

## Appendix 4E and Financial Report 30 June 2015

**25 August 2015** – iSignthis Ltd (formerly Otis Energy Limited) (ASX : ISX) today announced the Financial Report on the results for the year ended 30 June 2015. In accordance with Listing Rule 4.3A, the report is attached.

The financial year has been one of significant change and excitement with the completion of the reverse acquisition of Otis Energy Limited, as approved by shareholders on 22 December 2014, and finalised with the re-listing as iSignthis Ltd on 16 March 2015.

### Financial Results

The net loss for the financial year to 30 June 2015 was \$20.1m

The loss attributable to the overall cost of the reverse listing, including Otis Energy Limited related items and advisory options was \$18.25m<sup>1</sup>

The end of year cash balance was \$2,267,022 following completion of the capital raising of \$3,100,000 as part of the re-listing process, with \$445k cash attributable to the reverse listing costs.

**-Ends-**

For further information: [www.isignthis.com](http://www.isignthis.com)

Todd Richards  
Company Secretary  
456 Victoria Pde  
East Melbourne, Victoria, 3002  
Tel: (03) 8415 0990

<sup>1</sup> See note 6 and 7 of financial report

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**iSignthis Ltd**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

Name of entity: iSignthis Ltd  
ABN: 93 075 419 715  
Reporting period: For the year ended 30 June 2015  
Previous period: For the year ended 30 June 2014

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

			\$
Revenues from ordinary activities	up	-% to	28,962
Loss from ordinary activities after tax attributable to the owners of iSignthis Ltd	down	-% to	(20,139,425)
Loss for the year attributable to the owners of iSignthis Ltd	down	-% to	(20,139,425)

*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 \$20,139,425 (30 June 2014: profit of \$nil).

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**3. Net tangible assets**

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

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**4. Control gained over entities**

On 9 March 2015 the consolidated entity being iSignthis B.V. and ISX IP Ltd (together known as "iSignthis") completed a reverse acquisition of iSignthis Ltd (Formerly Otis Energy Limited) as approved by shareholders at the company's general meeting held on the 22 December 2014. For the purposes of this financial report iSignthis Ltd will be known as the legal parent entity and iSignthis B.V. and ISX IP Ltd (together known as "iSignthis") will be known as the accounting parent entity.

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**5. Loss of control over entities**

During the financial year the legal parent entity disposed of all interests in subsidiaries that were incorporated in the United States of America.

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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 have been audited and an unqualified opinion has been issued.

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**11. Attachments**

*Details of attachments (if any):*

The Annual Report of iSignthis Ltd for the year ended 30 June 2015 is attached.

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**12. Signed**

Signed



A handwritten signature in black ink, appearing to read 'J. Sherratt', is written over a horizontal line.

Date: 25 August 2015

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**iSignthis Ltd**

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

**ABN 93 075 419 715**

**Annual Report - 30 June 2015**

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**iSignthis Ltd**  
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**30 June 2015**

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**iSignthis Ltd**  
**Corporate directory**  
**30 June 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

Hayes Knight Audit Pty Ltd  
Level 12, 31 Queen Street  
Melbourne, VIC, 3000

Stock exchange listing

iSignthis Ltd shares are listed on the Australian Securities Exchange (ASX code: ISX)  
(ASX code options: ISXO)

Website

[www.isignthis.com](http://www.isignthis.com)

## Letter from Chairman

Dear Shareholders,

When iSignthis was founded, we set out to significantly impact the online payment chain by mitigating Card Not Present fraud whilst streamlining the payment process. The scope of our service has expanded considerably since that time and we now enter new markets by providing a pure online solution whereby AML obligated entities are able to identify and on board customers to meet regulatory requirements. The past year has seen the company take tremendous strides in achieving our fundamental goals.

In March this year we officially began trading under our own code, ISX, on the Australian Stock Exchange following the reverse acquisition of Otis Energy Limited (OTE).

As part of the acquisition agreement and change of direction of the Company, the following Board appointments were made;

- Mr. Timothy Hart – Non Executive Chairman
- Mr. Nickolas (John) Karantzis – Managing Director and CEO
- Mr. Scott Minehane – Non Executive Director

On completion of the acquisition, Mr. Harry Hill and Mr. Winton Willesee resigned as directors of the Company. Mr. Barnaby Egerton-Warburton remains on the Board but has transitioned from Managing Director to Non-Executive Director.

Since the re-listing we have signed on numerous new customers and business partners, had patents granted in new jurisdictions and started the process of full product launch with our early adopter clients.

iSignthis operates in a particularly dynamic global environment. The way that business is conducted, people consume and governments regulate, is constantly evolving. Innovation and disruption are at the heart of everything we do and our solutions are not built just to accommodate change but to facilitate it. iSignthis remains the only company offering identity proofing of persons in conjunction with payment services.

The values that are central to our operations and our solution that is built to thrive in its dynamic environment, ensure that iSignthis sustains its competitive advantage into the future. And what an exciting future it is!

I would like to express our sincere appreciation to our shareholders on behalf of the iSignthis Board of Directors, Management team and talented employees. We look forward to sharing our success with you as we continue to grow.



Tim Hart  
Non-Executive Chairman

## **Letter from Managing Director**

Dear Shareholders,

I am pleased to present to you this review of iSignthis' progress for the Financial Year ended 30 June 2015.

The reports and information that follow reflect the significant transition of the Company from Otis Energy Limited to iSignthis Ltd as approved by shareholders on 22 December 2014. The transition being finalised on 16 March 2015 with the completion of the acquisition of iSignthis and the re-listing of the Company as iSignthis Ltd and trading under the new code of ISX.

Key achievements this year include:

- The Company successfully raised \$3.1m by way of an oversubscribed public offer.
- iSignthis began trading as ISX on the Australian Stock Exchange on 16 March 2015.
- Further Patents granted in New Zealand, South Africa and Singapore increasing the number of jurisdictions in which patents are held to 19
- PCI Certification achieved allowing global interconnection with bank and card schemes
- Independent legal advice confirming validity of process to meet AML/CTF requirements in various key geographic markets
- Expansion of sales and business development department, by vertical, market sector and geographic spread
- Approaching full launch for existing clients including eMerchantPay, Adelante and SolidTrustPay.
- Agreements signed with partner companies including IPGPay

### **The Year in Review**

The Company's results reflect a considerable change in operations as the Company transitioned and divested its oil and gas exploration assets (under the former entity of Otis Energy Limited) and acquired online payment and identity authentication service provider, iSignthis Ltd.

### **Operations**

Following the re-listing in March 2015, the Company has focused on key operational elements of business development growth and delivery of services to existing and new customers.

Extensive marketing and promotion of the iSignthis evidence of identity (EOI) and strong customer authentication (SCA) services by way of presentation at key finance and anti-money laundering conferences has delivered a strong sales pipeline of opportunities. Since re-listing, agreements have been finalised with e-Wallet provider SolidTrustPay as well as a partner agreement with IPGPay.

These clients, along with previously signed customers eMerchantPay, Adelante and Assurity are now in the final stages of service implementation and processing of transactions.

The iSignthis business development team continues to actively pursue new customers and partners in order to build scale and generate significant transaction processing output as soon as possible.

We look forward to making further announcements once agreements are finalised.



## **Financial Position**

At the end of the year the Company had cash at bank of \$2.267m. This position reflects the operating costs incurred post re-listing and the payment of transaction costs associated with the capital raising.

## **Outlook**

Over the last year we have gradually grown in number and geographic reach of employees. One of our key goals for the second half of this year was to recruit people who shared our values to help us expand operations and awareness globally. We are extremely proud of the talent that we have attracted to join iSignthis and believe this is a testament to our technology, internal culture and the strength of the opportunities that lay ahead.

Every effort is now focused on growth. We have a significant first mover advantage in regards to the delivery of a truly online customer identity service. We now strive to deliver an outstanding product to existing customers, expand our customer list and deliver revenues in the 2016 FY.

The key focus and short-term objectives include:

- Transaction flow from existing customers to commence in August 2015 resulting in the first reportable recurring revenues and cash input.
- Business Development will continue to be a major focus for the iSignthis team. Building on opportunities created and looking at closing and announcing new agreements with direct customers, strategic channel partners and referrers.
- An announcement was released on 14 July 2015 advising of a new channel partner agreement with **The Flying Merchant** enabling the automation of KYC and to mitigate payment risk for high-risk businesses.
- Technical deployment and delivery of services based on newly signed agreements.
- Continuing R&D of potential new products and services – adding to the disruption of existing processes within the financial services industry.
- Further exposure of the iSignthis brand by way of targeted participation in conferences and finance related events.

I would like to thank our exceptional team who share the iSignthis vision and contribute to our operational success. I would also like to express gratitude on behalf of everyone at iSignthis to our shareholders for the support that enables us to grow and provide payment solutions we are passionate about.

You can be assured that the Board, Management and iSignthis team are dedicated to delivering value to our shareholders and we look forward to keeping you informed of our progress.



N.J. (John) Karantzis  
Managing Director and CEO

**iSignthis Ltd**  
**Directors' report**  
**30 June 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 year ended 30 June 2015.

**Directors**

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

Mr Tim Hart (appointed 22 December 2014)  
Mr Nickolas John Karantzis (appointed 22 December 2014)  
Mr Scott Minehane (appointed 22 December 2014)  
Mr Barnaby Egerton-Warburton (resigned as the Managing Director 22 December 2014 and appointed Non-Executive Director 22 December 2014)  
Mr Winton Willesee (resigned 22 December 2014)  
Mr Harry Hill (resigned 22 December 2014)

**Principal activities**

The main focus during the financial year was completing the acquisition of iSignthis group which was completed on 9 March 2015.

iSignthis is an Australian based business which has been granted USA, European, South African and Australian patents that significantly enhance 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") obligated entities meet their compliance requirements. The consolidated entity has patents pending in several other key jurisdictions, including China, Hong Kong, South Korea, Canada, Brazil and India.

**Dividends**

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

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$20,139,425 (30 June 2014: profit of \$nil).

**Financial Position**

The net assets of the consolidated entity increased by \$2,213,495 to \$3,472,495 as at 30 June 2015 (2014: \$1,259,000). During the financial year, the company undertook an IPO which resulted in raising \$3.1 million before costs, following the completion of a reverse acquisition of the company formerly known as Otis Energy Limited (ASX: OTE).

The consolidated entity's working capital, being current assets less current liabilities was \$2,179,486 at 30 June 2015 (2014: \$Nil). During the period the consolidated entity had a negative cash flow from operating activities of \$1,800,498 (2014: \$Nil).

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**

During the year the consolidated entity entered into an agreement to sell off its interest in its subsidiaries incorporated in the United States of America which held the interests in all Oil and Gas projects previously.

On 22 December the shareholders approved the acquisition of 100% of issued capital of iSignthis BV - (iSignthis) and ISX IP Ltd (ISX). iSignthis is an Australian based business which has been granted USA, European, South African and Australian patents that significantly enhance 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") obligated entities meet their compliance requirements. The entity has patents pending in several other key jurisdictions, including China, Hong Kong, South Korea, Canada, Brazil and India.

The consolidated entity changed its name to iSignthis Ltd following shareholder approval at the general meeting held on 22 December 2014.

**iSignthis Ltd**  
**Directors' report**  
**30 June 2015**

On 22 December 2014 the consolidated entity lodged a prospectus for the offer of 103,333,333 shares at an issue price of (3 cents) each, to raise approximately \$3,100,000 (before costs).

As consideration for the acquisition of 100% of the issued capital in iSignthis, the vendor issued 298,333,333 vendor shares (on a post consolidation basis) to the shareholders of iSignthis.

In addition, 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.

Other key terms of the transaction included the payment by the vendor to iSignthis, of a non-refundable Inducement Fee of \$50,000, provision, by the vendor to iSignthis, of a drawdown facility of up to \$300,000 to be immediately available upon execution of a binding term sheet. Execution of a binding share sale, intellectual property assignment and licence agreements between the vendor and the shareholders of iSignthis and the sale of the remaining oil and gas assets of the vendor.

On 15 January 2015 the consolidated entity completed a share consolidation as approved by shareholders at the general meeting held on the 22 December 2014 to consolidate the issued capital on a basis of the one share for every ten shares held.

The consolidated entity lodged a Supplementary Prospectus to provide additional information to investors on the 29 January 2015. Applicants who have subscribed for Shares under the Prospectus to the date of this Supplementary Prospectus were given the Supplementary Prospectus, and had 1 month from the date of the Supplementary Prospectus to withdraw their Application and be repaid.

On 9 March 2015, the company completed the reverse acquisition with the company issuing 298,333,333 fully paid ordinary shares to the vendor as approved at the shareholder meeting held on 22 of December 2014. These shares were placed in escrow for a period of 24 months from the date of issue.

On 9 March 2015, the company issued a further 10,000,000 fully paid ordinary shares (to be held in escrow for a period of 24 months) to the vendor as part of settlement for the cash shortfall amount under the terms of the share sale and purchase agreement.

On 15 May 2015 the company issued 3,370,600 fully paid ordinary shares to the iSignthis vendor as satisfaction of cash shortfall amount as detailed in the share sale and purchase agreement. The consolidated entity also issued 30,000,000 unlisted options to advisors of the company in recognition of ongoing corporate services provided to the company, as approved by shareholders at the company's general meeting held on the 7 May 2015.

On 16 March 2015 the consolidated entity reinstated to official quotation and commenced trading on the ASX trading platform.

On 23 June 2015, the consolidated entity issued 250,000 fully paid ordinary shares following the exercise of 250,000 options at \$0.05 (5 cents) per option.

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

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 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.

**Likely developments and expected results of operations**

Over the last year we have gradually grown in number and geographic reach of employees. One of our key goals for the second half of this year was to recruit people who shared our values to help us expand operations and awareness globally. We are extremely proud of the talent that we have attracted to join iSignthis and believe this is a testament to our technology, internal culture and the strength of the opportunities that lay ahead.

Every effort is now focused on growth. We have a significant first mover advantage in regards to the delivery of a truly online customer identity service. We now strive to deliver an outstanding product to existing customers, expand our customer list and deliver revenues in the 2016 FY.

**Information on directors**

Name:	Mr Timothy Hart
Title:	Non-Executive Chairman (appointed 22 December 2014)
Qualifications:	Bsc, MM(T), MMkting, PGDIPSI (Oxon), GAICD, FAIM
Experience and expertise:	Mr. Hart is the Managing Director and Chief Executive Officer of Ridley Corporation Limited (ASX:RIC). Mr. Hart was Chief Executive Officer of Sugar Australia and Sugar New Zealand (joint ventures between Wilmar/CSR and Mackay Sugar Limited). Eight years prior to this, Mr. Hart held management positions with SCA Hygiene Australasia, Carter Holt Harvey, ACI Plastics Packaging, Amcor Limited and Pasmenco Limited. He has also been Deputy Chairman of the Australian Food & Grocery Council, Chaired the Corporate Affairs Committee and was a Director of the World Sugar Research organisation. Mr. Hart currently Chairs the AFGC Agribusiness Forum and is a Director of not for profits National Association of Women in Operations (NAWO) and Enactus (SIFE). Mr. Hart has an extensive background of senior management, in the agribusiness, food, resources, automotive and packaging industries across Australia, New Zealand, Europe and Asia.
Other current directorships:	Ridley Corporation Limited (ASX:RIC)
Former directorships (last 3 years):	Nil
Special responsibilities:	Chairman, Member of the Audit & Risk Committee and Chairman of the Remuneration Committee
Interests in shares:	Nil

Name:	Mr Nickolas John Karantzis
Title:	Managing Director (appointed 22 December 2014)
Qualifications:	B.E. LL.M. M.Enterp FIEAust CPEng EurIng
Experience and expertise:	Mr. Karantzis holds qualifications in engineering (University of Western Australia), law and business (University of Melbourne and University of Melbourne Business School). He is a founder of iSignthis, and has been leading the sales effort whilst developing the intellectual property to its commercialised state. Mr. Karantzis has over 20 years' experience in a number of sectors, including online media, defence and communications, with a background in secure communications. His previous public company experience includes directorships with ASX listed Pacific Star Network Limited (ASX:PNW) and Reeltime Media Limited (ASX:RMA).
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Nil

**iSignthis Ltd  
Directors' report  
30 June 2015**

Name: Mr Scott Minehane  
Title: Non-Executive Director (appointed 22 December 2014)  
Qualifications: B.Econ LLB LL.M  
Experience and expertise: Mr. Minehane has international regulatory and strategy experience in the telecommunications sector and has been involved in advising investors, telecommunications operators, Governments and regulators in Australia, Asia, the Pacific and South Africa for over 25 years. He is also an independent director of ASX listed Etherstack plc (ASX:ESK) which specialises in wireless technology including waveforms and public mobile radio solutions. Mr. Minehane has a Bachelor of Economics and a Bachelor of Laws from the University of Queensland and holds a Master of Laws, specialising in Communications and Asian Law from the University of Melbourne.

Other current directorships: Etherstack plc (ASX:ESK) (appointed 2 May 2012)  
Former directorships (last 3 years): Nil  
Special responsibilities: Chairman of the Audit and Risk Committee  
Interests in shares: Nil

Name: Mr Barnaby Egerton-Warburton  
Title: Non-Executive Director (resigned as managing director on 22 December 2014)  
Qualifications: B. Ec. GAICD  
Experience and expertise: Mr Egerton-Warburton holds a Bachelor of Economics Degree and is a graduate of the Australian Institute of Company Directors. He has over 20 years of trading, investment banking, international investment and market experience. He has held positions with global investment banks in Hong Kong, New York and Sydney including JPMorgan, Banque Nationale de Paris and Prudential Securities.

Other current directorships: Eneabba Gas Limited (ASX : ENB) and DMY Capital Ltd (ASX : AMY)  
Former directorships (last 3 years): 1-Page Limited (ASX : 1PG) (resigned 9 October 2014)  
Special responsibilities: Member of REM and Audit & Risk Committee  
Interests in shares: 2,762,224 fully paid ordinary shares  
Interests in options: 2,446,547 listed \$0.50 (50 cents) options expiring 31 December 2015

Name: Mr Harry Hill  
Title: Non-Executive Chairman (resigned 22 December 2014)  
Qualifications: CPA, FCIS  
Experience and expertise: Harry is a Certified Practising Accountant and Fellow of the Chartered Institute of Secretaries. He has over 35 years experience as a Director and Company Secretary of several publicly listed companies involved in oil and gas exploration, mining and mineral exploration.

Other current directorships: Nil  
Former directorships (last 3 years): Nil  
Special responsibilities: Nil  
Interests in shares: 31,500 fully paid ordinary shares  
Interests in options: 200,000 listed \$0.50 (50 cents) options expiring 31 December 2015

**iSignthis Ltd**  
**Directors' report**  
**30 June 2015**

Name: Mr Winton Willesee  
Title: Non-Executive Director and Company Secretary (resigned 22 December 2014)  
Qualifications: BBus., DipEd., PGDipBus., MCom., FFin, CPA, MAICD, ACIS/ACSA  
Experience and expertise: Mr Willesee is an experienced company director and company secretary. Mr Willesee brings a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance. Mr Willesee holds a Master of Commerce, Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors a Member of CPA Australia and a Chartered Secretary.

Other current directorships: Chairman of Birimian Gold Limited (appointed 31 January 2013), Coretrack Limited (appointed 4 October 2010), Cove Resources Limited (appointed 4 June 2008) and Metallum Limited (appointed 14 March 2011)

Former directorships (last 3 years): Bioprospect Limited (retired 15 September 2013), Base Resources Limited (retired 26 November 2013), Torrens Energy Limited (retired 2 May 2014) and Newera Resources Limited (resigned 31 July 2014).

Special responsibilities: Nil  
Interests in shares: 975,000 fully paid ordinary shares  
Interests in options: 1,231,250 listed \$0.50 (50 cents) cent options expiring 31 December 2015

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretary**

Todd Richards is a co-founder of iSignthis, and a Certified Practising Accountant with more than 20 years experience in statutory corporations and international and ASX listed companies. His experience has been gained in a number of industries including manufacturing, logistics, professional sport, IT, online media and telecommunications. Todd's previous public company experience includes executive and Company Secretary roles with ASX listed Destra Corporation Limited (ASX:DES) and Reeltime Media Limited (ASX:RMA).

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr T Hart	6	6	1	1	1	1
Mr S Minehane	6	6	1	1	1	1
Mr B Egerton-Warburton	13	13	-	-	-	-
Mr NJ Karantzis	6	6	-	-	-	-
Mr W Willesee	7	7	-	-	-	-
Mr H Hill	7	7	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

**Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

***Non-executive directors remuneration***

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

***Executive remuneration***

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

**iSignthis Ltd**  
**Directors' report**  
**30 June 2015**

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Following the issue of shares and performance shares for the initial acquisition of iSignthis B.V. and ISX IP Ltd (together known as "iSignthis") the board of directors of the consolidated entity have concluded that as they are still in early stages of operations, both STI and LTI share based payments are not yet appropriate. The board will continue to monitor and review its decision as the consolidated entity progresses and reaches further milestones.

*Consolidated entity performance and link to remuneration*

Remuneration for certain individuals is not directly linked to performance of the consolidated entity. An individual member of staff's performance assessment is done by reference to their contribution to the Company's overall operational achievements. All Directors and Executives hold shares and options in the Company to facilitate goal congruence between Executives with that of the business and shareholders.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

*Voting and comments made at the company's 5 November 2014 Annual General Meeting ('AGM')*

At the 5 November 2014 AGM, 99.98% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2014. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

***Details of remuneration***

The proportion of remuneration linked to performance and the fixed proportion are as follows:

*Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The remuneration table listed below comprises of 12 months of remuneration of iSignthis B.V. and ISX IP Ltd (together known as "iSignthis") and approximately 4 months of ISX from the acquisition date of 9 March 2015.



**iSignthis Ltd**  
**Directors' report**  
**30 June 2015**

2015	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
<i>Non-Executive Directors:</i>							
Mr Tim Hart	20,000	-	-	1,900	-	-	21,900
Mr Scott Minehane	13,333	-	-	1,267	-	-	14,600
Mr Barnaby Egerton-Warburton	13,333	-	-	1,267	-	-	14,600
<i>Executive Directors:</i>							
Mr Nickolas John Karantzis	200,773	-	-	-	-	-	200,773
<i>Other Key Management Personnel:</i>							
Mr Todd Richards	155,700	-	-	8,550	-	-	164,250
	<u>403,139</u>	<u>-</u>	<u>-</u>	<u>12,984</u>	<u>-</u>	<u>-</u>	<u>416,123</u>

*Details/Amounts of remuneration*

The remuneration table listed below relates to that of the legal parent entity (iSignthis Ltd) for the period 1 July 2014 to the date of the reverse acquisition 9 March 2015. The 2014 comparatives remuneration table have also been included as signed off in the 2014 Annual Report.

2015	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
<i>Non-Executive Directors:</i>							
Mr Timothy Hart	10,000	-	-	950	-	-	10,950
Mr Scott Minehane	6,667	-	-	633	-	-	7,300
Harry Hill	27,000	-	-	-	-	-	27,000
Winton Willesee*	12,000	-	-	-	-	-	12,000
<i>Executive Directors:</i>							
Barnaby Egerton-Warburton	82,015	-	-	3,907	-	-	85,922
	<u>137,682</u>	<u>-</u>	<u>-</u>	<u>5,490</u>	<u>-</u>	<u>-</u>	<u>143,172</u>

\* Payments exclude amounts paid for Company Secretarial services provided which amounted to \$24,600 for the year. An additional amount of \$6,000 was paid to a company associated with Mr Winton Willesee for providing office services.

**iSignthis Ltd**  
**Directors' report**  
**30 June 2015**

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
<b>2014</b>	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Harry Hill	54,000	-	-	-	-	-	54,000
Winton Willesee*	35,700	-	-	-	-	-	35,700
<i>Executive Directors:</i>							
Barnaby Egerton-Warburton**	190,144	-	-	19,218	-	-	209,362
	<u>279,844</u>	<u>-</u>	<u>-</u>	<u>19,218</u>	<u>-</u>	<u>-</u>	<u>299,062</u>

\* Payments exclude amounts paid for Company Secretarial services provided which amounted to \$52,800 for the year. An additional amount of \$12,000 was paid to a company associated with Mr Winton Willesee for providing office services.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2015	2014	2015	2014	2015	2014
<i>Non-Executive Directors:</i>						
Mr Timothy Hart	100%	-%	-%	-%	-%	-%
Mr Scott Minehane	100%	-%	-%	-%	-%	-%
Mr Barnaby Egerton-Warburton	100%	-%	-%	-%	-%	-%
<i>Executive Directors:</i>						
Mr Nickolas John Karantzis	100%	-%	-%	-%	-%	-%
<i>Other Key Management Personnel:</i>						
Mr Todd Richards	100%	-%	-%	-%	-%	-%

**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Mr. Nickolas John Karantzis  
Title: Managing Director  
Term of agreement: 24 months  
Details: The proposed terms of Mr. Karantzis Executive Services Agreement for the position of Managing Director and Chief Executive Officer will include a term of twenty four (24) months, with a termination period of six (6) months by either party, a director's fee and base salary totalling \$200,000 per annum, plus statutory superannuation entitlements, and domicile portability provisions. The agreement shall recognise one month of accrued annual leave, and participation in the employee incentive plan.

**iSignthis Ltd**  
**Directors' report**  
**30 June 2015**

Name: Mr. Todd Richards  
Title: Chief Financial Officer and Company Secretary  
Term of agreement: 24 months  
Details:

The proposed terms of Mr. Richards' Executive Services Agreement for the position of Chief Financial Officer and Company Secretary of the Company will include a term of twenty four (24) months, with a termination period of three (3) months by either party, a base salary of \$180,000 per annum, plus statutory superannuation entitlements, and domicile portability provisions. The agreement provides for participation in the employee incentive plan

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

**Share-based compensation**

*Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2015.

*Options*

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2015.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2015.

**Additional disclosures relating to key management personnel**

*Shareholding*

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other*****	Balance at the end of the year
<i>Ordinary shares</i>					
Barnaby Egerton-Warburton*	26,955,562	-	66,667	(24,260,005)	2,762,224
Winton Willesee **	9,750,000	-	-	(9,750,000)	-
Harry Hill ***	-	-	315,000	(315,000)	-
Mr Tim Hart ****	-	-	-	-	-
Mr Nickolas John Karantzis ****	-	-	-	-	-
Mr Scott Minehane ****	-	-	-	-	-
	<u>36,705,562</u>	<u>-</u>	<u>381,667</u>	<u>(34,325,005)</u>	<u>2,762,224</u>

\* On 15 January 2015 the company completed a consolidation of capital on a basis of one for ten shares held in the company which is shown above as disposals/other.

\*\* Resigned as Director and company secretary on 22 December 2014

\*\*\* Resigned as Director on 22 December 2014

\*\*\*\* During the financial year iSignthis Ltd (formerly Otis Energy Limited) (the "acquiree") completed the acquisition of iSignthis B.V. and ISX IP Ltd (together known as "iSignthis")("acquirer"). The acquiree issued a total of 311,703,933 fully paid ordinary shares to the acquirer in as consideration for the transaction. These members of the Key Management Personnel hold an interest in the acquirer.

\*\*\*\*\* The disposals/other column represents the post - consolidation share movement and also the members of Key Management Personal who resigned during the year that no longer require disclosure.

**iSignthis Ltd**  
**Directors' report**  
**30 June 2015**

*Option holding*

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ Other****	Balance at the end of the year
<i>Options over ordinary shares</i>					
Barnaby Egerton-Warburton*	24,465,464	-	-	(22,018,917)	2,446,547
Winton Willesee **	12,312,500	-	-	(12,312,500)	-
Harry Hill ***	2,000,000	-	-	(2,000,000)	-
	<u>38,777,964</u>	<u>-</u>	<u>-</u>	<u>(36,331,417)</u>	<u>2,446,547</u>

\* On 15 January 2015 the company completed a consolidation of capital on a basis of one for ten options held in the company which is shown above as disposals/other.

\*\* Resigned as Director and company secretary on 22 December 2014

\*\*\* Resigned as Director on 22 December 2014

\*\*\*\* The Expired/forfeited/other column represents the post - consolidation option movement and also the members of Key Management Personal who resigned during the year that no longer require disclosure.

***This concludes the remuneration report, which has been audited.***

**Shares under option**

Unissued ordinary shares of iSignthis Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
February 2011 to June 2011	31 December 2015	\$0.500	18,605,045
1 March 2013	1 March 2016	\$0.050	750,000
7 May 2015	13 May 2017	\$0.040	<u>30,000,000</u>
			<u><u>49,355,045</u></u>

Following a consolidation of capital which occurred on the 15 January 2015 on a one for ten basis, all options on issue at this date were adjusted accordingly. On 7 May 2015 at the shareholder general meeting, 30,000,000 adviser options were issued at \$0.0001 (0.01 cent) per option with an exercise price of \$0.04 (4 cents) per option.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

**Shares issued on the exercise of options**

The following ordinary shares of iSignthis Ltd were issued during the year ended 30 June 2015 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
1 March 2015*	\$0.050	250,000

\* On the 23 June 2015 250,000 fully paid ordinary shares were issued following the exercise of 250,000 options at \$0.05 (5 cents) per option.

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

**iSignthis Ltd**  
**Directors' report**  
**30 June 2015**

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 21 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 21 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

**Officers of the Company who are former audit partners of Hayes Knight Audit Pty Ltd**

There are no officers of the Company who are former audit partners of Hayes Knight Audit Pty Ltd.

**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 following page.

**Auditor**

Hayes Knight Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



---

Nickolas John Kalantzis  
Managing Director

25 August 2015



**Hayes Knight Audit**  
chartered accountants · your partners in success

Hayes Knight Audit Pty Ltd  
ABN: 86 005 105 975

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Melbourne, VIC 3000

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[www.hayesknight.com.au](http://www.hayesknight.com.au)

Registered Audit Company 291969

## Auditor's Independence Declaration iSignthis Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been:

- i) no contraventions of the independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*Hayes Knight Audit*

Hayes Knight Audit Pty Ltd  
Melbourne

Richard Cen  
Director

Dated this *25* day of *August* 2015

**iSignthis Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2015**

	Note	Consolidated 2015 \$	2014 \$
<b>Revenue</b>	5	28,962	-
<b>Expenses</b>			
Listing expense on reverse acquisition	6	(13,652,805)	-
Corporate expenses		(695,417)	-
Advertising & marketing		(145,132)	-
Employee benefits expense		(643,351)	-
Research & development expenses		(15,805)	-
Depreciation expense	7	(7,305)	-
Other expenses		(369,169)	-
Operating Costs	7	(23,619)	-
Share based payments	7	(4,601,216)	-
Net realised foreign exchange loss		(12,482)	-
Finance costs	7	(2,086)	-
<b>Loss before income tax expense</b>		(20,139,425)	-
Income tax expense	8	-	-
<b>Loss after income tax expense for the year attributable to the owners of iSignthis Ltd</b>		(20,139,425)	-
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(5,818)	-
Other comprehensive income for the year, net of tax		(5,818)	-
<b>Total comprehensive income for the year attributable to the owners of iSignthis Ltd</b>		(20,145,243)	-
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	30	(5.17)	-
Diluted earnings per share	30	(5.17)	-

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

**iSignthis Ltd**  
**Consolidated statement of financial position**  
**As at 30 June 2015**

	Note	Consolidated 2015 \$	2014 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	2,267,022	-
Trade and other receivables	10	32,828	-
Other	11	76,479	-
<b>Total current assets</b>		<u>2,376,329</u>	<u>-</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	37,660	-
Intangibles	13	1,259,000	1,259,000
<b>Total non-current assets</b>		<u>1,296,660</u>	<u>1,259,000</u>
<b>Total assets</b>		<u>3,672,989</u>	<u>1,259,000</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	169,291	-
Employee benefits	15	27,552	-
<b>Total current liabilities</b>		<u>196,843</u>	<u>-</u>
<b>Non-current liabilities</b>			
Employee benefits	16	3,651	-
<b>Total non-current liabilities</b>		<u>3,651</u>	<u>-</u>
<b>Total liabilities</b>		<u>200,494</u>	<u>-</u>
<b>Net assets</b>		<u>3,472,495</u>	<u>1,259,000</u>
<b>Equity</b>			
Issued capital	17	8,916,522	1,259,000
Reserves	18	14,695,398	-
Accumulated losses		(20,139,425)	-
<b>Total equity</b>		<u>3,472,495</u>	<u>1,259,000</u>

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



**iSignthis Ltd**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 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 2013	1,259,000	-	-	-	1,259,000
Profit after income tax expense for the year	-	-	-	-	-
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2014	<u>1,259,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,259,000</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 2014	1,259,000	-	-	-	1,259,000
Loss after income tax expense for the year	-	-	(20,139,425)	-	(20,139,425)
Other comprehensive income for the year, net of tax	-	-	-	(5,818)	(5,818)
Total comprehensive income for the year	-	-	(20,139,425)	(5,818)	(20,145,243)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 31)	-	4,601,216	-	-	4,601,216
Deemed value of OTE shares upon acquisition	4,791,201	-	-	-	4,791,201
Initial Public Offering (IPO)	3,100,000	-	-	-	3,100,000
Issue of options	3,000	-	-	-	3,000
Exercise of options	12,500	-	-	-	12,500
Performance shares issued	-	10,100,000	-	-	10,100,000
Capital raising costs	(249,179)	-	-	-	(249,179)
Balance at 30 June 2015	<u>8,916,522</u>	<u>14,701,216</u>	<u>(20,139,425)</u>	<u>(5,818)</u>	<u>3,472,495</u>

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

**iSignthis Ltd**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2015**

	Note	Consolidated 2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		19,759	-
Payments to suppliers and employees		(1,829,483)	-
		(1,809,724)	-
Interest received		9,104	-
Other revenue		122	-
Net cash used in operating activities	28	(1,800,498)	-
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	12	(44,965)	-
Net proceeds of cash and loans from acquisition of business		1,251,981	-
Net cash from investing activities		1,207,016	-
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	17	3,115,500	-
Capital raising costs		(249,179)	-
Net cash from financing activities		2,866,321	-
Net increase in cash and cash equivalents		2,272,839	-
Cash and cash equivalents at the beginning of the financial year		-	-
Effects of exchange rate changes on cash and cash equivalents		(5,817)	-
Cash and cash equivalents at the end of the financial year	9	2,267,022	-

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

**iSignthis Ltd**  
**Notes to the financial statements**  
**30 June 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 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 25 August 2015. The directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
- AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**Note 2. Significant accounting policies (continued)**

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of iSignthis Ltd ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. iSignthis Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

**Reverse asset acquisition**

On 9 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 has been accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations because, as a result of the Acquisition, the former shareholders of 'iSignthis' (the legal subsidiary) obtained accounting control of ISX (the legal parent).

The Acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as acquiree was deemed not to be a business for accounting purposes and, therefore, the transaction was not a business combination within the scope of AASB 3. Instead the Acquisition has been accounted for as a share-based payment transaction using the principles of share based payment transactions in AASB 2, and in particular the guidance in AASB 2 that any difference between the fair value of the shares issued by the accounting acquirer (iSignthis) and the fair value of the accounting acquiree's (iSignthis Ltd (formerly Otis Energy Limited)) identifiable net assets represents a service received by iSignthis, including payment for a service of an ASX stock exchange listing which will be expensed through the consolidated entity's profit and loss statement in the 2015 financial year.

Accordingly the consolidated financial report of ISX has been prepared as a continuation of the business and operations of iSignthis. As the deemed accounting acquirer iSignthis has accounted for the acquisition from 9 March 2015. The comparative information for the 12 months ended 30 June 2014 presented in the financial report is that of iSignthis.

The impact of the reverse asset acquisition on each of the primary statements is as follows:

**Consolidated statement of comprehensive income:**

- The statement for the period ended 30 June 2015 comprises 12 months of operating results of iSignthis and approximately 4 months of ISX from the acquisition date of 9 March 2015.
- The statement for the period to 30 June 2014 comprises 12 months of iSignthis

**Note 2. Significant accounting policies (continued)**

**Consolidated statement of financial position:**

- The consolidated statement of financial position at 30 June 2015 represents iSignthis and ISX assets and liabilities as at that date.
- The consolidated statement of financial position at 30 June 2014 represents iSignthis assets and liabilities as at that date.

**Statement of changes in equity:**

- The consolidated statement of changes in equity for the period ended 30 June 2015 comprises iSignthis balance at 1 July 2014, its loss for the 12 months and transactions with equity holders for 12 months. It also comprises ISX's transactions with equity holders in the past approximately 4 months (to 30 June 2015) and the equity balances of iSignthis and ISX at 30 June 2015.
- The consolidated statement of changes in equity for the period ended 30 June 2014 comprises 12 months of iSignthis

**Statement of cash flows:**

- The consolidated cash flow statement for the period ended 30 June 2015 comprises the cash balance of iSignthis, as at 1 July 2014, the cash transactions for the 12 months (12 months for iSignthis and 4 months for ISX and the cash balance of iSignthis and ISX at 30 June 2015.
- The consolidated cash flow statement for the period ended 30 June 2014 comprises 12 months of iSignthis cash transactions.

References throughout the financial statements to "reverse asset acquisition" are in reference to the above accounting treatment.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**Foreign currency translation**

The financial statements are presented in Australian dollars, which is iSignthis Ltd's functional and presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Note 2. Significant accounting policies (continued)**

*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Sale of goods*

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

**Note 2. Significant accounting policies (continued)**

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Other receivables are recognised at amortised cost, less any provision for impairment.

**Property, plant and equipment**

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

**Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

**Note 2. Significant accounting policies (continued)**

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.



**Note 2. Significant accounting policies (continued)**

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

**Note 2. Significant accounting policies (continued)**

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

**Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of iSignthis Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

*Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Goodwill and other indefinite life intangible assets*

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Employee benefits provision*

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

*Business combinations*

As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

**Note 4. 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 5. Revenue**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Fees</i>		
Integration fees	19,759	-
<i>Other revenue</i>		
Interest	9,203	-
Revenue	<u>28,962</u>	<u>-</u>

During the financial year the consolidated entity generated integration fees amounting to \$19,759.

**Note 6. Listing expense on reverse acquisition**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Listing expense	<u>13,652,805</u>	<u>-</u>

**Note 6. Listing expense on reverse acquisition (continued)**

The steps for calculating of the acquisition account items reflect the following rationale:

- iSignthis BV and ISX IP Ltd (together "iSignthis") is deemed to make a share-based payment to acquire the existing shareholders' interest in the net assets of iSignthis Ltd ("ISX") following the Acquisition;
- the total consideration deemed to be paid by iSignthis at the Acquisition (by way of the share-based payment) is calculated as follows:
  - nature of deemed consideration – shares in iSignthis;
  - value of iSignthis Ltd share – cannot be determined as no active market for ISX shares at time of acquisition;
  - therefore assess value of iSignthis Ltd shares deemed to be issued by reference to the fair value of ISX assets acquired;
  - fair value of ISX assets acquired ( no. of ISX shares on issue prior to Acquisition been 159,706,705 multiplied by the Fair value of each ISX share immediately prior to Acquisition been \$0.03 (3 cents).
  - fair value of equity issued by the vendor ( no. of performance shares issued upon Acquisition been 336,666,667 multiplied by the Fair value of each ISX share immediately prior to Acquisition been \$0.03 (3 cents).

As the shares of ISX were not being traded at the time of the Acquisition (the shares were suspended pending the outcome of the transaction) there was no active market for those shares. Accordingly the fair value of the shares was determined as 3 cents per share, this being the price at which ISX shares had been issued pursuant to the Prospectus, which was the last transaction for ISX shares immediately prior to the Acquisition.

The total consideration deemed to be paid by iSignthis is then compared to the net assets of ISX at the Acquisition. The excess of the consideration paid over the value of the net assets of ISX is expensed in the consolidated statement of income as a listing fee expense (Calculations seen below).

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Calculation of listing expense on reverse acquisition</b>		
Deemed fair value of consideration shares paid on acquisition (159,706,705 fully paid ordinary shares @ \$0.03 (3 cents))	4,791,201	-
Deemed fair value of consideration performance shares paid on acquisition (336,666,667 performance shares @ \$0.03 (3 cents))	10,100,000	-
<i>Less: Fair value of net assets of ISX acquired on reverse acquisition</i>		
Cash & cash equivalents	3,704,080	-
Receivables	841,240	-
Other assets	6,793	-
Prospectus funds received (of which \$151,080 was oversubscribed and therefore subsequently refunded)	(3,251,080)	-
Trade & other payables	(62,637)	-
	<hr/>	<hr/>
Listing expense recognised on reverse acquisition	<b>13,652,805</b>	<b>-</b>

**Note 7. Expenses**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Computers & office equipment	7,305	-
<i>Operating</i>		
Operating expenses	23,619	-
<i>Finance costs</i>		
Interest and finance charges paid/payable	2,086	-
<i>Share-based payments expense</i>		
Share-based payments expense	4,601,216	-

**Note 8. Income tax benefit**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(20,139,425)	-
Tax at the statutory tax rate of 30%	(6,041,828)	-
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	1,380,365	-
Costs in respect of foreign operations	149,130	-
Listing Expense on Acquisition	3,030,000	-
Fair value adjustment	3,080,190	-
	1,597,857	-
Deductible blackhole expenditure	(18,643)	-
Other timing differences	(4,400)	-
Income tax losses not taken up as a tax benefit	(1,574,814)	-
Income tax expense	-	-

**Note 8. Income tax benefit (continued)**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses (Australia)	581,944	-
Temporary differences (Australia)	23,996	-
Tax losses (foreign subsidiaries)	21,939	-
	<u>627,879</u>	<u>-</u>
Total deferred tax assets not recognised	<u>627,879</u>	<u>-</u>

The above potential tax benefit for deductible temporary differences, which excludes tax losses, has not been recognised in the financial statements as the recovery of the benefit is uncertain.

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

- i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law;
- iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses; and
- iv) the losses are transferred to an eligible entity in the consolidated group.

Due to the significant change in ownership following the reverse acquisition of iSignthis BV and ISX IP Ltd (together "iSignthis") the company has taken a conservative approach regarding the carried forward tax losses from iSignthis Ltd (Formerly Otis Energy Limited) and it will undertake a detailed investigation in relation to this matter going forward.

**Note 9. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	767,022	-
Cash on deposit	1,500,000	-
	<u>2,267,022</u>	<u>-</u>

**Note 10. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
GST receivable	32,828	-

Due to the short term nature of the receivables, their carrying value is assumed to be approximately their fair value. No collateral or security is held. No interest is charged on the receivables. The consolidated entity has financial risk management policies in place to ensure that all receivable are received within the credit time frame.

**iSignthis Ltd**  
**Notes to the financial statements**  
**30 June 2015**

**Note 11. Current assets - other**

	<b>Consolidated</b>	<b>2014</b>
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Prepayments	76,479	-

**Note 12. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	<b>2014</b>
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Computer and office equipment - at cost	44,965	-
Less: Accumulated depreciation	(7,305)	-
	<u>37,660</u>	<u>-</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Computer and Office Equipment \$	Total \$
Balance at 30 June 2014	-	-
Additions	44,965	44,965
Depreciation expense	(7,305)	(7,305)
Balance at 30 June 2015	<u>37,660</u>	<u>37,660</u>

**Note 13. Non-current assets - intangibles**

	<b>Consolidated</b>	<b>2014</b>
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Intellectual property - at cost	1,259,000	1,259,000

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Patent \$	Total \$
Balance at 30 June 2014	1,259,000	1,259,000
Balance at 30 June 2015	<u>1,259,000</u>	<u>1,259,000</u>

The patent above has been valued at cost and the board of directors have reviewed the carrying value and have concluded that it is too early to impair the carrying value due to the recent iSignthis acquisition.



**Note 14. Current liabilities - trade and other payables**

	Consolidated	
	2015	2014
	\$	\$
Trade payables	64,763	-
Other payables	104,528	-
	169,291	-
	169,291	-

Refer to note 19 for further information on financial instruments.

**Note 15. Current liabilities - employee benefits**

	Consolidated	
	2015	2014
	\$	\$
Annual leave	27,552	-
	27,552	-
	27,552	-

**Note 16. Non-current liabilities - employee benefits**

	Consolidated	
	2015	2014
	\$	\$
Long service leave	3,651	-
	3,651	-
	3,651	-

**Note 17. Equity - issued capital**

	2015	Consolidated		2014
	Shares	2014	2015	2014
		Shares	\$	\$
Ordinary shares - fully paid	574,993,971	1	8,916,522	1,259,000
	574,993,971	1	8,916,522	1,259,000
	574,993,971	1	8,916,522	1,259,000

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	30 June 2014	1		1,259,000
		(1)		-
Existing OTE Shares at acquisition date	10 March 2015	159,706,705	\$0.000	4,791,201
Issue Share to Vendor (iSignthis Ltd)	10 March 2015	298,333,333	\$0.000	-
Issue Share to Vendor for cash shortfall (iSignthis Ltd)	10 March 2015	10,000,000	\$0.000	-
IPO	10 March 2015	103,333,333	\$0.030	3,100,000
Issue Share to Vendor for cash shortfall (iSignthis Ltd)	15 May 2015	3,370,600	\$0.000	-
Option issue	15 May 2015	-	\$0.000	3,000
Exercise of unlisted options	23 June 2015	250,000	\$0.050	12,500
Capital raising costs		-		(249,179)
		574,993,971		8,916,522
Balance	30 June 2015	574,993,971		8,916,522

**Note 17. Equity - issued capital (continued)**

*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.

*Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

**Note 18. Equity - reserves**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Foreign currency reserve	(5,818)	-
Share-based payments reserve	14,701,216	-
	<u>14,695,398</u>	<u>-</u>

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services. Performance shares issued as part consideration of the acquisition of iSignthis B.V. and ISX IP Ltd (together known as "iSignthis") have been included in the reserve.

**Note 19. Financial instruments**

***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

**Note 19. Financial instruments (continued)**

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

**Market risk**

*Foreign currency risk*

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

*Price risk*

The consolidated entity is not exposed to any significant price risk.

*Interest rate risk*

The consolidated entity's only exposure to interest rate risk is in relation to deposits held. Deposits are held with reputable banking financial institutions.

	2015		2014	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
<b>Consolidated</b>				
Cash at bank	1.50%	767,022	-%	-
Cash on deposit	2.90%	1,500,000	-%	-
Net exposure to cash flow interest rate risk		<u>2,267,022</u>		<u>-</u>

Below is a sensitivity analysis of interest rates at a rate of 50 basis points on cash at bank and 100 basis points on cash on deposit for the 2014 and 2015 financial years. The impact would not be material on bank balances held at 30 June 2015. The percentage change is based on expected volatility of interest rates using market data and analysis forecasts.

<b>Consolidated - 2015</b>	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash at bank	50	3,835	3,835	50	(3,835)	(3,835)
Cash on deposit	100	15,000	15,000	100	(15,000)	(15,000)
		<u>18,835</u>	<u>18,835</u>		<u>(18,835)</u>	<u>(18,835)</u>

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

**Note 19. Financial instruments (continued)**

**Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Note 20. Key management personnel disclosures**

*Directors*

The following persons were directors of iSignthis Ltd during the financial year:

Mr Timothy Hart	(Non-Executive Chairman)
Mr Nickolas John Karantzis	(Managing Director and CEO)
Mr Scott Minehane	(Non-Executive Director)
Mr Barnaby Egerton-Warburton	(Non-Executive Director)
Mr Winton Willesee	(Non-Executive Director and Company Secretary)
Mr Harry Hill	(Non-Executive Chairman)

*Other key management personnel*

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr Todd Richards	CFO and Company Secretary
------------------	---------------------------

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	403,139	-
Post-employment benefits	12,984	-
	416,123	-

The remuneration amounts seen above includes 12 months of remuneration for iSignthis B.V. and ISX IP Ltd (together known as "iSignthis") and approximately 4 months of remuneration for iSignthis Ltd (legal parent). Please refer to the remuneration table contained in the directors report for further information.

**iSignthis Ltd**  
**Notes to the financial statements**  
**30 June 2015**

**Note 21. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Hayes Knight Audit Pty Ltd, the auditor of the company:

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - Hayes Knight Audit Pty Ltd</i> Audit or review of the financial statements	31,300	-
<i>Other services - Hayes Knight Audit Pty Ltd</i> Review of the financial statements of the Authenticate Pty Ltd & ISX IP Ltd group prior to reverse acquisition completion	5,800	-
	<u>37,100</u>	<u>-</u>

**Note 22. Contingent liabilities**

There were no contingent liabilities at 30 June 2015 and 30 June 2014.

**Note 23. Commitments**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Lease commitments - operating</i> Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	85,000	-
One to five years	375,387	-
	<u>460,387</u>	<u>-</u>

Operating lease commitments includes the office lease until 25 May 2020.

**Note 24. Related party transactions**

*Parent entity*  
iSignthis Ltd is the parent entity.

*Subsidiaries*  
Interests in subsidiaries are set out in note 26.

*Key management personnel*  
Disclosures relating to key management personnel are set out in note 20 and the remuneration report in the directors' report.

*Transactions with related parties*  
There were no transactions with related parties during the current and previous financial year.

*Receivable from and payable to related parties*  
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*  
There were no loans to or from related parties at the current and previous reporting date.

**iSignthis Ltd**  
**Notes to the financial statements**  
**30 June 2015**

**Note 25. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(25,911,722)	-
Total comprehensive income	(25,911,722)	-

*Statement of financial position*

	<b>Parent</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Total current assets	2,256,010	-
Total assets	3,855,327	-
Total current liabilities	109,423	-
Total liabilities	109,423	-
Equity		
Issued capital	93,439,137	-
Share-based payments reserve	15,607,816	-
Accumulated losses	(105,301,049)	-
Total equity	<u>3,745,904</u>	<u>-</u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2014 and 30 June 2015.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2014 and 30 June 2015.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2014 and 30 June 2015.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Note 26. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2015 %	2014 %
Authenticate Pty Ltd	Australia	100.00%	-%
Authenticate BV	Netherlands	100.00%	-%
iSignthis BV	Netherlands	100.00%	-%
ISX IP Ltd	British Virgin Islands	100.00%	-%
Otis Energy Inc *	USA	-%	100.00%
Sito Exploration LLC *	USA	-%	100.00%
Otis Energy I LLC *	USA	-%	100.00%
Otis Energy II LLC *	USA	-%	100.00%
Otis Energy (Yemen) Limited	British Virgin Islands	100.00%	100.00%

\* During the period the legal parent entity entered into an agreement to sell its interests in its US subsidiaries. The sale was completed during the period and therefore at reporting date the company had no ownership interest in the above companies, with the exception of Otis Energy (Yemen) Limited.

For the purposes of this subsidiaries note the parent entity has been deemed as the legal parent entity been iSignthis Ltd.

**Note 27. Events after the reporting period**

No matter or circumstance has arisen since 30 June 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.

**Note 28. Reconciliation of loss after income tax to net cash used in operating activities**

	Consolidated	
	2015 \$	2014 \$
Loss after income tax expense for the year	(20,139,425)	-
Adjustments for:		
Depreciation and amortisation	7,305	-
Share-based payments	4,601,216	-
Foreign exchange differences	(13,586)	-
Listing expense on reverse acquisition	13,652,805	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(32,828)	-
Increase in prepayments	(76,479)	-
Increase in trade and other payables	169,291	-
Increase in employee benefits	31,203	-
Net cash used in operating activities	<u>(1,800,498)</u>	<u>-</u>

**Note 29. Non-cash investing and financing activities**

On 9 March 2015, the Company completed the reverse acquisition of iSignthis B.V. and ISX IP Ltd (together known as "iSignthis") in which the legal parent entity (iSignthis Ltd) ("ISX") issued a total of 311,703,933 fully paid ordinary shares to iSignthis throughout the financial year as approved by shareholders at the general meeting held on the 22 December 2014.

**Note 29. Non-cash investing and financing activities (continued)**

The Company also issued the following Vendor Consideration Performance Shares:

112,222,222 Class A Performance Shares, which convert into Shares on a one for one basis on achievement, within three full financial years of Completion, of revenue over a 6 month reporting period (being for a 6 month period ending 30 June or 31 December), on an annualised basis, to annual revenue of at least \$5,000,000 (Milestone A). For the avoidance of doubt, a half year revenue of \$2,500,000 will satisfy Milestone A

112,222,222 Class B Performance Shares, which convert into Shares on a one for one basis on achievement, within three full financial years from Completion, of revenue over a 6 month reporting period (being for a 6 month period ending 30 June or 31 December), on an annualised basis, to annual revenue of at least \$7,500,000 (Milestone B). For the avoidance of doubt, a half year revenue of \$3,750,000 will satisfy Milestone B;

112,222,223 Class C Performance Shares, which convert into Shares on a one for one basis on achievement, within three full financial years of Completion, of revenue over a 6 month reporting period (being for a 6 month period ending 30 June or 31 December), on an annualised basis, to annual revenue of at least \$10,000,000 (Milestone C). For the avoidance of doubt, a half year revenue of \$5,000,000 will satisfy Milestone C.

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 30. Earnings per share**

In accordance with the principles of reverse acquisition accounting, the weighted average number of ordinary shares outstanding during the period ended 30 June 2015 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>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of iSignthis Ltd	(20,139,425)	-
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	389,476,571	308,333,333
Weighted average number of ordinary shares used in calculating diluted earnings per share	389,476,571	308,333,333
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(5.17)	-
Diluted earnings per share	(5.17)	-

**Note 31. Share-based payments**

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

2015							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/01/2010*	16/03/2015	\$0.040	-	30,000,000	-	-	30,000,000
			-	30,000,000	-	-	30,000,000



**Note 31. Share-based payments (continued)**

- \* On 7 May 2015 at the company's general meeting shareholders approved to grant 30,000,000 Advisor Options to the Advisors (and/or nominees) in recognition of ongoing corporate advisory services provided to the Company by the Advisors. The options had an issue price of \$0.0001 (0.01 cent) per option.

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

Grant date	Expiry date	2015 Number	2014 Number
07/05/2015	16/03/2015	30,000,000	-
		<u>30,000,000</u>	<u>-</u>

For the options granted during the current financial 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
07/05/2015	16/03/2015	\$0.190	\$0.040	70.21%	-%	2.12%	\$0.153

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") 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.

The performance shares listed above have been valued at fair value being \$0.03. The date at which the fair value of the equity instruments granted was measured for the purposes AASB 2 (Appendix A and paragraph 10). For transactions with employees and others providing similar services, the measurement date is grant date. For transactions with parties other than employees (and those providing similar services), the measurement date is the date the entity obtains the goods or the counterparty renders service. Therefore As per AASB2, the measurement date for the Shares is 9 March 2015. This is the date on which the consolidated entity finalised the transaction directly related to the issue of the Shares.

As consideration for the acquisition of 100% of the issued capital in iSignthis, the vendor also issued 298,333,333 vendor shares to the shareholders of iSignthis.

On 9 March 2015, the company issued a further 10,000,000 fully paid ordinary shares to the vendor as part of settlement for the cash shortfall amount under the terms of the share sale and purchase agreement.

On 15 May 2015 the company issued 3,370,600 fully paid ordinary shares to the iSignthis vendor as satisfaction of cash shortfall amount as detailed in the share sale and purchase agreement.

A total of 311,703,933 fully paid ordinary shares have been issued as consideration for the acquisition of 100% of the issued capital in iSignthis (all of which are been held in escrow for a period of 24 months from the date of issue).

**iSignthis Ltd**  
**Directors' declaration**  
**30 June 2015**


In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



---

Nickolas John Karantzis  
Managing Director

25 August 2015



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Registered Audit Company 291969

## Independent Auditor's Report To the members of iSignthis Ltd

### Report on the Financial Report

We have audited the accompanying financial report of iSignthis Ltd, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the entity and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of iSignthis Ltd.

An independent Member of the Hayes Knight Group and Morison International.

Liability limited by a scheme approved under Professional Standards Legislation.

Associated Offices : Adelaide | Auckland | Brisbane | Darwin | Melbourne | Perth | Sydney

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*Opinion*

In our opinion:

- (a) the financial report of iSignthis Ltd is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and the consolidated entity's financial positions as at 30 June 2015 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1

*Report on the Remuneration Report*

We have audited the Remuneration Report included in pages 10 to 16 of the report of the directors for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the Remuneration Report of iSignthis Ltd for the year ended 30 June 2015 complies with s 300A of the *Corporations Act 2001*.

*Hayes Knight Audit*

**Hayes Knight Audit Pty Ltd**  
Melbourne



**Richard Cen**  
Director

Dated this

*25*

day of

*August*

2015



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**iSignthis Ltd**  
**Shareholder information**  
**30 June 2015**

The shareholder information set out below was applicable as at 4 August 2015.

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary quoted shares	Number of holders of options over ordinary shares
1 to 1,000	611	133
1,001 to 5,000	612	86
5,001 to 10,000	547	20
10,001 to 100,000	1,084	82
100,001 and over	252	37
	<u>3,106</u>	<u>358</u>
Holding less than a marketable parcel	<u>992</u>	<u>287</u>

**Equity security holders**

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number held	Ordinary shares % of total quoted shares issued
MYCATMAX PTY LTD <THE VIKING S/F A/C>	17,000,000	6.46
BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	14,100,000	5.36
CITICORP NOMINEES PTY LIMITED	12,197,100	4.63
IFM PTY LIMITED <IFM SUPER FUND A/C>	10,000,000	3.80
MS MERLE SMITH & MS KATHRYN SMITH <THE MINI PENSION FUND A/C>	9,650,000	3.67
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,347,577	3.55
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	7,056,950	2.68
UBS NOMINEES PTY LTD	6,452,703	2.45
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	5,986,203	2.27
MR GARRY SHANE COLLINS & MRS JANICE ANN COLLINS <COLLINS SUPER FUND A/C>	5,952,800	2.26
MAHSOR HOLDINGS PTY LTD <ROSHAM FAMILY SUPER A/C>	5,275,000	2.00
HOLDREY PTY LTD <DON MATHIESON FAMILY>	5,000,000	1.90
DECK CHAIR HOLDINGS PTY LTD	3,150,000	1.20
LEYRTH PTY LTD <THE BF A/C>	2,800,000	1.06
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	2,747,297	1.04
MAHSOR HOLDINGS PTY LTD <ROSHAM FAMILY S/F NO2>	2,500,000	0.95
B & G ESTATES LIMITED	2,500,000	0.95
LUNAIR PTY LTD	2,450,000	0.93
CS FOURTH NOMINEES PTY LTD	2,025,539	0.77
MR PAUL ANTHONY MOSS	2,000,000	0.76
	<u>128,191,169</u>	<u>47.74</u>

**iSignthis Ltd**  
**Shareholder information**  
**30 June 2015**

	Options over ordinary shares	ordinary shares % of total options issued
	Number held	
WHISTLER STREET PTY LTD <WARBURTON DISCRETIONARY>	2,400,000	12.90
AZALEA FAMILY HOLDINGS PTY LTD <NO 2 A/C>	1,231,250	6.62
HUGH LATIMER & COMPANY PTY LTD <HUGH LATIMER SUPER FUND A/C>	1,000,000	5.37
BERENES NOMINEES PTY LTD <BERENES SUPER FUND A/C>	1,000,000	5.37
MISS EMMA BUTTERWORTH	1,000,000	5.37
DOMINION INVESTMENTS PTY LTD	1,000,000	5.37
UOB KAY HIAN PRIVATE LIMITED <CLIENTS A/C>	867,500	4.66
MR RAJNISH SHARAN	500,000	2.69
CASTLE BAILEY PTY LTD <D & S BAILEY FAMILY A/C>	400,000	2.15
MR RICHARD FLUDE	355,600	1.91
GREENDAY CORPORATE PTY LTD	350,000	1.88
MR MICHAEL JOHN HYNES	330,330	1.78
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	287,500	1.55
MISS CHING FONG WAN	268,852	1.45
FULLERTON PRIVATE CAPITAL PTY LIMITED	267,562	1.44
GAKS INVESTMENT HOLDINGS PTY LTD <GAKS INVESTMENT>	256,995	1.38
MR JOHN ZACCARIA <THE ZACCARIA SHARE A/C>	250,000	1.34
MR DALBIR SINGH	213,005	1.14
MR HARRY ARTHUR HILL	200,000	1.07
MR GEDIRE MOHAMAD & MRS NAHLA MOHAMAD <GNY SUPER FUND A/C>	200,000	1.07
	<u>12,378,594</u>	<u>66.51</u>

*Twenty largest quoted and unquoted equity security holders*

The names of the twenty largest security holders of quoted and unquoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
ISIGNTHIS LTD	311,703,933	54.21
MYCATMAX PTY LTD <THE VIKING S/F A/C>	17,000,000	2.96
BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	14,100,000	2.45
CITICORP NOMINEES PTY LIMITED	12,197,100	2.12
IFM PTY LIMITED <IFM SUPER FUND A/C>	10,000,000	1.74
MS MERLE SMITH & MS KATHRYN SMITH <THE MINI PENSION FUND A/C>	9,650,000	1.68
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,347,577	1.63
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	7,056,950	1.23
UBS NOMINEES PTY LTD	6,452,703	1.12
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	5,986,203	1.04
MR GARRY SHANE COLLINS & MRS JANICE ANN COLLINS <COLLINS SUPER FUND A/C>	5,952,800	1.04
MAHSOR HOLDINGS PTY LTD <ROSHAM FAMILY SUPER A/C>	5,275,000	0.92
HOLDREY PTY LTD <DON MATHIESON FAMILY>	5,000,000	0.87
DECK CHAIR HOLDINGS PTY LTD	3,150,000	0.55
LEYRTH PTY LTD <THE BF A/C>	2,800,000	0.49
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	2,747,297	0.48
MAHSOR HOLDINGS PTY LTD <ROSHAM FAMILY S/F NO2>	2,500,000	0.43
B & G ESTATES LIMITED	2,500,000	0.43
LUNAIR PTY LTD	2,450,000	0.43
CS FOURTH NOMINEES PTY LTD	2,025,539	0.35
	<u>437,895,102</u>	<u>76.17</u>

**iSignthis Ltd**  
**Shareholder information**  
**30 June 2015**

**Substantial holders**

Substantial holders in the company are set out below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
ISIGNTHIS LTD	311,703,933	54.21

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

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.

There are no other classes of equity securities.

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