

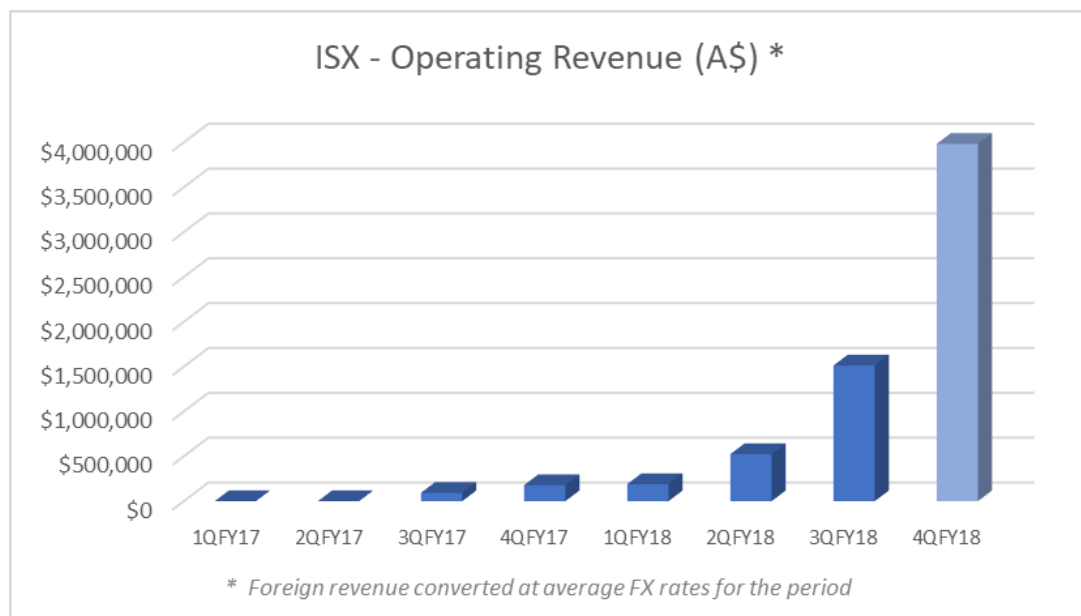
31st July 2018

Report to shareholders for the Quarter Ended 30th June 2018

Australian Securities and Frankfurt Stock Exchange cross listed iSignthis Ltd (ASX:ISX|FRA_DE:TA8), the global leader in RegTech for identity verification and transactional banking/payments, is pleased to provide the following business update and Appendix 4C for the quarter ended 30th June 2018.

iSignthis Ltd is able to provide the following details based on our unaudited management accounts.

Total Operating Revenue (A\$) *



Highlights:

- Unaudited management accounts reflect the following revenue performance for the period ending 30 June 2018;
 - **Revenue in FY18 compared to FY17 is 363% greater.**
 - **Revenue in Q4FY18 compared to Q3FY18 is 167% greater.**
 - **Revenue in Q4FY18 was in excess of \$3.95m.**
 - **Unaudited revenue for the 6 months from 1st January 2018 to 30th June 2018 was in excess of A\$5.5m.**
- Cash Receipts increased to A\$2.633m, representing a 67.4% increase versus the March quarter of A\$1.571m
- The Company continues to increase the value of its contracted GPTV, which is now in excess of AU\$600m

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- The uptake of the Company's expanded suite of emoney services and products based around the unique patented Payidentity® KYC technology solution, continue to build momentum.
- The Company continues to strategically invest in establishing the infrastructure and network connections to process and settle funds at the highest possible margins and reducing the reliance on third party providers. The initial increase in costs and operating at lower margins is seen as a necessary short term issue with expected margin growth to occur in the coming quarters.
- Tier 1 or direct connect capabilities to Credit Card Association, Central Banks, and Payment Schemes (e.g. SEPA, RITs, BECS, SWIFT) will be the Company's focus for the coming three quarters, in order to eliminate third parties in our supply chain, and reduce our dependency on third party networks, and the associated costs. These facilities will progressively be going live in our EU and Australian operations, with each Credit Card Association, payment scheme and central bank connection being a discrete milestone.
- Implementation of Tier 1 infrastructure will be by the inhouse iSignthis software development team, with marginal increase in staff costs.
- The Company has requested a certification slot with Mastercard for Australia, which is likely to be in circa 10-11 months based upon information received from Mastercard. AMEX is likely to be sooner, as preparations have already commenced.
- The Company commenced execution of its Australian strategy to reduce reliance on incumbent banks and legacy networks.

The Company advises that its accounts are currently being audited by the Company's auditors, Grant Thornton, and detailed commentary on revenue performance will be provided with the release of the full-year results in August 2018.

Online Briefing

An online analyst briefing will be held Friday 3rd August 2018 at 1pm. Analysts may request details and send advance questions¹ by emailing investors@isignthis.com by 5pm Thursday.

¹ Origin of questions will not be disclosed. Questions not provided in advance may not be considered. The call will be recorded and made available via the ASX platform.

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Summary of events this quarter include:

- At the end of March, the Company announced that its Australian subsidiary, iSignthis eMoney (AU) Pty Ltd, had executed a payment aggregation agreement with American Express Australia ("AMEX"). The AMEX service will complement ISXPay® offerings to merchants in Australia, and will allow ISXPay to onboard merchants directly. Under the agreement, the Company will purchase AMEX processing at a pre-agreed wholesale Merchant Services Fee (MSF) rate, and then is able to on-sell to merchants under its usual Merchant Services Fee (MSF) plus flat fee structure.
- Early in June, the Company announced that it had launched a tailored business to business Euro (€) based transactional banking service, aimed at providing a service to its AML regulated merchant base and affiliate networks. EMA ('emoney account') represents a new revenue stream, which is independent of our payment processing services, but which may supplement payment services by Clients.
- The EMA allows merchants to retain funds on deposit with iSignthis, and utilise those funds to make payments to 'suppliers' including affiliates, sub affiliates, marketing companies, advertising providers, utilities, service providers, personnel and government agencies. 'Suppliers' are AML screened by iSignthis, and a number of pay-out options are available including SWIFT, SEPA, and Original Credit Transaction to a Visa card.
- On the 4th June the Company announced that it had resolved the upstream technical issues reported with the 31st March 2018 Appendix 4C. The resolution of which has entailed the addition of parallel supply networks to reach core banking and card services, thus ensuring that the Company is not dependent on any one network to process traffic.
- On 21st June, the Company announced that it was a SWIFT usership member, with a SWIFT locatable Bank Identifier Code (BIC) of ISEMCY22. Post integration, the Company will benefit from SWIFT message interconnectivity with over 11,000 other financial institutions globally. The Company will also be able to dynamically issue International Bank Account Number (IBAN) based accounts for both its corporate, and future individual, eMoney customers. Customer monies will be held at zero credit risk with a Eurosystem Central Bank and/or optionally with commercial banks.
- The Company also announced that it had entered into certification arrangements with a Eurosystem Central Bank for a EURO (€) based Account, for funds settlement of incoming and outgoing SWIFT, STEP2, and RT1 payment systems, as well as Cards, SEPA Instant (SCT Inst), Direct Debit (DD) and Credit Transfer (CT).
- Subsequently, iSignthis eMoney (AU) Pty Ltd has been issued SWIFT BIC ISEPAU31, in preparation for connection to Australian payment schemes.
- Subsequent to the end of the quarter, ISX announced that its Australian subsidiary, iSignthis eMoney (AU) Pty Ltd had executed a Principal Membership agreement with Mastercard International Inc ("Mastercard"), for the Australian region. The Mastercard service will complement ISXPay® offerings to merchants in Australia and will allow ISXPay® to provide Mastercard acquiring (authorisation and settlement) services to merchants directly.

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Performance rights to be issued (subject to audit):

The December 2014 prospectus provided the terms for acquisition of 100% of the issued capital in iSignthis BV and ISX IP Ltd (together known as "iSignthisBVIP") by Otis Energy Ltd. As part of the consideration for the acquisition of "iSignthisBVIP", the Company is to issue up to 336,666,667 performance shares (on a post consolidation basis) based upon achievement of the following milestones within three (3) full financial years, of completing the transaction, being 30th June 2018:

- (i) 112,222,222 Class A Performance Shares – on achievement of annual revenue of at least \$5,000,000.
- (ii) 112,222,222 Class B Performance Shares – on achievement of annual revenue of at least \$7,500,000.
- (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.*

The Company considers that based on the unaudited revenue for the 6 months from 1st January 2018 to 30th June 2018, estimated as being in excess of the A\$5.0m Target Milestone, it will meet the requirements of Tranche 1, 2 and 3 of the Performance Rights. On this basis, 336,666,667 Ordinary shares will be issued in the September quarter period, taking the total number of shares on issue for the Company to 1,004,832,159.

It should be noted that that original executive and board founders of the business have retained 100% of their issued shares post expiry of the escrow period in March 2017.

1.0 BUSINESS UPDATE

The Company is pleased with the continual transaction volume growth quarter on quarter and the generation of revenue in excess of 167% when compared with the previous quarter. Whilst we are seeing revenues from a relatively low number of integrated customers, it is pleasing to see that strong numbers are now being delivered across each of our industry verticals (Identity verification, processing and card acquiring settlement services).

The ongoing focus is to continue to build on these numbers in order to reach a break even position as quickly as possible. The business development division is looking at completing contracts to new customers whilst at the same time the merchant support team is finalising integration of services to contracted clients. New business, new integrations and growth of existing customers are all factors in the quarter on quarter transaction and revenue growth.

The Company is pleased to advise that it has created market opportunities to explore and generate new revenue streams in the quarter ending 30 June 2018. These new revenue streams involving eMoney accounts and direct service integration on behalf of existing and new merchants and other forms of settlement and payment services to merchants operating in high risk industries will provide the following benefits:

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- eMoney accounts now servicing several customers, with remittance services to within and outside the EEA.
- Additional one off revenues to new merchants enabling direct connection to our core services. These revenues are at low margin and have a direct correlation with an increase in cost of goods sold but they will enable long term, consistent revenues via our core services and creates a stickier relationship with the merchant.
- A shorter integration cycle. By directly enabling platform software provided by third parties with the ISX services, the Company is able to reduce the time involved that would normally be the case if the merchant purchased the platform licence directly from the provider, integrated to their own systems and then integrated with ISX.

ISX will benefit from future delivery of core services to the merchant and has identified further market opportunities by way of providing banking services to high risk merchants under the EMI licence/EEA Authorisation issued by the Central Bank of Cyprus.

European Merchant Update

The ISXPay **contracted** book value continues to grow, with contracted value now in excess of AUD\$600m GPTV per annum. The GPTV processed by the Company did not experience the growth expected by the Company, due to a number of unforeseeable events, including a technical issue with our suppliers, which meant that growth was intentionally subdued until such time as the Company was satisfied that it had resolved the issue.

These events included litigation between two of our merchants and ASIC, which has resulted in processing for those two merchants declining. The GPTV attributable to these merchants has been discounted from the above 'contracted' GPTV, and the Agreements have since been terminated by the Company as a result of non-use by the respective Merchants.

The Company has previously advised that it is also resolving an upstream technical issue with one of our key suppliers.

This short term supply side technical issue affects the processing of payments to some of our merchants in the EEA area. This technical issue prevents the Company from processing the volumes of some of its contracted merchants at maximum capacity, as well as crystallising the full potential gross profit from each contracted merchant. The Company is thus diverting its traffic in the short term from these merchants to higher cost suppliers until it resolves the issue, which are expected to take a further 8-10 weeks. Delays to resolving the EU supply issues have arisen as a result of the Australian landscape also changing in the interim, diverting the Company's focus and resources in order to develop and execute responsive strategies.

Until such time as our Tier 1 connections are concluded across the entire network, gross profit margins will be impacted by our temporary supply chain solutions. Our anticipated margin reported as part of the Merchant update on the 26 February 2018, was accurate based upon the supply arrangements the Company had in place at that time. These initial supplier solutions subsequently presented technical issues which required alternate suppliers at higher cost. Actual Margins are difficult to estimate at this stage, as the Company will be seeking to reduce its supply chain costs on a connection by connection basis, in a drive to continuously lower costs where possible, in the lead up to Tier 1 connections. The alternative supply cost is less than our MSF as contracted with our merchants, but substantially higher than our original supply agreements, resulting in temporarily lower gross profit margins.

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Australian Processing Landscape Update – Opportunity and Risks

The Company has also received notification from its Australian supply partner, the NAB, that the NAB's risk appetite has changed. The NAB advises that it intends to exit processing of all High Brand Risk (HBR), eWallets, securities, and CFD, FX trading merchants, except those HBR merchants associated with gambling/wagering, within the next few months.

CFD, FX and Securities merchants are classified under Merchant Category Code (MCC) 6211 by the Credit Card Associations, and are AML regulated merchants, but not technically HBR as defined by the Credit Card Associations.

High Brand Risk processing is not a focus by the Company at present, however, transactional banking associated with CFD, FX and securities is a focus for the Company. The NAB exiting this area represents a massive opportunity for the Company, as the NAB has the majority share of processing of these merchants in Australia.

The Company has commenced on strategy to ensure that it can attract and retain merchants in the lucrative MCC6211 category, as well as support eWallets into the future.

The Credit Card Associations however, have contemporaneously issued new rules effective October 2018, that require processing of MCC6211 merchants to be accompanied by geofencing, age verification, and compliance checks by the payment processor, a function which Paydentity™ is well suited to perform.

The new rules for MCC6211 are effective in both the EU and Australia, in turn giving the Company a strong advantage in the market via its Paydentity™ services.

The incoming Credit Card Association rules, however, further highlight the need for the Company to operate its own fully independent network, as legacy networks operated by the Company's supply partners will no longer be able to support the incoming Credit Card Association requirements, even with Paydentity™ acting as the interface to the merchant, unless the legacy supplier networks are significantly modified to accept the new data transmission requirements.

The Company's strategy to address the MCC6211 opportunity includes Principal Membership to the major Credit Card Associations, of which the Company's Principal Australian Membership to Mastercard, complementing our EEA Principal membership, was announced recently. This will allow us to achieve Tier 1 connectivity, thus bypassing legacy Australian banks and networks, and ensuring we can meet the incoming rules and data exchange requirements directly to each of the Credit Card Associations global networks.

Success is predicated on ensuring that the Company achieves Principal Membership to all relevant major Card Associations, and Tier 1 connectivity in a timely manner, and/or develops alternate strategies to execute, before any other competitor achieves capability to service the market. The risk of new entrants is moderate, given the size of the potential market versus the barriers to entry into the Australian MCC6211 market for a new participant, the complexity in servicing the market with its forthcoming specialist requirements as a result of Card Association rules, and the lengthy integration times to achieve Tier 1 connectivity.

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The Company is reasonably confident that it understands the landscape sufficiently to advance the opportunity via parallel and independent strategies already under way. Whilst authoritative estimates of market size are difficult to source, the Company estimates that the local market is in the vicinity of \$30Bn in transactional banking volumes per annum (GPTV), via cards and EFT payments to regulated CFD merchants.

Merchant Contracting Cycle

The stages of delivering processing services to a Merchant are;

- identify prospects & marketing activity (ongoing), by ISX
- sales activity (1-6months), by ISX
- Reach formal agreement (2-4 weeks), joint ISX and Merchant
- Finalise due diligence (2-3 weeks), by ISX
- Provisioning (1 week), by ISX
- Onboarding and Integration (2-8 weeks), by Merchant
- Comfort Testing & Loading (2-8 weeks), by Merchant
- Processing (ongoing), by ISX

2.0 CORPORATE

2.1 CASH POSITION

At the end of the Quarter, the consolidated group cash balance as reported in the Appendix 4C was \$5.1million (excluding cash deposits held as security and Customer Segregated Funds). The cash usage for the quarter being within our projected usage for business growth, development, marketing and service deployment.

3.0 OUTLOOK

The regulatory environment generally and the growing reluctance for some traditional banks to provide banking services to highly regulated merchants is presenting the Company (with its patented Paydentity® technology solution) with an increasing market opportunity that exceeds previously estimated levels.

As such, the company anticipates customer numbers and revenue growth will continue to be strong across its domestic and international businesses in the coming quarters, while margins are expected to improve towards normalised levels, as outlined in this report. However, due to the surging and unpredictable nature of the growth experienced in recent quarters will not be providing specific guidance at this time.

The Company will continue to provide timely updates on revenue projections as the September quarter crystallises.

iSignthis Services Continue to Expand

- i) **eMoney Accounts** for merchants and corporate customers, including treasury of regulated entities, which provide a means to facilitate deposits and make payments to their suppliers, staff, utilities and government agencies.
- ii) **Transactional banking services** (aka payments) by enabling supply side payment solutions to our contracted **merchants** in order to give their customers greater choices of payment methods, whilst contemporaneously verifying the customer's identity to increase the merchant's global reach and simultaneously meet compliance requirements.
- iii) Remittance and FX, providing a means for our eMoney Account holders to send non Euro (€) payments outside of the EEA.

Supply Partners	Services/Solutions	Charge Basis	Merchant Sectors (Contracted)
	<ol style="list-style-type: none"> Card Acquiring EEA/EU/AUS eMoney Services Intercompany remittance Custodial Account Services Identity as a Service (KYC) Payment Gateway Integration / Set Up 	<ol style="list-style-type: none"> MSF% of GPTV MSF% of GPTV MSF% of GPTV MSF% of GPTV Flat Fee x Units Flat Fee x Units One off Fee 	<ul style="list-style-type: none"> Financial Services CFD / FX / Binary Brokers Gaming/Gambling Credit Providers Crypto / Digital Currency High Value Retail Money Service Business Utilities

Notes on GPTV and Merchant Services Fee, Merchant Discount Rate and Interchange Rates

The Merchant Discount Rate (MDR) % comprises the Interchange Rate (IC) % and the Merchant Services Fee (MSF) %

The IC is here for domestic > <https://www.mastercard.com.au/en-au/about-mastercard/what-we-do/interchange.html> and <https://www.visa.com.au/about-visa/interchange.html>

The IC for international transactions is between 1.80 to 2.20%

MDR can be offered to a merchant as either i) IC++ or ii) as Blended or iii) as Fixed Dom plus a Fixed International rate.

- i) IC++ is a means where the Company would offer the merchant an MSF% rate, and at the end of each month, then charge the applicable IC++.

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- ii) Blended is a blend of domestic and international rates, for which we would need to understand the volume skew on a merchant by merchant basis between the various card types based upon IC. This is complex and requires a detailed understanding of the merchants transactional history.
- iii) Fixed MDR is the model the Company primarily uses, whereby the Company offers a fixed domestic MDR% and a separate fixed international MDR%. We then set a typical rate per <https://www.isignthis.com/wp-content/uploads/2017/10/ISX-Pricing-Schedule.pdf>, and merchant pays the Company the MDR

As a principal member, the MSF is based upon our *internal cost of money* and hurdle rate, using an internal rate of return (IRR) calculation.

E.g. MDR of 1.75% domestic, minus 0.8% for premium card, provide for a MSF = 0.95%, which is then booked as revenue. When the Company announces a GPTV, and a corresponding MSF rate, this is the rate we refer to. However, an MSF of 150bps, would mean the IC is additional, with MDR likely to be circa 80bps higher.

As a Principal Member using our own license and network facilities, the Company would still then need to finance the cashflow, which has a cost of x%. which would be deducted from the 0.95% per the *internal cost of money* above.

However, when we use a third party supplier network, such as NAB, WLN or others, and they are the Principal and we use their license and network, then we have to cover the third party's *internal cost of money* plus *their profit margin*. So, the 0.95% example above is then subject to a third party cost, which third party cost is well above what the Company's *internal cost of money* is.

The Company has advised the market that as a result of an agreement with SupplierA at cost of a% being subject to technical issues, the Company has since purchased capacity at rate b% from an alternate SupplierB. These arrangements we put into place quickly with an emphasis on maintaining revenue continuity and growth, noting the cost was significantly higher than SupplierA.

The Company notes that margin, which is predicated on MSF minus costs, is such that $(MSF - SupplierA\% - IC) \gg (MSF\% - SupplierB\% - IC) > zero$, with the Company not being negative on gross revenue per merchant.

The Company advises that this is a relatively short term problem, with the cost base being significantly improved once the Company has its own Tier 1 facilities in place, and the primary costs are then the Company's *internal cost of money* and the Interchange (IC) rate.

Ensuring that the Company locks in merchants to agreements that are long term viable and profitable has been the commercial focus, as the cost base will through time and Tier 1 arrangements be optimised. Deferring merchants and agreements until our own Tier 1 facilities are in place is not a viable alternative from the Company's perspective.

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Glossary

AML = *Anti Money Laundering, usually refers to a regulatory regime that banks, brokers, exchanges, credit providers etc. need to comply with. AML requires KYC.*

Acquiring bank = *(also called acquirers, processing banks or merchant banks) are financial institutions, members of Visa and MasterCard, that contract with merchants to enable them to accept debit and credit card payments for their products and services. They can also, and mostly do, contract with third parties to provide some of these services.*

BIC= *Bank Identifier Code, as issued by the Society for Worldwide Interbank Financial Telecommunication (SWIFT)*

Cardholder = authorised user of credit or debit card

Card issuer = *(Monetary) financial institutions that are Principal Members of a Credit Card Association, which issue payment cards on behalf of the Credit Card Associations, and contract with their cardholders for the terms of the repayment of transactions. iSignthis is a Principal Member of Visa Inc (NYSE:V), Mastercard Worldwide (NYSE:MA) and JCB International*

Credit Card Associations = *member-owned association of banks that govern the issuing of Visa, MasterCard, JCB, AMEX, Diners, Discover and China UnionPay cards and the acquiring of transactions from those cards. Both organisations have developed payment systems to facilitate the processing of transactions between member banks.*

CTF or CFT = *Counter Terrorism Funding, or Counter Funding of Terrorism, is often paired with AML as AML/CTF or AML/CFT*

Dynamic Data = *one-time data related to an e-Payment transaction, that is current and used as an input at the time of KYC check. Unlike **Historic Data**, Dynamic data is only applicable and accessible via the person to whom it relates, and can only be compiled with the KYC target person's active involvement. Refer to 'Secret'*

e-KYC = *electronic or digital KYC. The process of customer identification remotely via the internet, rather than face-to-face / manual processes.*

eMoney = *electronic money whether it is held on a payment device in the electronic money holder's possession or stored remotely at a server and managed by the electronic money holder through a specific account for electronic money.*

eMoney Regulation = *DIRECTIVE 2009/110/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions²*

e-Wallet = *a means of storing or processing funds via your mobile, laptop, tablet etc. to more than one merchant or other person. An eWallet holds eMoney.*

² <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009L0110&from=en>

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Enhanced Due Diligence (EDD) = for Higher-Risk Customers. Customers that pose higher money laundering or terrorist financing risks present increased exposure to merchants; **due diligence** policies, procedures, and processes should be **enhanced** as a result.

EOI = Evidence of Identity, which forms the basis of **KYC**.

Gross Processed Turnover Value (GPTV) = the value of third party monies processed by the Company for which it charges a MSF

KYC = **Know Your Customer**, a mandatory customer identification process that banks and AML regulated entities must perform prior to offering a consumer service in order to comply with AML law or regulation.

Identification = the means whereby a person is identified by name and other unique attributes, prior to those details being verified by a customer due diligence process.

Interchange (IC) Fee = the fee, designated in basis points, is a component of the MSF charged to the merchant for the provision of transactional banking services, where the IC Fee is set by the Credit Card Association, and is as published on each Credit Card Association website.

Merchant = *is a business that has contracted with an acquiring MFI or Payment Facilitator to accept card payments*

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

Monetary Financial Institution (MFI) = *EU Regulation 2013/33/13 defines MFIs as resident undertakings that belong to any of the following sectors Credit Institution (Bank), Central Bank or eMoney Institution (e-Bank), such as iSignthis eMoney Ltd.*

Merchant Discount Rate (MDR) = the fee, designated in basis points, charged to the merchant for the provision of transactional banking services by the Company, comprising the MSF and the Interchange (IC) Fee

Merchant Services Fee (MSF) = is a component of the MDR fee, designated in basis points, charged to the merchant for the provision of transactional banking services by the Company

Payment Facilitator = *is an organisation that has contracted with an acquiring bank to provide merchants with card payment processing services on behalf of an acquirer. Payment processors must be registered with Visa and MasterCard and must identify on all of their marketing materials, including their websites, the name of the bank partner.*

Payment Service Provider (PSP) = *an entity licensed or authorised to provide transactional banking services, including card issue, card acquire, credit facilities and bank transfers. The Company's subsidiary iSignthis eMoney Ltd is a European Economic Area Authorised eMoney Monetary Financial Institution (MFI) no 115.1.3.17 and can offer PSP service, including card acquiring and issuing.*

PCI = *Payment Card Industry, comprising Visa, Mastercard, American Express, Diners, Discover, China Union Pay. PCI sets the global standards required for security and interconnectivity of banks & processors to merchants via its data security standard (DSS). Level / Tier 1 is the highest standard possible, to which level the Company is certified.*

PSC = **A Person of Significant Control** is anyone that exerts a significant influence or control over a company. They are identified as a PSC if they meet any of the following criteria: Hold more than 25% of a share in a company or have the right to participate in more than 25% of the surplus assets of a company.

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Revenue = i) GPTV x MSF and/or , ii) Flat Fee Charge x Units Consumed, and/or iii) Integration and Ad Hoc Services.

Secret = Information which can only be known by or in the possession of (e.g. one-time passcode or cryptographic key) the authorised users. This information is transmitted by iSignthis securely within standard payment messages, and used as the basis of challenge / response knowledge based authentication **EOI**. The Secret is comprised of **Dynamic Data**. By way of example, the United Kingdom's Joint Money Laundering Steering Group (JMLSG) 2017 Revision at s5.3.89 refers.

Service provider = *any third party that provides a service used in the card payment transaction process: point-of-sale terminals, payment gateways, web hosting, SSL certificates, shopping carts etc.*

SCA = Strong Customer Authentication, a means whereby two factor authentication (2FA) is linked to a person's KYC identity and a specific payment instrument (e.g. card or eWallet), and the 2FA is used to authenticate remote payment transactions executed on the payment instrument.

Static Data (aka Historic Data) = data that may have been secret at a historic point in time. E.g. What is or was presumed to be non-public data related to a **KYC** target person, including their credit history report, the person's mother's maiden name, the persons full name, their driver's license number etc. It may predate the **KYC** process by years, months or days, and may be discernible to party's other than who it relates by way of data hacks/breaches³, social media. Static Data is susceptible to data breaches, such as the US and UK 2017 Equifax data breach.

UBO = Ultimate Beneficial Owner, companies are increasingly expected to understand who they are doing business with. This serves to prevent doing business with mala fide parties. Any institutions that fall within the scope of the Anti-Money Laundering and Anti-Terrorist Financing Act must retrieve the identity of the UBO (the ultimate beneficial owner) of their business relations on a mandatory basis.

Verification = the means whereby a person's details, including name, date of birth, address and other unique attributes having been previously identified, are verified via a customer due diligence process.

³ <http://www.informationisbeautiful.net/visualizations/worlds-biggest-data-breaches-hacks/>

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ISIGNTHIS LTD

ABN

93 075 419 715

Quarter ended ("current quarter")

30 JUNE 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,633	4,925
1.2 Payments for		
(a) research and development	(75)	(343)
(b) product manufacturing and operating costs	(2,656)	(3,036)
(c) advertising and marketing	(2)	(71)
(d) leased assets	-	-
(e) staff costs	(967)	(3,615)
(f) administration and corporate costs	(950)	(2,858)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	62
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	469	1,047
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,533)	(3,889)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(30)	(80)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	(50)
(e) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash deposits)	-	351
2.6	Net cash from / (used in) investing activities	(30)	221
3. Cash flows from financing activities			
3.1	Proceeds from issues of shares	-	6,500
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(167)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (card scheme membership security)	(402)	(1,006)
3.10	Net cash from / (used in) financing activities	(402)	5,327
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of quarter/year to date	7,111	3,399
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,533)	(3,889)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(30)	221
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(402)	5,327
4.5	Effect of movement in exchange rates on cash held	(85)	3
4.6	Cash and cash equivalents at end of quarter	5,061	5,061

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	5,061	6,698
5.2 Call deposits	-	413
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,061	7,111

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	108
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments to directors and director related entities during the June 2018 quarter.

During the June 2018 quarter, the Company entered into a formal, short term, interest bearing loan agreement with Etherstack Pty Limited a wholly owned subsidiary of Etherstack Plc of which Mr Scott Minehane is a director. A total of \$131,000 was advanced to Etherstack Pty Limited and subsequently repaid during the quarter and as such does not appear in section 6.2. A total of \$3,000 interest was paid as part of the agreement. The transaction was completed at arm's length.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Nil

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Nil

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	50
9.2	Product manufacturing and operating costs	1,500
9.3	Advertising and marketing	20
9.4	Leased assets	-
9.5	Staff costs	1,200
9.6	Administration and corporate costs	600
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows¹	3,370

¹ The company is an operating business that generates cash inflows each quarter. Estimated cash outflows are based on assumptions including activity on estimated inflows. The above summary of estimated cash outflows does not reflect the anticipated net cash flows for the following quarter, as it excludes cash inflows (such as receipts from customers).

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 31 July 2018

Print name: Todd Richards

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

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3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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