effects of exchange rate changes on cash and cash equivalents	(20,809)	(693)
	<u>11,181,291</u>	<u>52,670</u>
Cash and cash equivalents at the end of the financial half-year		

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**iSignthis Ltd**  
**Notes to the financial statements**  
**31 December 2015**

**Note 1. General information**

The financial statements cover iSignthis Ltd as a consolidated entity consisting of iSignthis Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is iSignthis Ltd's functional and presentation currency.

iSignthis Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

456 Victoria Parade  
East Melbourne  
Victoria, 3002

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 February 2016. The Directors do not have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 3. Operating segments**

*Identification of reportable operating segments*

The consolidated entity is organised into one operating segment which consists of online payment security, internet identity, e-mandates and e-contract validation services, to safeguard eCommerce operators, and assist Anti Money Laundering ("AML") and Counter Terrorism Funding ("CTF"). This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources.

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Interest	<u>58,537</u>	<u>757</u>

**iSignthis Ltd**  
**Notes to the financial statements**  
**31 December 2015**

**Note 5. Expenses**

**Consolidated**  
**31 December 2015**      **31 December 2014**  
**\$**                              **\$**

Loss before income tax includes the following specific expenses:

Share-based payments expense	4,834,907	-
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On 2 November 2015 the consolidated entity issued 18,000,000 unlisted options in three separate tranches to advisors of the entity in consideration for corporate advisory services performed (see Share based payments note for further details).

**Note 6. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December 2015</b>	<b>30 June 2015</b>	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	621,868,971	574,993,971	22,734,417	8,916,522

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2015	574,993,971		8,916,522
Option issue	02 November 2015	20,000,000	\$0.04	800,000
Placement	09 November 2015	26,125,000	\$0.40	10,450,000
Option Issue	11 November 2015	500,000	\$0.05	25,000
Option Issue	19 November 2015	250,000	\$0.05	12,500
Transfer from share based payments reserve on conversion of options		-		3,086,077
Capital Raising Cost		-		(555,682)
Balance	31 December 2015	621,868,971		22,734,417

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

**Note 7. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.



**iSignthis Ltd**  
**Notes to the financial statements**  
**31 December 2015**

**Note 8. Earnings per share**

In accordance with the principles of reverse acquisition accounting, the weighted average number of ordinary shares outstanding during the period ended 31 December 2014 has been calculated as the weighted average number of ordinary shares of provider iSignthis B.V. and ISX IP Ltd (together known as "iSignthis") outstanding during the period before acquisition multiplied by the exchange ratio established in the acquisition accounting, and the actual number of ordinary shares of iSignthis Ltd (formerly Otis Energy Limited) outstanding during the period after acquisition.

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of iSignthis Ltd	<u>(6,765,793)</u>	<u>(411,429)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>588,983,101</u>	<u>311,703,933</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>588,983,101</u>	<u>311,703,933</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(1.15)	(0.13)
Diluted earnings per share	(1.15)	(0.13)

**Note 9. Share-based payments**

Set out below are summaries of options granted under the plan:

31 December  
2015

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
07/05/2015	13/05/2017	\$0.040	30,000,000	-	(20,000,000)	-	10,000,000
02/11/2015	31/07/2017	\$0.380	-	6,000,000	-	-	6,000,000
02/11/2015	30/09/2018	\$0.500	-	6,000,000	-	-	6,000,000
02/11/2015	30/09/2018	\$0.620	-	6,000,000	-	-	6,000,000
			30,000,000	18,000,000	(20,000,000)	-	28,000,000

\* On 7 November 2015 at the company's general meeting shareholders approved to grant 18,000,000 Advisor Options to the Advisors (and/or nominees) in recognition of ongoing corporate advisory services provided to the Company by the Advisors. The options have an exercise price of \$0.38 (38 cents), \$0.50 (50 cents) and \$0.62 (62 cents) per option, respectively.

Set out below are the options exercisable at the end of the financial half-year:

Grant date	Expiry date	31 December 2015 Number	31 December 2014 Number
07/05/2015	13/05/2017	10,000,000	-
02/11/2015	31/07/2017	6,000,000	-
02/11/2015	30/09/2018	6,000,000	-
02/11/2015	30/09/2018	6,000,000	-
		28,000,000	-

**iSignthis Ltd**  
**Notes to the financial statements**  
**31 December 2015**

**Note 9. Share-based payments (continued)**

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
02/11/2015	31/07/2017	\$0.455	\$0.380	105.36%	-	1.76%	\$0.257
02/11/2015	30/09/2018	\$0.455	\$0.500	105.36%	-	1.83%	\$0.284
02/11/2015	30/09/2018	\$0.455	\$0.620	105.36%	-	1.83%	\$0.265

As part of the part consideration for the acquisition of 100% of issued capital of iSignthis B.V. and ISX IP Ltd (together known as "iSignthis") in March 2015 the vendor also issued 336,666,667 performance shares (on a post consolidation basis) based on achievement of the following milestones within three (3) of completing the transaction:

(i) 112,222,222 Class A Performance Shares – on achievement of annual revenue of at least \$5,000,000. Annual revenue will be calculated on annualised basis over a 6 month reporting period. Class A Performance Shares will expire if unconverted within three (3) years of completing the transaction;

(ii) 112,222,222 Class B Performance Shares – on achievement of annual revenue of at least \$7,500,000. Annual revenue will be calculated on annualised basis over a 6 month reporting period. Class B Performance Shares will expire if unconverted within three (3) years of completing the transaction; and

(iii) 112,222,223 Class C Performance Shares – on achievement of annual revenue of at least \$10,000,000. Annual revenue will be calculated on annualised basis over a 6 month reporting period. Class C Performance Shares will expire if unconverted within three (3) years of completing the transaction.

As at the date of the this report, none of the milestones have been met in relation to the Performance Shares and none of the Performance Shares were issued or cancelled.

**Note 10. Restatement of comparatives**

In March 2015, iSignthis Ltd (formerly Otis Energy Limited) ("ISX") completed the acquisition of identity and authentication service provider iSignthis B.V. and ISX IP Ltd (together known as "iSignthis") ("Acquisition"). The Acquisition was accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations on the basis that the former shareholders of 'iSignthis' (the legal subsidiary) obtained accounting control of ISX (the legal parent).

For the 30 June 2015 financial statements consideration was determined as being the fair value of the ISX existing fully paid ordinary shares along with the fair value of 336,666,667 unlisted performance shares (that meet the definition of equity) issued to the previous owners of iSignthis.

However under AASB 3 Business Combinations all equity securities, being both the ordinary and performance shares, issued to the previous owners of iSignthis, should have been ignored on the basis that they do not represent the consideration transferred by the accounting acquirer to the accounting acquiree.

Accordingly the previous value of \$10,100,000, being the deemed value of the unlisted performance shares that formed part of the listing expense on acquisition are to be restated as a \$nil value.

The impact of the restatement on prior period financial statement lines depicted in this half-year financial report is as follows:

<b>Statement of Financial Position as at 30 June 2015 (Extract):</b>	Previous Amount \$	Adjustment \$	Restated Amount \$
Net assets	3,472,495	-	3,472,495
Reserves	14,695,398	(10,100,000)	4,595,398
Accumulated losses	(20,139,425)	10,100,000	(10,039,425)
Total equity	3,472,495	-	3,472,495

The change did not have an impact on the consolidated other comprehensive income and the operating, investing and financing cash flows for the period ended 31 December 2014.

**iSignthis Ltd**  
**Directors' declaration**  
**31 December 2015**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



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Nickolas John Karantzis  
Managing Director

26 February 2016

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## **Independent Auditor's Review Report To the Members of iSignthis Ltd**

We have reviewed the accompanying half-year financial report of iSignthis Ltd (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the Directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

### **Directors’ responsibility for the half-year financial report**

The Directors of iSignthis Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor’s responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a 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 iSignthis Ltd consolidated entity’s financial position as at 31 December 2015 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 iSignthis Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 other 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.

**Independence**

In conducting our review, we 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 iSignthis Ltd is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B. L. Taylor  
Partner - Audit & Assurance

Melbourne, 26 February 2016