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 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	208.9%	to	1,371,192
Loss from ordinary activities after tax attributable to the owners of iSignthis Ltd	down	38.3%	to	(5,700,062)
Loss for the year attributable to the owners of iSignthis Ltd	down	38.3%	to	(5,700,062)

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 $5,700,062 (30 June 2016: $9,235,217).

The reduction in the loss for the year has resulted from a decrease in Share Based Payments expense for the current year in comparison to the prior year.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.78	1.38

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

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.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

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.

11. Attachments

Details of attachments (if any):

The Annual Report of iSignthis Ltd for the year ended 30 June 2017 is attached.

12. Signed

Signed ___________________________ Date: 30 August 2017

Nickolas John Karantzis
Managing Director

iSignthis®

2017 ANNUAL REPORT

iSignthis Ltd / ABN 93 075 419 715

Contents

Corporate Directory

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 registry	**Link Market Services** **Level 12, 680 George Street Sydney, NSW, 2000** **Telephone: 1300 554 474**
Auditor	**Grant Thornton Audit Pty Ltd** **The Rialto, Level 30** **525 Collins Street** **Melbourne, VIC 3000**
Stock exchange listing	**iSignthis Ltd shares are listed on the Australian Securities Exchange (ASX code: ISX) and cross listed on the Frankfurt Stock Exchange (FRA : TA8)**
Website	**www.isignthis.com**

Letter from Chairman

Dear Shareholders,

I would firstly like to thank our shareholders for their ongoing support throughout the past year as iSignthis continues to grow and generates its first operational revenues. The past year in many ways has been a successful year for the company as we reached new milestones and strategically grew into existing and new markets.

We have continued to raise awareness of our Paydentity® solution in the regulated market. With a specific focus on the European gaming, gambling, remittance, trading, forex, CFD, wagering, card issuing and e-wallet markets, where identity proofing is a regulatory requirement. We believe the iSignthis Paydentity® solution is now well known within these markets, especially the forex and trading market where we have been most prominent in raising brand awareness.

A major development for the company was the introduction of iSignthis eMoney Ltd ("ISXPay™"). ISXPay™ was created to form the payments side of the business so iSignthis can provide merchants with a full end to end solution, strengthening our competitive advantage. The introduction of ISXPay to the iSignthis services has led to agreements with the National Australia Bank, JCB International and Worldline.

As the company has continued to grow, iSignthis established an Operations Centre in Nicosia, Cyprus in August 2016. Our Cyprus office has allowed us to offer merchants with 24hr support and stronger communication with potential European customers. Our regional European sales offices have also expanded from Amsterdam and London to include Barcelona.

Other major successes achieved by the company in the past year include;

- Go live announcements with global payments expert, Ixaris, bitcoin wallet, Blockchain, award winning FX trader, XM.com.uk and European acquirer and issuer, Borgun.
- Achieving our eMoney Institution License (EMI) from the Central Bank of Cyprus for ISXPay™ (#115.1.3.17).
- Cross listing on the Frankfurt Stock Exchange (FRA : TA8).

Moving forward into 2017/18 iSignthis main focus will be on continuing to generate revenue, going live with our existing partnerships and signing new agreements. We continue to be the only company offering identity proofing services in conjunction with payment services and we will continue to make the most of this competitive advantage.

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

Timothy Hart

Timothy Hart
Non-Executive Chairman

Letter from the Managing Director

Dear Shareholder,

It gives me great pleasure to present you with this review of the Company's progress for the Financial Year ended 30 June 2017.

I am pleased with the progress and growth of iSignthis in this past year, with our focus continuing to be on Europe, yet with an eye on opportunities as they develop elsewhere.

As shareholders are aware, iSignthis is an answer to what was a developing regulatory problem – that of solving remote identity in an Anti-Money Laundering (AML) context, whilst at the same time monitoring and then later fulfilling payments to our merchant customers.

The regulatory regimes of the 4th Anti Money Laundering Directive (4AMLD) and the Payment Services Directive 2 (PSD2) will introduce new requirements that conventional approaches are poorly or inadequately able to meet. The iSignthis services have been designed to meet the complex risk based identity verification and monitoring requirements of these EU regimes in an automated and scalable manner. We expect to see similar regulatory regimes extend across all forty plus Financial Action Task Force (FATF) member countries, including Australia, New Zealand, the USA, Japan, China, Hong Kong, Singapore, South Africa and so on, providing further opportunity for iSignthis.

Whilst we appreciate that there has been shareholder frustration with regards to the initial deferral of the EU's regulatory regime and the impact on the Company's growth timetable, that time also allowed the Company to refine and further develop its products in preparation for the new regulatory regime. That frustration was also felt by the executive and the board of directors.

I note that the end of the 2017 financial year marks the entry into regulatory force of the first of the two critical EU regulatory regimes, being the 4AMLD, with the PSD2 slated for mid 2018. With the 4AMLD now in force, one of the two core regulatory drivers our business case relies upon is now in place in the EU. Whilst our focus will remain on the EU for some time, systemic failures of AML regimes in the US, Australia and other jurisdictions may hasten application of the FATF's risk based requirements across all member jurisdictions.

I believe we have been able to meet and exceed many of the goals that we set out to achieve, whilst we were forced to wait for the regulatory landscape to coalesce. In the meantime, the Company didn't wait idly by, nor pin its success on one region or one regulatory regime, or even one prospective revenue stream.

We have worked to develop multiple opportunities simultaneously, and exploit our strengths, intellectual property and first mover advantages to the benefit of shareholders. The past year has not been about short-term measures or quick wins, but rather to put in place the necessary building blocks to establish a successful business platform, capable of providing global transactional banking and RegTech services. We can now focus on going live with our already integrated customers, building our transactional revenue and signing new deals, and delivering value to shareholders.

Last year we set out to achieve a strong market presence within the regulated market in Europe. This was achieved by speaking and exhibiting at some of Europe's largest payments, forex and gaming conferences including ACAMS, Money20/20, iFX EXPO, ICE Totally Gaming and Excellence in iGaming. By having a strong presence at these event's, we have been able to position iSignthis as a global leader in identity proofing to meet AML standards.

Our successful market presence in the forex and trading industry can be seen through the number of partnerships we have gained throughout the year. Some of which include; XM.com.uk (who we are currently live and transacting with), Pepperstone, iFOREX, Leverate, Valutrades and IronFX.

The forex and trading market has been a large focus for the Company due to several important factors, including;

- It is a regulated industry that must comply with Anti Money Laundering (AML) and Counter Funding of Terrorism (CFT) laws in the related jurisdictions.
- It is generally regarded as 'high risk' meaning that the level of regulatory control and review is higher than other industries. Cost of compliance is also therefore high and these businesses are looking for a better way of doing things regarding AML compliance and identifying customers than the traditional paper based approach.
- High transactional volume and trading amounts. XM.com are reported to be trading approximately USD$15Bn per day and are the second largest FX trader in the world.

Our Merchant Ultimate Beneficial Owner Verification service has also been especially popular in the market place due to the AML regulatory change. Both Ixaris, European payments expert and Borgun, Icelandic issuer and acquiring Monetary Financial Institution are currently live and transacting with this service.

A major milestone was achieved when we received our eMoney License (EMI) from the Central Bank of Cyprus (#115.1.3.17) for our subsidiary iSignthis eMoney Ltd ("ISXPay™"). This will allow ISXPay to deliver payment processing, card acquiring and card issuing to not only financial institutions and AML regulated merchants, but regular eCommerce merchants as well.

The expansion of our product line has strengthened our competitive advantage as iSignthis is now the only Company to offer a full end to end, global, compliant payment and identity verification solution. It is important that we continue to stay ahead of the regulatory curve and provide our customers with the most advance technology in the industry.

Selected highlights from the year include:

- iSignthis executed a Payment Facilitator Program Services Agreement with the National Australia Bank (ASX : NAB) to allow iSignthis to use card acquiring services together with its identity, payment processing and authentication solutions. iSignthis has therefore, been able to supply merchants within Australia and New Zealand with a full end to end solution.
- Our subsidiary, iSignthis eMoney Ltd ("ISXPay™") was granted an eMoney Institution License #115.1.3.17 by the Central Bank of Cyprus. This allows the Company to provide card acquiring and issuing services within the European Economic Area.
- iSignthis opened an Operations Center in Nicosia, Cyprus to allow for expanded customer support and easy communication with European customers. We also leverage the strong payments and banking experience that has been provided by the team that we have recruited over the past twelve months.
- The Company went live with our Merchant UBO Verification service, first with Ixaris, payments expert and later with Icelandic card acquirer and issuer, Borgun.
- I was invited to participate at Europe's Association of Certified Anti-Money Laundering Specialists ("ACAMS") European Conference, Cyprus Symposium and webinars. ACAMS are a highly regarded Association within Europe that provide expert opinions and knowledge around Anti-Money Laundering.
- iSignthis' Paydentity™ solution went live with award winning, FX trading leader, XM.com.uk. XM has over 1,000,000 clients from over 196 countries and executes over 150,000,000 trades. iSignthis is currently processing and authenticating these transactions, whilst on-boarding and performing KYC checks on these customer to AML standard.
- June was a very exciting month with the cross listing of the Company on the Frankfurt Stock Exchange under the code "TA8" (FRA : TA8). This comes about as we continue to grow in the European market, it was important to expand our shareholder base, increase liquidity and introduce iSignthis to a wider audience across Europe.
- Just recently, iSignthis announced a direct License Agreement to process JCB Internationals transactions in the Single Euro Payments Area (SEPA). The partnership will offer card acquiring, settlement and processing services to EU/EEA merchants, creating new opportunities to generate sales with JCB's 106 million card members worldwide.

The Year in review

The Company has worked extremely hard over the past year to be able to achieve the above successes. It is a true testament to our Company and employees to see how far we have been able to come in a relatively short period. Our Technical team are continuing to work hard to improve and refine our service to bring new customers onboard and to start generating revenues.

With the announcement of many partnerships in the past year our Sales team are in a prime position to close more deals as we continue our strong market presence.

The regulatory changes in the European Union (EU) have been a massive advantage for the Company. Our software has been built and designed around what is regulatory permissible, allowing us to offer an industry leading solution to comply with the EU's 4AMLD and PSD2. We aim to stay ahead of the regulatory curve and provide merchants with the most seamless and compliant solution.

Moving forward, 2017/18 will be focused on generating more revenues as we scale up our existing customers and our sales team bring more customers onboard.

Operations

The Company is pleased with its progress and achievements in conceiving, deploying and commencing operations of a global transactional Monetary Financial Institution (MFI) in a relatively short period of time since listing on the ASX. An MFI can issue cards, process cards, open current accounts to accept deposits, offer credit where its consistent with its charter, and operate eMoney facilities (aka eWallet) for merchants and the general public, within the EEA.

The ISX Services have been designed and deployed to meet the requirements of the most stringent AML/CFT regime in the world, being the European Union's

4AMLD, which took effect 26th June 2017. The 4AMLD is a key 'Regulatory driver and catalyst' upon which the Company's business model and revenues rely, and we are starting to see that catalyst produce results.

The Company expects that AML obligated / regulated entities will consider their requirements over the European summer period, and, where they fall short on a compliance basis, or need scale, or need automation, or need greater or seek global User reach or lack resources to grow or are unable in a timely manner to respond to opportunity presented by remote/online operations, or combinations of the foregoing; then we expect that these entities would be prospective customers.

The Company is already engaging in sales discussions with a number of entitles, noting that it is usually the larger entities that exhibit interest in our services based on one or more of the foregoing requirements, noting however that such entities also have a "deal time" proportional to their size.

The services the Company provides are to:

i) identity & verify Users on behalf of our merchants,

ii) AML/CFT sanction and PEP screen those Users,

iii) process and monitor payments from Users,

iv) settle funds between User's MFI and ISXPay to the credit of our merchants,

v) and securely store User identity and transactional details for compliance, audit and User convenience for subsequent transactions.

Shareholders should note that timeframes to negotiate, integrate, test, third party audit, and certify banking systems are by their nature long, and are complex to undertake. Shareholders should also take comfort that the process is now complete to a transactional, operational and revenue capable status, with features, capabilities and additional revenue stream opportunities to be developed.

Licensing to become an MFI within the EU is a process that is measured in months and years. The Company's license is as a full MFI with deposit taking, payment processing, transfer, credit and eMoney issuance services.

The Company is excited that not only its own services offered to merchants are Payment Services Directive 2 (PSD2) compliant with regards to API access and Strong Customer Authentication, but also that it is offering services to other MFIs and Payment Service Providers to assist them with their 4AMLD and PSD2 requirements. Further, the Company has developed advantages in intellectual property including granted patents, partnerships, business models and technology deployment, and has commenced exploitation of these to the benefit of shareholders.

Financial Position

The most recent quarterly report demonstrated month on month revenue growth. Whilst still in the early stages and the business not generating the revenue numbers that we would like, we are encouraged by the current growth trajectory and look to continue that progress in FY2018 as the company deploys the services to a wider range of contracted customers, contract new customers and open fully the service to the global operations of the existing integrated merchants.

As mentioned in previous communications to the market, the business operates on a transactional basis with the various transactions (identity verification/KYC, payment processing & monitoring, and funds clearance and settlement) being billed at varying rates depending on volume, size and complexity.

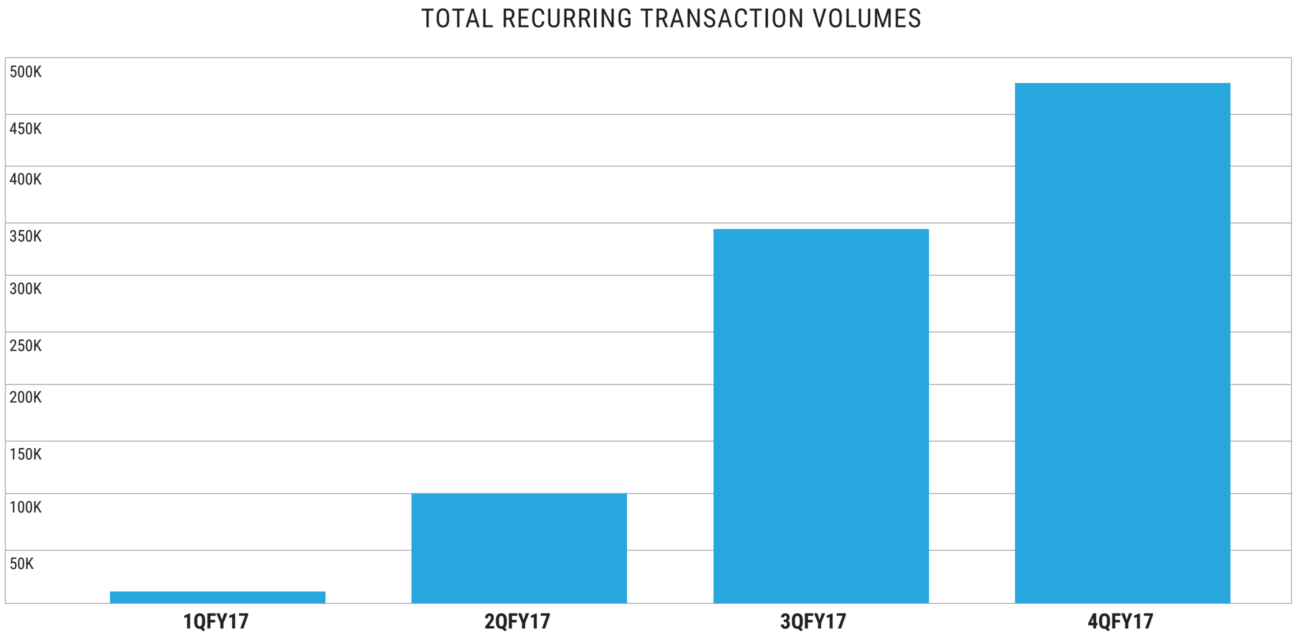
Transaction growth therefore has a direct correlation with revenue on a per merchant basis, but not on a consolidated basis. Consistent with being an API based service where our merchant customers connect to us, we do not charge fees for integration unless it is bespoke. As our reputation and service demand increases, the Company will seek to charge monthly minimums and seek upfront commitments, in order for Merchants to demonstrate commitment to the Company's services on contract.

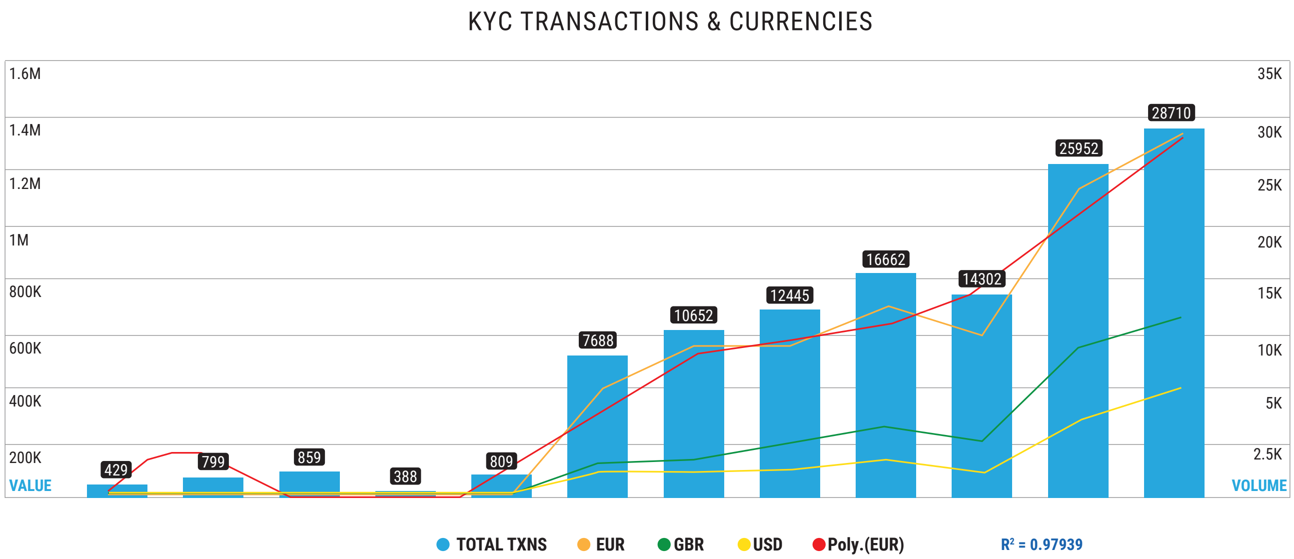
Outlook

iSignthis continues to focus on delivering multiple services into its existing service customers and securing additional business development opportunities.

The Company's outlook for the coming financial year includes:

- Operational recurring revenues to commence from previously announced and contracted merchant customers.
- The Company has completed integration to the National Australia Bank as part of the previously announced payment facilitation agreement. Discussions are now in place to offer settlement services to existing contracted merchants for their Australian operations as well as securing agreements with new customers in both the regulated and nonregulated industries.





- Completing integration with Worldline to offer similar settlement services to EU merchants.
- Completing direct integration to the major card schemes via third party operator First Data in order to commence direct settlement services in Europe as per the terms of our license with the Central Bank of Cyprus.

I would like to thank our exceptional employees for all the hard work and effort they have demonstrated in getting iSignthis off the ground. I would also like to express gratitude on behalf of everyone at iSignthis to our shareholders for the support that has enabled us to grow and provide the payment and identity solutions we are passionate about. Further, thanks also goes to our customers, especially those who have been and are, assisting us to develop and further refine our products, together with the trust and confidence they have placed in us to meet their regulatory challenges.

We look forward to your continued support and the exciting things to come in the year ahead.

Yours Sincerely,

N J (John) Karantzis
B.E. LL.M M.Enterp FIEAust CPEng EurIng Adj

Director's Report

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 2017.

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

Principal activities

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $5,700,062 (30 June 2016: $9,235,217).

Revenue including other income during the period amounted to $1,371,192 (2016: $443,881), which included interest of $126,003, sales from operating activities of $666,305 and R&D tax concession of $578,884.

Operating expenses for the financial year were $7,071,254 (2016: $9,679,098). Employment benefit costs amounted to $2,618,551 (2016: $2,035,354), due to an increase in the number of employees throughout the financial year. Corporate expenses amounted to $1,031,525 (2016: $831,674) resulting from continuing operations. These fees are made up of consultancy, accounting and other professional services. Share based payments during the period amounted to $979,347 (2016: $4,834,907) which represented a total of 15,000,000 unlisted options issued to advisors of the company in consideration for services provided and a total of 1,796,750 performance rights issued to employees in accordance with the company's employee incentive scheme.

Financial position

The net assets of the consolidated entity decreased by $4,333,469 to $5,410,364 as at 30 June 2017 (2016: $9,743,833). The consolidated entity's working capital, being current assets less current liabilities was $4,152,721 at 30 June 2017 (2016: $8,509,398). During the period the consolidated entity had a negative cash flow from operating activities of $5,337,210 (2016: $3,893,501).

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

Significant changes in the state of affairs

On 10 February 2017, the consolidated entity issued 10,000,000 fully paid ordinary shares upon the exercise of unlisted options at an exercise price of $0.04 (4 cents) per option raising a total of $400,000.

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 2017 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

The past financial year has seen continual growth in operations and advancement of the core services offered to merchant customers. Key operational staff and systems are located in Melbourne and Cyprus and continue to build brand awareness, a pipeline of new business opportunities and integration of existing customers to enable processing of transactions and generating revenues.

Additional revenue streams are now available via a payment facilitation agreement with the National Australia Bank and an eMoney Institution license issued by the Central Bank of Cyprus. iSignthis is therefore now an EEA authorised institution allowing it to offer settlement services (card acquiring) to its existing and new merchant customers. These services now provide a full range of revenue generating services which include customer verification (identify and verify the customer as required by AML law), the Processing of payments (payment gateway) and the settlement of payments to the merchant (Acquiring).

Every effort is now focused on growth. We continue to hold 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 increased revenues in the 2018 financial year.

Information on Directors

Name

Mr. Timothy Hart

Title

Non-Executive Chairman

Qualifications

BSc, MM(T), MMkting, MEd (Melb), PGDipSI (Oxon), FAICD, 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 Pasminco 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 an Ambassador 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

349,623 Fully paid ordinary shares

Interests in options:

Nil

Interests in rights:

Nil

Name

Mr. Nickolas John Karantzis

Title

Managing Director

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

Interests in options:

Nil

Interests in rights:

Nil

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Name

Mr. Scott Minehane

Title

Non-Executive Director

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)

Former directorships (last 3 years)

Nil

Special responsibilities

Chairman of Audit and Risk Committee and Member of the Remuneration Committee

Interests in shares

Nil

Interests in options:

Nil

Interests in rights:

Nil

Name

Mr. Barnaby Egerton-Warburton

Title

Non-Executive Director

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 Interpose Holdings Limited (ASX: IHS) (formerly Sunbird Energy Limited)

Former directorships (last 3 years)

1-Page Limited (ASX : 1PG) (resigned 9 October 2014), Black Rock Mining Limited (ASX : BKT) resigned 22 January 2015 and Fastbrick Robotics Ltd (ASX : FBR) resigned 18 November 2015, Global Geoscience Limited (ASX: GSC) resigned 23 May 2017

Special responsibilities

Member of Remuneration Committee and Audit & Risk Committee

Interests in shares

2,847,224 fully paid ordinary shares

Interests in options:

Nil

Interests in rights:

Nil

'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 and Chief Financial Officer

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 2017, 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	5	5	1	1	1	2
Mr. S Minehane	5	5	1	1	2	2
Mr. B Egerton-Warburton	5	5	1	1	2	2
Mr. NJ Karantzis	5	5	1	1	-	-

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 it is considered to conform 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.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- 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

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 based on their position and responsibility, with a level and mix of remuneration 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.

Executives may receive their fixed remuneration in the form of cash or other fringe 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 the early stages of operations, a formal process regarding STI and LTI share based payments are not yet appropriate. The board will continue to review performance and make appropriate changes to remuneration and issue any incentives as deemed to be warranted. The board will continue to monitor and review its decision in regards to formal plans 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. 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 18 November 2016 Annual General Meeting ('AGM')

At the 18 November 2016 AGM, 99.45% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. 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.

	Short-term benefit			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash Bonus	Non-monetary	Super-annuation	Long service leave	Equity settled	Total
2017	$	$	$	$	$	$	$
Non-Executive Directors							
Mr. Timothy Hart	60,000	-	-	5,700	-	-	65,700
Mr. Scott Minehane	40,000	-	-	3,800	-	-	43,800
Mr. Barnaby Egerton-Warburton	40,000	-	-	3,800	-	-	43,800
Executive Directors							
Mr. Nickolas John Karantzis	228,125	-	-	-	-	-	228,125
Other Key Management Personnel							
Mr. Todd Richards	180,000	-	-	17,100	-	185	197,285
Mr. Chris Muir*	88,673	-	-	7,125	-	7,708	103,506
	636,798	-	-	37,525		7,893	682,216

* Mr Muir resigned as Chief Operating Officer and Chief Legal Officer on 31 October 2016.

	Short-term benefit			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash Bonus	Non-monetary	Super-annuation	Long service leave	Equity settled	Total
2016	$	$	$	$	$	$	$
Non-Executive Directors							
Mr. Timothy Hart	60,000	-	-	5,700	-	-	65,700
Mr. Scott Minehane	40,000	-	-	3,800	-	-	43,800
Mr. Barnaby Egerton-Warburton	40,000	-	-	3,800	-	-	43,800
Executive Directors							
Mr. Nickolas John Karantzis	219,000	-	-	-	-	-	219,000
Other Key Management Personnel							
Mr. Todd Richards	180,000	-	-	17,100	-	-	197,100
Mr. Chris Muir*	135,000	-	-	12,825	-	-	147,825
	674,000	-	-	43,225	-	-	717,225

* Mr. Muir was appointed as Chief Operating Officer and Chief Legal Officer on 1 October 2015.

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

	Fixed remuneration		At risk-STI		At risk -LTI	
Name	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Non-Executive Directors						
Mr. Timothy Hart	100%	100%	-	-	-	-
Mr. Scott Minehane	100%	100%	-	-	-	-
Mr. Barnaby Egerton-Warburton	100%	100%	-	-	-	-
Executive Directors						
Mr. Nickolas John Karantzis	100%	100%	-	-	-	-
Other Key Management Personnel						
Mr. Todd Richards	100%	100%	-	-	-	-
Mr. Chris Muir	92%	100%	-	-	8%	-

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

Ongoing

Details

The terms of Mr. Karantzis Executive Services Agreement for the position of Managing Director and Chief Executive Officer include a termination period of six (6) months by either party, a director's fee and base salary totalling $264,996 per annum which was approved by the Nomination and remuneration committee during the year financial year (which is effective from 1 July 2017), inclusive of statutory superannuation entitlements, and domicile portability provisions. The agreement shall recognise one month of accrued annual leave, and participation in the employee incentive plan.

Name

Mr. Todd Richards

Title

Chief Financial Officer and Company Secretary

Term of agreement

Ongoing

Details

The terms of Mr. Richards' Executive Services Agreement for the position of Chief Financial Officer and Company Secretary of the Company includes a termination period of three (3) months by either party, a base salary of $198,000 per annum which was approved by the Nomination and remuneration committee during the year financial year (which is effective from 1 July 2017), plus statutory superannuation entitlements, and domicile portability provisions. The agreement provides for participation in the employee incentive plan.

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 2017.

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 2017.

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 2017.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant Date	Vesting date	Expiry date	Fair value per right at grant date
11 November 2016	1 November 2018	1 November 2018	$0.170
27 January 2017	2 January 2019	2 January 2019	$0.140

Name	Number of rights granted	Grant date	Vesting date	Expiry date	Fair value per right at grant date
Chris Muir	250,000	11 November 2016	1 November 2018	1 November 2018	$0.170
Todd Richards	10,000	27 January 2017	2 January 2019	2 January 2019	$0.140

Performance rights granted carry no dividend or voting rights

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Number of rights granted during the year 2017	Number of rights granted during the year 2016	Number of rights vested during the year 2017	Number of rights vested during the year 2016
Chris Muir	250,000	-	-	-
Todd Richards	10,000	-	-	-

Values of performance rights over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Value of rights granted during the year $	Value of rights vested during the year $	Value of rights lapsed during the year $	Remuneration consisting of rights for the year %
Chris Muir	7,708	-	-	-
Todd Richards	185	-	-	-

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:

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Mr. Barnaby Egerton-Warburton	2,847,224	-	-	-	2,847,224
Mr. Timothy Hart*	285,107	64,516	-	-	349,623
Mr. Nickolas John Karantzis*	-	-	-	-	-
Mr. Scott Minehane*	-	-	-	-	-
Mr. Todd Richards*	-	-	-	-	-
	3,132,331	64,516	-	-	3,196,847

* During the 2015 financial year iSignthis Ltd (the "acquiree") completed the acquisition of iSignthis B.V. and ISX IP Ltd (together known as "iSignthis") ("acquirer"). The acquiree (iSignthis Ltd) issued a total of 311,703,933 fully paid ordinary shares to the acquirer as consideration for the transaction. These members (excluding Mr. Barnaby Egerton-Warburton) of the Key Management Personnel hold an interest in the acquirer. During the year a total of 3,000,000 FPO's were transferred from iSignthis to Mr John Karantzis self-managed super fund Ithaki Nominees'

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
2 November 2015	30 September 2018	$0.500	6,000,000
2 November 2015	30 September 2018	$0.620	6,000,000
1 August 2016	1 July 2018	$0.500	5,000,000
1 August 2016	1 July 2019	$0.620	5,000,000
1 August 2017	31 December 2018	$0.300	500,000
			22,500,000

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 under performance rights

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

Grant Date	Expiry Date	Number Under Option
1 August 2016	1 March 2018	216,667
1 August 2016	15 July 2018	718,584
11 November 2016	1 November 2018	335,000
27 January 2017	2 January 2019	371,500
30 June 2017	25 April 2017	50,000
30 June 2017	1 July 2019	17,500
		1,709,251

No person entitled to exercise the performance rights had or has any right by virtue of the performance right 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 2017 and up to the date of this report on the exercise of options granted:

Date Options Granted	Exercise Price	Number of Shares Issued
10 February 2017	$0.040	10,000,000

Shares issued on the exercise of performance rights

There were no ordinary shares of iSignthis Ltd issued on the exercise of performance rights during the year ended 30 June 2017 and up to the date of this report.

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.

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

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former audit partners of Grant Thornton Audit Pty Ltd

There are no officers of the Company who are former audit partners of Grant Thornton 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 immediately after this directors' report.

Auditor

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

Rounding of amounts

iSignthis Ltd is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

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 Karantzis
Managing Director

30 August 2017

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ISIGNTHIS LTD

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of iSignthis Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B L Taylor
Partner - Audit & Assurance

Melbourne, 30 August 2017

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2017

		Consolidated	
	Note	2017	2016
		$	$
Revenue	5	1,371,192	443,881
Expenses			
Corporate expenses		(1,031,525)	(831,674)
Advertising & marketing		(116,837)	(186,498)
Employee benefits expense		(2,618,551)	(2,035,354)
Research & development expenses		(345,583)	(521,347)
Depreciation & amortisation expense	6	(122,719)	(107,546)
Other expenses		(1,042,191)	(781,006)
Operating costs		(768,611)	(353,493)
Share based payments	27	(979,347)	(4,834,907)
Net realised foreign exchange loss		(41,316)	(25,882)
Finance costs	6	(4,574)	(1,391)
Loss before income tax expense		(5,700,062)	(9,235,217)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of iSignthis Ltd		(5,700,062)	(9,235,217)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss Foreign currency translation		(12,754)	(60,540)
Other comprehensive loss for the year, net of tax		(12,754)	(60,540)
Total comprehensive loss for the year attributable to the owners of iSignthis Ltd		(5,712,816)	(9,295,757)
		Cents	**Cents**
Basic loss per share	26	(0.91)	(1.53)
Diluted loss per share	26	(0.91)	(1.53)

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

Statement of Financial Position as at 30 June 2017

		Consolidated	
	Note	2017	2016
		$	$
Assets			
Current assets			
Cash and cash equivalents	8	3,398,853	8,957,072
Trade and other receivables	9	818,654	67,291
Other assets	10	642,871	142,758
Total current assets		4,860,378	9,167,121
Non-current assets			
Plant and equipment	11	63,541	72,269
Intangibles	12	1,221,448	1,179,063
Total non-current assets		1,284,989	1,251,332
Total assets		6,145,367	10,418,453
Liabilities			
Current liabilities			
Trade and other payables	13	576,562	547,948
Employee benefits		131,095	109,775
Total current liabilities		707,657	657,723
Non-current liabilities			
Employee benefits		27,346	16,897
Total non-current liabilities		27,346	16,897
Total liabilities		735,003	674,620
Net assets		5,410,364	9,743,833
Equity			
Issued capital	14	24,668,528	22,734,789
Reserves	15	5,735,142	6,302,288
Accumulated losses		(24,993,306)	(19,293,244)
Total equity		5,410,364	9,743,833

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

Statement of Changes in Equity for the Year Ended 30 June 2017

Consolidated	Issued capital	Share based payments reserve	Accumulated losses	Foreign currency reserve	Total equity
	$	$	$	$	$
Balance at 1 July 2015	8,916,522	4,601,216	(10,039,425)	(5,818)	3,472,495
Loss after income tax expense for the year	-	-	(9,235,217)	-	(9,235,217)
Other comprehensive loss for the year, net of tax	-	-	-	(60,540)	(60,540)
Total comprehensive loss for the year	-	-	(9,235,217)	(60,540)	(9,295,757)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 14)	10,732,190	-	-	-	10,732,190
Share-based payments (note 27)	-	4,834,905	-	-	4,834,905
Transfer from share based payments reserve upon the exercise of options	3,086,077	(3,067,475)	(18,602)	-	-
Balance at 30 June 2016	22,734,789	6,368,646	(19,293,244)	(66,358)	9,743,833

Consolidated	Issued capital	Share based payments reserve	Accumulated losses	Foreign currency reserve	Total equity
	$	$	$	$	$
Balance at 1 July 2016	22,734,789	6,368,646	(19,293,244)	(66,358)	9,743,833
Loss after income tax expense for the year	-	-	(5,700,062)	-	(5,700,062)
Other comprehensive loss for the year, net of tax	-	-	-	(12,754)	(12,754)
Total comprehensive loss for the year	-	-	(5,700,062)	(12,754)	(5,712,816)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 14)	400,000	-	-	-	400,000
Share-based payments (note 27)	-	979,347	-	-	979,347
Transfer from share based payments reserve upon the exercise of options	1,533,739	(1,533,739)	-	-	-
Balance at 30 June 2017	24,668,528	5,814,254	(24,993,306)	(79,112)	5,410,364

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

Statement of Cash Flows for the Year Ended 30 June 2017

	Note	Consolidated 2017	2016
		$	$
Cash flows from operating activities			
Receipts from customers		431,984	20,937
Payments to suppliers and employees		(5,917,610)	(4,312,074)
Interest received		148,416	154,329
Research and development incentive received		-	243,307
Net cash used in operating activities	25	(5,337,210)	(3,893,501)
Cash flows from investing activities			
Payments for plant and equipment	11	(31,944)	(62,218)
Payments for intangibles	12	(124,063)	-
Cash on deposit considered an investment		(451,907)	-
Net cash used in investing activities		(607,914)	(62,218)
Cash flows from financing activities			
Proceeds from issue of shares	14	400,000	11,287,871
Capital raising costs	14	-	(555,682)
Net cash from financing activities		400,000	10,732,189
Net increase/(decrease) in cash and cash equivalents		(5,545,124)	6,776,470
Cash and cash equivalents at the beginning of the financial year		8,957,072	2,267,022
Effects of exchange rate changes on cash and cash equivalents		(13,095)	(86,420)
Cash and cash equivalents at the end of the financial year	8	3,398,853	8,957,072

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

Notes to the Financial Statements

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 30 August 2017. 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 or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 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.

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 22.

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 2017 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.

Note 2. Significant accounting policies (continued)

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.

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.

Revenue is recognised through the following major revenue streams as follows:

Know Your Customer (KYC) verification

Revenue generated from KYC fees are billed on a flat rate per verification service and are recognised when the service is performed.

Payment processing function

Revenue generated from the payment processing function are billed on a per transaction basis and are recognised when the service is performed.

Settlement of payments

Revenue generated from the settlement of payments are billed on a percentage of the transaction value and is recognised when the service is performed.

Unearned services revenue

Amounts received from customers in advance of provision for services are accounted for as a liability namely Unearned Revenue.

Government subsidies

Subsidies from the government including R&D tax incentive income, are recognised as revenue at their fair value where there is reasonable assurance that the grant will be received, the Company will comply with attached conditions and the R&D incentive is readily measureable. As such the Company recognised the R&D tax incentive on a cash basis, in prior periods however the consolidated entity amended its method during the current year to an accrual basis.

Rendering of services

Service revenue is recognised when the services are provided by reference to the stage of completion of the transaction at reporting date and where the outcome of the work can be estimated reliably. Stage of completion is determined with reference to the service performed to date. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest

IInterest 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.

Note 2. Significant accounting policies (continued)

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.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's 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 the consolidated entity's 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

Trade receivables are initially recognised at fair value less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Note 2. Significant accounting policies (continued)

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

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

Plant and equipment

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 plant and equipment (excluding land) over their expected useful lives as follows:

Computer and office equipment: 2.5 - 7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of 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.

Intangible assets

Intangible assets, not acquired through a business combination, are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.   Amortisation commences when the asset is available for use, in the location and condition necessary for it to be capable of operating in the intended manner by management. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the shorter of the period of expected benefit or the period of the related patent.

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.

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 wholly 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

Note 2. Significant accounting policies (continued)

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 high quality corporate 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, performance rights 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.

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

Note 2. Significant accounting policies (continued)

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.

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 loss per share

Basic loss 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 loss per share

Diluted loss 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 2017. 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.

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.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its 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.

Impairment of non-financial assets

The consolidated entity assesses impairment of non-financial 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.

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 e Commerce 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

	Consolidated	
	2017	2016
	$	$
Fees		
Contracted service fees	441,722	20,937
Licensing fees	224,583	-
	666,305	20,937
Other revenue		
Interest	126,003	179,640
Research & development tax concession	578,884	243,304
	704,887	422,944
Revenue	1,371,192	443,881

Note 6. Expenses

	Consolidated	
	2017	2016
	$	$
Loss before income tax includes the following specific expenses:		
Depreciation		
Computers & office equipment	41,041	27,609
Amortisation		
Patents and trademarks	81,678	79,937
Total depreciation and amortisation	122,719	107,546
Finance costs		
Interest and finance charges paid/payable	4,574	1,391

Note 7. Income tax expense

	Consolidated	
	2017	2016
	$	$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(5,700,062)	(9,235,217)
Tax at the statutory tax rate of 27.5% (2016: 30%)	(1,567,517)	(2,770,565)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	269,320	1,450,472
Difference attributable to foreign operations	401,221	70,796
Research and development refund	(159,193)	(72,991)
	(1,056,169)	(1,322,288)
Deductible blackhole expenditure	(39,549)	(61,134)
Other timing differences	15,304	116,447
Income tax losses not taken up as a tax benefit	1,080,414	1,266,975
Income tax expense	-	-

	Consolidated	
	2017	2016
	$	$
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses (Australia)	1,587,843	1,199,178
Temporary differences (Australia)	232,101	352,550
Tax losses (foreign subsidiaries)	385,675	89,736
Total deferred tax assets not recognised	2,205,619	1,641,464

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 incurred prior to the reverse acquisition and it will undertake a detailed investigation in relation to this matter going forward.

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.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2017	2016
	$	$
Cash at bank	2,398,853	1,910,322
Cash on deposit	1,000,000	7,046,750
	3,398,853	8,957,072

The cash held on deposit noted above amounting to $451,907 represents cash held in two term deposits with maturity dates that exceed three months and therefore must be disclosed as an other current asset.

Note 9. Current assets - trade and other receivables

	Consolidated	
	2017	2016
	$	$
Trade receivables	181,539	-
Other receivables	585,288	6,434
Interest receivable	2,898	25,311
GST/VAT receivable	48,929	35,546
	818,654	67,291

Included within other receivables noted above is the Research and Development tax incentive receivable amounting $578,884 to for the 2016 financial year which was refunded subsequent to year end.

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.

Note 10. Current assets - other assets

	Consolidated	
	2017	2016
	$	$
Prepayments	190,964	142,758
Cash held on deposit	451,907	-
	642,871	142,758

The cash held on deposit noted above amounting to $451,907 represents cash held in two term deposits with maturity dates that exceed three months and therefore must be disclosed as an other current asset.

Note 11. Non-current assets - Plant and equipment

	Consolidated	
	2017	2016
	$	$
Computer and office equipment - at cost	139,597	107,150
Less: Accumulated depreciation	(76,056)	(34,881)
	63,541	72,269

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

Consolidated	Computer and Office Equipment
	$
Balance at 1 July 2015	37,660
Additions	62,218
Depreciation expense	(27,609)
Balance at 30 June 2016	72,269
Additions	31,944
Foreign exchange translation movements	369
Depreciation expense	(41,041)
Balance at 30 June 2017	63,541

Note 12. Non-current assets - intangibles

	Consolidated	
	2017	2016
	$	$
Intellectual property - at cost	1,383,063	1,259,000
Less: Accumulated amortisation	(161,615)	(79,937)
	1,221,448	1,179,063

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

Consolidated	Patent
	$
Balance at 1 July 2015	1,259,000
Amortisation expense	(79,937)
Balance at 30 June 2016	1,179,063
Additions	124,063
Amortisation expense	(81,678)
Balance at 30 June 2017	1,221,448

Included in the additions above was the purchase of five patents amounting to USD$91,000.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	2017	2016
	$	$
Trade payables	309,951	231,069
Other payables	266,611	316,879
	576,562	547,948

Refer to note 16 for further information on financial instruments.

Note 14. Equity - issued capital

	Consolidated			
	2017	2016	2017	2016
	Shares	Shares	$	$
Ordinary shares - fully paid	631,869,714	621,869,714	24,668,528	22,734,789

Movements in ordinary share capital

Details	Date	Shares	Issue Price	$
Balance	1 July 2015	574,993,971		8,916,522
Exercise of options	2 November 2015	20,000,000	$0.04	800,000
Placement	9 November 2015	26,125,000	$0.40	10,450,000
Exercise of options	11 November 2015	500,000	$0.05	25,000
Exercise of options	18 November 2015	250,000	$0.05	12,500
Exercise of options	4 January 2016	743	$0.50	372
Transfer from share based payments reserve on conversion of options		-	-	3,086,077
Capital raising costs		-	-	(555,682)
Balance	30 June 2016	621,869,714		22,734,789
Exercise of options	10 February 2017	10,000,000	$0.04	400,000
Transfer from share based payments reserve on conversion of options		-	-	1,533,739
Balance	30 June 2017	631,869,714		24,668,528

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.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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 15. Equity - reserves

	Consolidated	
	2017	2016
	$	$
Foreign currency reserve	(79,112)	(66,358)
Share-based payments reserve	5,814,254	6,368,646
	5,735,142	6,302,288

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

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.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign currency reserve	Share based payments reserve	Total
	$	$	$
Balance at 1 July 2015	(5,818)	4,601,216	4,595,398
Foreign currency translation	(60,540)	-	(60,540)
Share-based payments	-	4,834,905	4,834,905
Transfer to issued capital upon the exercise of options	-	(3,067,475)	(3,067,475)
Balance at 30 June 2016	(66,358)	6,368,646	6,302,288
Foreign currency translation	(12,754)	-	(12,754)
Share-based payments	-	979,347	979,347
Transfer to issued capital upon the exercise of options	-	(1,533,739)	(1,533,739)
Balance at 30 June 2017	(79,112)	5,814,254	5,735,142

Note 16. 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.

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 recognized 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.

	2017		2016	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Consolidated	%	$	%	$
Cash at bank	1.60%	2,398,853	1.50%	1,910,322
Cash on deposit	2.00%	1,000,000	2.90%	7,046,750
Net exposure to cash flow interest rate risk		3,398,853		8,957,072

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 2016 and 2017 financial years. The impact would not be material on bank balances held at 30 June 2017. The percentage change is based on expected volatility of interest rates using market data and analysis forecasts.

Consolidated - 2017	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	11,994	11,994	50	(11,994)	(11,994)
Cash on deposit	100	10,000	10,000	100	(10,000)	(10,000)
		21,994	21,994		(21,994)	(21,994)

Consolidated - 2016	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	9,552	9,552	50	(9,552)	(9,552)
Cash on deposit	100	70,468	70,468	100	(70,468)	(70,468)
		80,020	80,020		(80,020)	(80,020)

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.

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 17. 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)

Other key management personnel

The following persons 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
Mr. Chris Muir
Chief Operating Officer & Chief Legal Officer (resigned 31 October 2016)

Compensation

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

	Consolidated	
	2017	2016
	$	$
Short-term employee benefits	636,798	674,000
Post-employment benefits	37,525	43,225
Share-based payments	7,893	-
	682,216	717,225

Note 18. Remuneration of auditors

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

	Consolidated	
	2017	2016
	$	$
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	51,000	44,700

Note 19. Contingent liabilities

There were no contingent liabilities at 30 June 2017 and 30 June 2016.

Note 20. Commitments

	Consolidated	
	2017	2016
	$	$
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	140,970	88,400
One to five years	186,765	286,987
	327,735	375,387

Operating lease commitments includes the office lease until 25 May 2020 for the Australian office and 16 May 2018 for the Cyprus office.

Note 21. Related party transactions

Parent entity

iSignthis Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 23.

Key management personnel

Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the directors' report.

	Consolidated	
	2017	2016
	$	$
Payment for goods and services:		
Reimbursement paid to Southern Ocean Pty Ltd	-	150,000
Purchase of Intellectual property from BXWIP Holding Co Pty Ltd	124,063	-

During the prior financial year the consolidated entity paid $150,000 to Southern Ocean Pty Ltd (an entity associated with Mr John Karantzis) as a reimbursement of costs incurred by this entity in relation to the consolidated entity's intellectual property and associated patents.

During the financial year the consolidated entity purchased Intellectual Property (Patents) from a third party in the amount of USD$91,000 (AUD$124,063). The purchase was completed whereby an entity (incorporated specifically for this transaction for commercial purposes) associated with Mr Barnaby Egerton-Warburton (BXWIP Holding Co Pty Ltd) purchased the Intellectual Property which was then immediately reassigned to the consolidated entity. It is noted that the purchase consideration above was paid directly to a solicitor and as such no cash transaction occurred between the consolidated entity and BXWIP Holding Co Pty Ltd and thus no benefit was provided to Mr Barnaby Egerton-Warburton.

Transactions with related parties

The following transactions occurred with related parties:

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.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

	Parent	
	2017	2016
	$	$
Loss after income tax	(1,518,622)	(5,458,514)
Total comprehensive loss	(1,518,622)	(5,458,514)

Statement of financial position

	Parent	
	2017	2016
	$	$
Total current assets	2,703,304	8,285,615
Total assets	13,989,430	13,924,324
Total current liabilities	250,236	45,855
Total liabilities	250,236	45,855
Equity		
Issued capital	109,191,179	107,257,440
Share-based payments reserve	5,814,254	6,368,646
Accumulated losses	(101,266,239)	(99,747,617)
Total equity	13,739,194	13,878,469

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 2016 and 30 June 2017.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2017.

Capital commitments - Plant and equipment

The parent entity had no capital commitments for plant and equipment as at 30 June 2016 and 30 June 2017.

Note 22. Parent entity information

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

Statement of profit or loss and other comprehensive income

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 23. Interests in subsidiaries

		Ownership interest	
	Principal place of business / Country of incorporation	2017	2016
Name		%	%
Authenticate Pty Ltd	Australia	100.00%	100.00%
Authenticate BV	Netherlands	100.00%	100.00%
iSignthis BV	Netherlands	100.00%	100.00%
ISX IP Ltd	British Virgin Islands	100.00%	100.00%
iSignthis eMoney Ltd	Cyprus	100.00%	100.00%
iSignthis Inc.	USA	100.00%	100.00%
iSignthis (IOM) Ltd	Isle of Man	100.00%	100.00%
iSignthis (UK) Ltd	United Kingdom	100.00%	100.00%

Note 24. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 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 25. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2017	2016
	$	$
Loss after income tax expense for the year	(5,700,062)	(9,235,217)
Adjustments for:		
Depreciation and amortisation	122,720	107,545
Share-based payments	979,347	4,834,907
Foreign exchange differences	-	25,882
Change in operating assets and liabilities:		
Increase in trade and other receivables	(751,393)	(34,463)
Increase in other current assets	(48,206)	(66,279)
Increase in trade and other payables	28,615	378,657
Increase in employee benefits	31,769	95,467
Net cash used in operating activities	(5,337,210)	(3,893,501)

Note 26. Earnings per share

	Consolidated	
	2017	2016
	$	$
Loss after income tax attributable to the owners of iSignthis Ltd	(5,700,062)	(9,235,217)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	626,705,330	605,377,229
Weighted average number of ordinary shares used in calculating diluted loss per share	626,705,330	605,377,229
	Cents	Cents
Basic loss per share	(0.91)	(1.53)
Diluted loss per share	(0.91)	(1.53)

Note 27. Share-based payments

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

2017

Grant Date	Expiry Date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ fortfeited/ other	Balance at the end of the year
15/05/2015	13/05/2017	$0.040	10,000,000	-	(10,000,000)	-	-
02/11/2015	31/07/2017	$0.380	6,000,000	-	-	-	6,000,000
02/11/2015	30/09/2018	$0.500	6,000,000	-	-	-	6,000,000
02/11/2015	30/09/2018	$0.620	6,000,000	-	-	-	6,000,000
01/08/2016	01/07/2017	$0.380	5,000,000	-	-	-	5,000,000
01/08/2016	01/07/2018	$0.500	5,000,000	-	-	-	5,000,000
01/08/2016	01/07/2019	$0.620	5,000,000	-	-	-	5,000,000
			43,000,000	-	(10,000,000)	-	33,000,000

* On 1 August 2016 the company approved to grant 15,000,000 Unlisted Options in three tranches of 5,000,000 options each. The options have an exercise price of $0.38 (38 cents), $0.50 (50 cents) and $0.62 (62 cents) per option, respectively.

2016

Grant Date	Expiry Date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ fortfeited/ other	Balance at the end of the year
15/05/2015	13/05/2017	$0.040	30,000,000	-	(20,000,000)	-	10,000,000
02/11/2015	31/07/2017	$0.380	6,000,000	-	-	-	6,000,000
02/11/2015	30/09/2018	$0.500	6,000,000	-	-	-	6,000,000
02/11/2015	30/09/2018	$0.620	6,000,000	-	-	-	6,000,000
			48,000,000	-	(20,000,000)	-	28,000,000

* On 2 November 2015 at the company's general meeting shareholders approved to grant 18,000,000 Advisor Options to the Advisors (and/or nominees) in recognition of ongoing corporate advisory services provided to the Company by the Advisors. The options have an exercise price of $0.38 (38 cents), $0.50 (50 cents) and $0.62 (62 cents) per option, respectively.

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

Grant Date	Expiry Date	2017 Number	2016 Number
15/05/2015	13/05/2017	-	10,000,000
02/11/2015	31/07/2017	6,000,000	6,000,000
02/11/2015	30/09/2018	6,000,000	6,000,000
02/11/2015	30/09/2018	6,000,000	6,000,000
01/08/2016	01/07/2017	5,000,000	-
01/08/2016	01/07/2018	5,000,000	-
01/08/2016	01/07/2019	5,000,000	-
		33,000,000	28,000,000

Set out below are summaries of performance rights granted under the plan:

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/08/2016	01/03/2018	-	231,250	-	(14,583)	216,667
01/08/2016	15/07/2018	-	791,500	-	(72,916)	718,584
11/11/2016	01/11/2018	-	335,000	-	-	335,000
27/01/2017	02/01/2019	-	371,500	-	-	371,500
30/06/2017	25/04/2019	-	50,000	-	-	50,000
30/06/2017	01/07/2019	-	17,500	-	-	17,500
		-	1,796,750	-	(87,499)	1,709,251

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

Grant Date	Expiry Date	2017 Number	2016 Number
01/08/2016	01/03/2018	216,667	-
01/08/2016	15/07/2018	718,584	-
11/11/2015	01/11/2018	335,000	-
27/01/2017	02/01/2019	371,500	-
30/06/2017	25/04/2019	50,000	-
30/06/2017	01/07/2019	17,500	-
		1,709,251	-

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
01/08/2016	01/07/2017	$0.215	$0.380	98.59%	-	1.57%	$0.043
01/08/2016	01/07/2018	$0.215	$0.500	93.99%	-	1.48%	$0.060
01/08/2016	01/07/2019	$0.215	$0.620	93.99%	-	1.44%	$0.077

For the performance rights 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	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/08/2016	01/03/2018	$0.215	93.99%	-	1.48%	$0.215
01/08/2016	15/07/2018	$0.215	93.99%	-	1.48%	$0.215
11/11/2016	01/11/2018	$0.170	93.99%	-	1.73%	$0.170
27/01/2017	02/01/2019	$0.140	84.98%	-	1.85%	$0.140
30/06/2017	25/04/2019	$0.170	71.83%	-	1.74%	$0.170
30/06/2017	01/07/2019	$0.170	71.83%	-	1.74%	$0.170

The performance rights listed above will vest once the holder of the right has satisfied various performance conditions set out in the signed offer letter. The company has estimated that there is a 56% chance of all rights vesting and has therefore taken this into consideration when valuing the rights.

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.

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.

Directors' Declaration

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 2017 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

30 August 2017

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ISIGNTHIS LTD

Report on the audit of the financial report

Opinion

We have audited the financial report of iSignthis Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of intangibles ***Note 2***	
At 30 June 2017 the Group's Statement of Financial Position includes intellectual property (IP) of $1,383,063, gross, which is being amortised over the useful life of each pertinent patent. Accounting Standard *AASB 136 – Impairment of Assets* requires that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any indication exists, the entity shall estimate the recoverable amount of the asset. We have determined this to be a key audit matter given the inherent subjectivity that is involved in the Group's evaluation of impairment indicators.	Our procedures included, amongst others: • Confirming the status of patents associated with the capitalised intellectual property with external sources; • Reviewing the assumptions applied by management when assessing the useful life and impairment indicators of the intellectual property; • Analysing the Group's future cash flow forecasts used to support management's review of impairment indicators, and understanding the process by which they were developed, including: - ensuring they are consistent with Board approved budgets; and - critically assessing the key assumptions in the forecasts by comparing them to historical results, business strategies and economic and industry forecasts; and • Assessing the adequacy of the Group's disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 10 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of iSignthis Ltd, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B L Taylor
Partner - Audit & Assurance

Melbourne, 30 August 2017

Shareholder Information

The shareholder information set out below was applicable as at 10 August 2017.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding

	Number of holders of rights over ordinary shares	Number of holders of options over ordinary shares	Number of holders of ordinary quoted shares
1 to 1,000	-	-	616
1,001 to 5,000	5	-	859
5,001 to 10,000	2	-	661
10,001 to 100,000	8	-	1,423
100,001 and over	4	4	337
	19	4	3,896
Holding less than a marketable parcel	-	-	955

Equity security holders

Twenty largest equity security holders

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

	Ordinary Shares	
	Number held	Shares % of total shares issued
ISIGNTHIS LTD	297,343,100	47.06
CITICORP NOMINEES PTY LIMITED	40,971,120	6.48
UBS NOMINEES PTY LTD	19,769,834	3.13
MYCATMAX PTY LTD	13,250,000	2.10
BANNABY INVESTMENTS PTY LIMITED	11,500,000	1.82
IFM PTY LIMITED	10,000,000	1.58
BRISPOT NOMINEES PTY LTD	8,816,656	1.40
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,452,970	1.34
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	7,092,400	1.12
MS MERLE SMITH & MS KATHRYN SMITH	6,550,000	1.04
MR IAN TETRO	5,966,667	0.94
MAHSOR HOLDINGS PTY LTD	5,500,000	0.87
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,497,192	0.87
NATIONAL NOMINEES LIMITED	4,770,256	0.75
MS MERLE SMITH & MS KATHRYN SMITH	4,000,000	0.63
ITHAKI NOMINEES PTY LTD	3,000,000	0.47
CHAMPIO PTY LTD	2,830,452	0.45
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	2,793,403	0.44
WHISTLER STREET PTY LTD	2,593,557	0.41
IGNITION LTD	2,571,000	0.41
	463,268,607	73.31

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	22,500,000	4
Performance rights over ordinary shares issued	1,709,251	19

Substantial holders

Substantial holders in the company are set out below:

	Ordinary Shares	
	Number held	Shares % of total shares issued
ISIGNTHIS LTD	297,343,100	47.06
CITICORP NOMINEES PTY LIMITED	40,971,120	6.48

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.

www.isignthis.com