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iSignthis®

Appendix 4D and Half Year Accounts

Melbourne, 28th August 2020 : iSignthis Ltd ("the Company") is pleased to present its Appendix 4D and half year accounts for the half year ended 30 June 2020.

The Company has delivered an unaudited profit for the half year after tax of $828,179 versus a loss in the 30 June 2019 half of ($729,190).

Unaudited revenues from ordinary activities in the half year of $18,010,400 were up 141% from the same period in the prior year.

The Company will utilise the ASIC Relief and the corresponding ASX class waiver, to extend the lodgement deadline for the half year reviewed accounts to ASIC from 75 days to 106 days for the half year end.

The Company will immediately make a further announcement to the market if there is a material difference between 30 June 2020 accounts as published today and the auditor reviewed accounts.

Authorised by the Company Secretary and Managing Director

iSignthis Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	iSignthis Ltd
ABN:	93 075 419 715
Reporting period:	For the half-year ended 30 June 2020
Previous period:	For the half-year ended 30 June 2019

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	141%	to	18,010,400
Profit from ordinary activities after tax attributable to the owners of iSignthis Ltd	up	Favourable	to	828,179
Profit for the half-year attributable to the owners of iSignthis Ltd	up	Favourable	to	828,179

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

Comments
The profit for the consolidated entity after providing for income tax amounted to $828,179 (30 June 2019: loss $729,190).

The total revenue increased by approximately $10.54 million when compared to last year. This is in line with the overall growth of the business operations, an increased customer base and additional revenue streams built by the consolidated entity.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.74	0.71

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.

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

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Name of Company	Principal activity	Ownership interest			Investment in Associate		
		30 Jun 20 %	31 Dec 19 %	30 June 19 %	30 Jun 20 $	31 Dec 19 $	30 June 19 $
NSX Limited	Tier 1 Securities Exchange	17.5%	0.0%	0.0%	$4,090,413	$0	$0

During the first half ended 30 June 2020 the Company purchased a 17.5% stake in NSX Limited for $5.7m. During the period the Company took a $1.6m write down to the investment in NSX Limited, reflecting the Group's share of net loss of associates for NSX Limited of $0.3m and an impairment at 30 June 2020 of $1.3m, to reflect the NSX Limited share price. This investment is accounted for using the equity method.

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9. Foreign entities

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

Not applicable as all foreign entities of iSignthis Limited report under IFRS.

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10. Audit qualification or review

The audit review is yet to be completed.

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11. Attachments

Details of attachments (if any):

The Interim Report of iSignthis Ltd for the half-year ended 30 June 2020 is attached.

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12. Signed

Signed _____ Date: 28 August 2020

Nickolas John Karantzis
Managing Director

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iSignthis Ltd

ABN 93 075 419 715

Interim Report - 30 June 2020

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iSignthis Ltd
Corporate directory
30 June 2020

Directors	Timothy Hart (Independent, Non-Executive Chairman) Nickolas John Karantzis (Managing Director) Barnaby Egerton-Warburton (Independent, Non-Executive Director) Scott Minehane (Independent, Non-Executive Director) Christakis Taoushanis (Independent, Non-Executive Director)
Chief Financial Officer	Elizabeth Warrell
Joint Company Secretary	Elizabeth Warrell and Todd Richards
Registered office	456 Victoria Parade East Melbourne, VIC, 3002, Australia Telephone: +61 3 8640 0990 Facsimile: +61 3 8640 0953
Share register	Link Market Services Level 12, 680 George Street Sydney, NSW, 2000, Australia Telephone: 1300 554 474
Auditor	BDO Audit Pty Ltd Level 11, 1 Margaret Street, Sydney, NSW, 2000, Australia
Stock exchange listing	iSignthis Ltd shares are listed on the Australian Securities Exchange and cross listed on Frankfurt Stock Exchange (ASX: ISX | FRA: TA8)
Website	www.isignthis.com.au
Internal Auditor (Cyprus)	Nexia Poyiadjis Chartered Accountants 8th floor, 2 Sophouli str, Nicosia, 1096, Cyprus
ISO27001 Certifier	British Standards Institute Suite 5.02 Level 5, 484 St Kilda Road, Melbourne, VIC, 3004, Australia
PCI DSS Certifier	Security Centric Pty Ltd Level 9 580 George Street Sydney, NSW, 2000, Australia

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iSignthis Ltd
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of iSignthis Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2020.

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

Mr Timothy Hart (Independent, Non-Executive Chairman)
Mr Nickolas John Karantzis (Managing Director)
Mr Scott Minehane (Independent, Non-Executive Director)
Mr Barnaby Egerton-Warburton (Independent, Non-Executive Director)
Mr Christakis Taoushanis (Independent, Non-Executive Director)

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iSignthis Ltd
Directors' report
30 June 2020

Principal activities
iSignthis Ltd is an Australian headquartered global RegTech leader in remote identity verification, payment authentication with electronic money (eMoney), transactional banking and payment processing capability. iSignthis provides an end-to-end on-boarding service for merchants, with a unified payment and identity service via its Paydentity™ and ISXPay® solutions.

By converging payments and identity, iSignthis delivers regulatory compliance to an enhanced customer due diligence standard, offering global reach to any of the world's 4.2Bn 'bank verified' card or account holders, that can be remotely on-boarded to meet the Customer Due Diligence requirements of AML regulated merchants.

iSignthis Paydentity™ service is a back office solution for regulated entities, allowing merchants to stay ahead of the regulatory curve, and focus on growing their core business. iSignthis' subsidiary, iSignthis eMoney Ltd, trades as ISXPay®, and is an EEA authorised eMoney Monetary Financial Institution, offering card acquiring in the EEA, and Australia.

ISXPay® is a principal member of Mastercard Inc, Diners, Discover, (China) Union Pay International and JCB International, an American Express aggregator, and provides merchants with access to payments via alternative methods including SEPA, Poli Payments, Sofort, PRZ24 and others.

Probanx Information Systems Ltd (Probanx®), a wholly owned subsidiary of iSignthis Ltd, is an international CORE banking software company which has been serving the banking industry since the year 2000 by developing comprehensive banking software solutions to financial institutions around the globe. Probanx offers web-based banking solutions using the latest technology and international standard business rules.

Probanx provides API based access to SEPA Core, SEPA Instant and SEPA business scheme, for neobanks, banks, credit unions and eMoney institutions, and provides a bridge to the Eurosystem's Central Bank of Lithuania's CENTROLink service.

Financial performance
In early 2019 the business finalised the build of its own Tier 1 card scheme and central banking connections and infrastructure. This enabled the business to start to build scale and grow revenue and deliver its maiden profit after tax in the second half 2019. In the first half of 2020, we have seen the business continue to build and grow scale, with a first half profit after tax of $828,179.

In the period revenue from customers grew over 140% to $18m, from just $7.5m in 1H19. This growth was predominately driven by regulated services in Europe, with ISXPay Card Platform and eMoney revenues representing circa 87% of the Group's revenues, due to strong customer acquisition during the year and increased volumes from existing customers during the period.

Revenues from our Australian card processing business were up approximately 22% versus the same period in 2019, representing circa 6% of the Group's revenues.

The Group also saw continued strong revenue growth from its RegTech solutions division, with revenue up 50% year on year. Revenue from this division now represents approximately 7% of the Group's revenue, as the business focuses on customer growth.

In the first half 2020 the Group's expenses and other charges (inclusive of foreign exchange gains) increased by 90% or $7.7m to $16.9m, largely to support the Group's revenue growth. Operating costs, which represent card scheme interchange charges and other variable costs increased $3.9m due to the increase in processing volumes through ISXPay during the year. The Group also saw a $1.3m charge during the period for the impairment in the NSX Limited investment and a $0.3m share of losses for the Group's investment in NSX Limited. The Group also saw a $1.9m increase in corporate costs driven by legal and advisory costs related to the ASX suspension ($1million in the half) and increased regulatory costs.

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Financial Position
The financial position of the group remained strong during the period, with cash and cash equivalents of $16.1m at the end of the period. Cash and cash equivalents during the period was impacted by the $5.7million investment in NSX Limited during the period, offset by a $3.2m cash contribution for the ClearPay Joint venture and positive operating cash flows of $3.4million during the period.

The Group also saw its total assets decrease by $8.6million since 31 December 2019, largely due to lower funds held on behalf of merchants, partially offset by the investment in NSX Limited. Funds held on behalf of merchants decreased by $14.6m since 31 December 2019 which the company attributes to a combination of a slight reduction in customer confidence as a result of the ASX suspension and COVID-19. Funds held on behalf of our merchants are held in cash, mainly with the Eurosystem's Central Bank of Lithuania.

Similarly, the Group's total liabilities have decreased by $13.9m due to a corresponding $14.6m decrease in merchant liabilities driven by the reasons outlined above.

The Group's working capital, being current assets less current liabilities was $15.4m at 30 June 2020, consistent with 31 December 2019. As a result of the above the Directors believe the consolidated entity is in a strong and stable position to expand and grow its current operations.

Significant changes in the state of affairs
During the 6 months ending 30 June 2020, the consolidated entity issued 227,116 fully paid ordinary shares upon the vesting of performance rights, 787,478 fully paid ordinary shares for the final earn out on the UAB Baltic Banking Services acquisition (now UAB Probanx Solutions) and 1,164,913 fully paid ordinary shares upon the exercise of options.

On 20 February 2020 the consolidated entity announced a $4.2 million investment in NSX Limited, which operates NSXA, Australia's second-largest Tier 1 securities market operator. The consolidated entity also announced the ClearPay Joint Venture with NSX Limited. It is intended that, once development is completed, that ClearPay will be Australia's open DLT based, multilateral, multicurrency Delivery versus Payment (DvP) platform, launching in 2021.

On 28 May 2020 the consolidated entity announced a further $1.5m investment in NSX Limited, taking its total stake in NSX Limited to 17.5%.

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

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 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Nickolas John Karantzis
Managing Director

28 August 2020

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iSignthis Ltd
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30 June 2020

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iSignthis Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2020

	Note	Consolidated 30 June 20 $	30 June 19 $
Revenue	5	18,010,400	7,472,136
Other income	6	457,645	677,093
Expenses			
Corporate expenses		(3,274,361)	(1,353,243)
Advertising & marketing expense		(189,296)	(183,326)
Employee benefits expense		(3,351,310)	(3,221,470)
Research & development expenses		(362,844)	(180,809)
Depreciation & amortisation expense	7	(410,057)	(207,006)
Impairment of investment in associate		(1,307,035)	-
Share of losses from investment in associate		(302,552)	-
IT expenses		(1,045,055)	(348,679)
Other expenses		(102,043)	(287,451)
Operating costs		(6,615,292)	(2,655,901)
Share based payments	12	(264,773)	(483,224)
Net realised foreign exchange gain/(loss)		390,452	46,335
Finance costs		(39,452)	(3,645)
Profit/(loss) before income tax expense		1,594,427	(729,190)
Income tax expense		(766,248)	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of iSignthis Ltd		828,179	(729,190)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(117,811)	172,352
Other comprehensive income/(loss) for the half-year, net of tax		(117,811)	172,352
Total comprehensive income/(loss) for the half-year attributable to the owners of iSignthis Ltd		710,368	(556,838)
		Cents	**Cents**
Basic profit/(loss) per share		0.08	(0.07)
Diluted profit/(loss) per share		0.08	(0.07)

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

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iSignthis Ltd
Consolidated statement of financial position
As at 30 June 2020

	Note	Consolidated 30 June 20 $	31 December 19 $
Assets			
Current assets			
Cash and cash equivalents		16,133,276	17,703,578
Trade and other receivables		1,698,477	572,608
Funds held on behalf of merchants	13	81,541,841	96,178,224
Other assets	14	4,843,472	3,442,617
Total current assets		104,217,066	117,897,027
Non-current assets			
Plant and equipment		1,109,610	824,109
Right-of-use assets		1,999,651	2,243,766
Intangibles		3,993,549	3,044,567
Deferred tax assets		109,437	106,935
Investment in associate	10	4,090,413	-
Total non-current assets		11,302,660	6,219,377
Total assets		115,519,726	124,116,404
Liabilities			
Current liabilities			
Trade and other payables	15	5,341,990	4,724,332
Lease liability		543,035	516,943
Employee benefits		350,984	291,533
Funds held on behalf of merchants		81,541,840	96,178,224
Other liabilities		1,038,619	818,762
Total current liabilities		88,816,468	102,529,794
Non-current liabilities			
Lease liability		1,509,376	1,742,328
Deferred tax liabilities		90,947	90,947
Employee benefits		33,811	36,537
Total non-current liabilities		1,634,134	1,869,812
Total liabilities		90,450,602	104,399,606
Net assets		25,069,123	19,716,798
Equity			
Issued capital	8	52,506,901	47,970,023
Reserves		298,516	311,248
Accumulated losses		(27,736,294)	(28,564,473)
Total equity		25,069,123	19,716,798

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

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iSignthis Ltd
Consolidated statement of changes in equity
For the half-year ended 30 June 2020

Consolidated	Issued capital $	Share based payments reserve $	Accumulated losses $	Foreign currency reserve $	Total equity $
Balance at 1 January 2019	40,677,673	1,141,585	(30,257,796)	(117,498)	11,443,964
Adjustment upon initial adoption of AASB 16	-	-	(25,246)	-	(25,246)
Balance at 1 January 2019 - restated	40,677,673	1,141,585	(30,283,042)	(117,498)	11,418,718
Profit/(loss) after income tax expense for the half-year	-	-	(729,190)	-	(729,190)
Other comprehensive income for the half-year, net of tax	-	-	-	172,352	172,352
Total comprehensive income/(loss) for the half-year	-	-	(729,190)	172,352	(556,838)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 8)	2,072,025	(551,674)	-	-	1,520,351
Share-based payments (note 12)	-	483,224	-	-	483,224
Lapse of options and rights	-	(136,661)	136,661	-	-
Balance at 30 June 2019	42,749,698	936,474	(30,875,571)	54,854	12,865,455

Consolidated	Issued capital $	Share based payments reserve $	Accumulated losses $	Foreign currency reserve $	Total equity $
Balance at 1 January 2020	47,970,023	413,447	(28,564,473)	(102,199)	19,716,798
Profit/(loss) after income tax expense for the half-year	-	-	828,179	-	828,179
Other comprehensive income for the half-year, net of tax	-	-	-	(117,811)	(117,811)
Total comprehensive income/(loss) for the half-year	-	-	828,179	(117,811)	710,368
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 8)	4,536,878	(134,267)	-	-	4,402,611
Share-based payments (note 12)	-	239,346	-	-	239,346
Balance at 30 June 2020	52,506,901	518,526	(27,736,294)	(220,010)	25,069,123

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

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iSignthis Ltd
Consolidated statement of cash flows
For the half-year ended 30 June 2020

	Note	Consolidated 30 June 20 $	30 June 19 $
Cash flows from operating activities			
Receipts from customers		18,933,385	7,486,582
Payments to suppliers and employees		(16,003,856)	(8,441,072)
Interest received		29,990	78,566
Government grants & tax incentives received		427,655	593,181
Net cash generated from/(used in) operating activities		3,387,174	(282,743)
Cash from investing activities			
Payment for purchase of business, net of cash acquired	10	(5,700,000)	(176,788)
Payments for plant and equipment		(491,618)	(85,911)
Payments for intangibles		(1,239,661)	(8,435)
Payments for deposits		-	(134,799)
Loans repaid from third parties		-	320,000
Cash contribution from Joint Venture partner		1,888,000	-
Cash contribution from Joint Venture partner (non-controlling interest)		1,312,000	-
Net cash (used in) investing activities		(4,231,279)	(85,933)
Cash flows from financing activities			
Proceeds from exercise of options	8	361,123	1,400,943
Card scheme membership security		(1,454,033)	346,820
Net cash generated from/(used in) investing activities		(1,092,910)	1,747,763
Net increase/(decreased) in cash and cash equivalents		(1,937,015)	1,379,087
Cash and cash equivalents at the beginning of the financial half-year		17,703,578	8,433,874
Effects of exchange rate changes on cash and cash equivalents		366,713	175,514
Cash and cash equivalents at the end of the financial half-year		16,133,276	9,988,475

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

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Note 1. General information

The financial statements cover iSignthis Ltd as a consolidated entity consisting of iSignthis Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is iSignthis Ltd's functional and presentation currency. It should be noted that majority of revenue is earned in Euros, which is subject to foreign exchange rate fluctuations.

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 28 August 2020.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended 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.

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

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.

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

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Where market prices are not available, the fair value of equity-settled transactions are determined using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties. 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
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.

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Note 4. Operating segments

Identification of reportable operating segments
The operating segments are analysed by the Executives of the consolidated entity who ultimately report to the board of Board of Directors (collectively identified as the Chief Operating Decision Makers ('CODM')), based on the internal reports that are reviewed and used by the CODM in assessing performance and in determining the allocation of resources.

The CODM reviews revenues, relevant expenses and Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The CODM identified its operating segments based on the two main divisions, Regulated Services, split by Australia and Europe & BVI, and Reg-Tech Solutions. Regulated Services includes Payments, eMoney and account issuance businesses. Reg-Tech Solutions includes Probanx®, BBS, Paydentity™ and other software services.

Operating segment information

	Regulated Services			
	Australia	**Europe & BVI**	**Reg-Tech Solutions**	**Total**
Consolidated - 30 June 2020				
	$	**$**	**$**	**$**
Revenue and other income				
Sales to external customers	1,021,619	15,717,307	1,271,474	18,010,400
Research & development tax concession	427,655	-	-	427,655
Interest	24,064	5,926	-	29,990
Total revenue and other income	1,473,338	15,723,233	1,271,474	18,468,045
Expenses				
Corporate expenses	(1,966,148)	(1,162,357)	(145,856)	(3,274,361)
Advertising & marketing	(64,630)	(121,961)	(2,705)	(189,296)
Employee benefits expense	(1,703,580)	(1,329,304)	(318,426)	(3,351,310)
Research & development expenses	(362,844)	-	-	(362,844)
Depreciation & amortisation expense	(25,649)	(68,891)	(315,517)	(410,057)
Impairment of investment in associate	(1,307,035)	-	-	(1,307,035)
Share of losses from investment in associate	(302,552)	-	-	(302,552)
IT expenses	(417,175)	(522,220)	(105,660)	(1,045,055)
Other expenses	3,592	(81,820)	(23,815)	(102,043)
Operating costs	(489,156)	(6,053,717)	(72,419)	(6,615,292)
Share based payments	(264,773)	-	-	(264,773)
Finance costs	(7)	-	(39,445)	(39,452)
Intercompany management fee recharge	-	134,807	(134,807)	-
Net realised foreign exchange gain/(loss)	454,841	43,949	(108,338)	390,452
Profit/(loss) before income tax expense	(4,971,777)	6,561,720	4,485	1,594,427
Income tax expense				(766,248)
Profit after income tax expense				828,179

Note 4. Operating segments (continued)

Consolidated - 30 June 2019	Regulated Services Australia	Regulated Services Europe & BVI	Reg- Tech Solutions	Total
	$	$	$	$
Revenue and other income				
Sales to external customers	837,750	5,697,221	937,165	7,472,136
Research & development tax concession	621,579		-	621,579
Interest	54,796	717	-	55,513
Total revenue and other income	1,514,125	5,697,938	937,165	8,149,228
Expenses				
Corporate expenses	(608,557)	(468,376)	(276,310)	(1,353,243)
Advertising & marketing	(12,932)	(11,652)	(158,742)	(183,326)
Employee benefits expense	(921,045)	(1,721,876)	(578,549)	(3,221,470)
Research & development expenses	(180,809)	-	-	(180,809)
Depreciation & amortisation expense	(14,549)	(172,194)	(20,263)	(207,006)
IT expenses	(302,627)	(42,056)	(3,996)	(348,679)
Other expenses	(24,660)	(223,575)	(39,216)	(287,451)
Operating costs	(627,458)	(2,068,460)	40,018	(2,655,900)
Share based payments	(387,382)	(95,842)	-	(483,224)
Finance costs	(3,645)	-	-	(3,645)
Net realised foreign exchange gain/(loss)	-	46,610	(275)	46,335
Profit/(loss) before income tax expense	(1,569,539)	940,517	(100,168)	(729,190)
Income tax expense				-
Loss after income tax expense				(729,190)

The CODM reviews cash and cash equivalents and the funds held on behalf of merchants within the statement of financial position.

	Cash and cash equivalents	Cash and cash equivalents	Funds held on behalf of merchants	Funds held on behalf of merchants	Intangibles	Intangibles
	30 Jun 20	31 Dec 19	30 Jun 20	31 Dec 19	30 Jun 20	31 Dec 19
	$	$	$	$	$	$
Regulated Services						
Australia	5,138,163	9,097,205	6,063,170	7,046,428	1,770,147	-
Europe & BVI	7,457,320	7,766,397	75,478,671	89,131,796	962,342	1,009,846
Reg-Tech Solutions	3,537,792	839,976	-	-	1,261,060	2,034,721
	16,133,276	17,703,578	81,541,841	96,178,224	3,993,549	3,044,567

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Note 5. Revenue

	Consolidated	
	30 June 2020	**30 June 2019**
	$	**$**
Contracted service fees		
- Recognised at a point in time	16,974,962	6,299,556
- Recognised over time	1,035,438	1,172,580
Revenue	18,010,400	7,472,136

Accounting policy for 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:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; where possible allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Payment processing function
Revenue generated from the payment processing function are billed on a per transaction basis and are recognised once the service has been performed. All revenue within this revenue stream has been included within ‘contracted service fees’ noted above and is recognised point in time. This revenue stream forms part of the Regulated Services division.

Settlement of payments
Revenue generated from the settlement of payments are billed on a percentage of the transaction value and is recognised once the performance obligations in the contract have been satisfied. All revenue within this revenue stream has been included within ‘contracted service fees’ noted above and is recognised point in time. This revenue stream forms part of the Regulated Services division.

Know Your Customer (KYC) verification
Revenue generated from KYC fees are billed on a flat rate per verification service and are recognised once the service is performed. All revenue within this revenue stream has been included within ‘contracted service fees’ noted above and is recognised point in time. This revenue stream forms part of the RegTech Solutions division.

Integration, Establishment, Project and Platform Fees
Revenue generated from the initial integration and merchant operational set up are billed on contract signing and service go live date, or line with the performance obligations in the contract. Revenue is recognised once the service has been performed. All revenue within this revenue stream has been included within ‘contracted service fees’ noted above and is recognised over time. This revenue stream forms part of the RegTech Solutions division.

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

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Note 6. Other income

	Consolidated	
	30 June 2020	**30 June 2019**
	$	**$**
Interest income	29,990	55,514
Government grants and tax incentives	427,655	621,579
Other income	457,645	677,093

Interest income
Interest income is recognised as interest accrued 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.

Government grants and tax incentives
Subsidies and grants from the government including the R&D tax incentive income, are recognised as income 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 measurable. Government subsidies are recognised under the AASB 120 (Accounting for Government Grants and Disclosure of Government Assistance).

Note 7. Expenses

	Consolidated	
	30 June 2020	**30 June 2019**
	$	**$**
Loss before income tax includes the following specific expenses:		
Depreciation		
Land and buildings right-of-use assets	315,588	123,918
Computers and office equipment	46,193	32,463
Total depreciation	361,781	156,381
Amortisation		
Patents and trademarks	48,276	50,625
Total depreciation and amortisation	410,057	207,006

Note 8. Equity - issued capital

	Consolidated			
	30 Jun 20	**31 Dec 19**	**30 Jun 20**	**31 Dec 19**
	Shares	**Shares**	**$**	**$**
Ordinary Shares – fully paid	1,095,562,698	1,093,383,191	52,506,901	47,970,023

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Note 8. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2020	1,093,383,191		47,970,023
Issue of shares upon the vesting of performance rights	1 January 2020	50,000	$0.335	16,750
Issue of shares upon the vesting of performance rights	1 March 2020	62,500	$0.18	11,250
Issue of shares upon the vesting of performance rights	30 April 2020	74,000	$0.335	24,790
Issue of shares upon the vesting of performance shares	1 May 2020	30,616	$0.15	4,592
Issue of shares to employee	2 March 2020	10,000	$0.15	1,500
Issue of shares in relation to a business combination	2 March 2020	787,478	$1.07	842,601
Joint venture capital contribution	6 March 2020	-		3,200,000
Exercise of options during the year		1,164,913		361,123
Transfer from share based payments reserve		-		74,272
Balance	30 June 2020	1,095,562,698		52,506,901

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

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

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

Note 9. Contingent assets and liabilities

Off Balance Sheet Funds Held on Behalf of Merchants
As 30 June 2020 the Group held $3.6m (31 December 2019: $4.2m) in off balance sheet funds held on behalf of merchants, involving matching off balance sheet assets and liabilities. These funds are subject to a Court Order instigated by ASIC to freeze those funds, arising from actions taken by ASIC against previous clients.

The ability for the Group to deal with these funds and therefore realise assets and extinguish the corresponding liabilities is contingent upon the directions of the Court.

ISX versus ASX Legal proceedings
On the 5 December 2019 the Company commenced Federal Court proceedings against the Australian Securities Exchange (“ASX” or “the exchange”), due to the ASX decision to suspend, and not reinstate, the Company’s shares from quotation on the exchange. As at 30 June 2020 the Company believes that there is a contingent asset related to these legal proceedings, as there is a material prospect that the ASX will be ultimately required to pay the Company's legal expenses, and possibly up to $264million damages, consistent with the statement of claim which alleges misleading and deceptive conduct by the ASX, which can be found at https://www.asx.com.au/asxpdf/20200623/pdf/44jw43pz6sjtqd.pdf and https://www.asx.com.au/asxpdf/20200821/pdf/44lrjj4jp6dj31.pdf .

ASIC Investigation
As at 30 June 2020 the Company remains under investigation by ASIC in relation to suspected contraventions of the Corporations Act in relation to iSignthis Ltd, during the period of 1 June 2017 to 14th August 2020 (inclusive), which period was recently extended by ASIC. Potential consequences of this matter could include legal fees and charges, fines and penalties and further reputational damage to the Company. The Company holds no provision for this matter, as the outcome is so uncertain, no reliable estimate can be made.

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Note 10. Investment in Associate

	Consolidated	
	30 Jun 20	**31 Dec 19**
	$	**$**
Balance as at 1 January 2020	-	-
Additions	5,700,000	-
Less:		
Share of loss from investment in associate	(302,552)	-
Impairment of investment in associate	(1,307,035)	-
Total Investment in associate	4,090,413	-

During the half, the group made a $5.7m investment in NSX limited for 17.5% of the company. The investment is accounting for the investment using the equity method.

Note 11. Events after the reporting period

No matter or circumstance has arisen since 30 June 2020 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 12. Share-based payments

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

30 June 2020

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
09/11/2017	08/02/2020	$0.31	1,164,913	-	(1,164,913)	-	-
13/03/2019	10/07/2020	$0.30	3,000,000	-	-	-	3,000,000
			4,164,913	-	(1,164,913)	-	3,000,000

30 June 2019

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
01/08/2016	01/07/2019	$0.62	5,000,000	-	-	-	5,000,000
03/08/2017	01/12/2019	$0.30	500,000	-	(50,000)	-	450,000
09/11/2017	08/02/2019	$0.24	2,850,877	-	-	(2,850,877)	-
09/11/2017	08/05/2019	$0.27	2,850,877	-	(2,850,877)	-	-
09/11/2017	08/02/2020	$0.31	2,850,877	-	(1,642,104)	-	1,208,773
08/12/2017	08/02/2019	$0.24	200,000	-	-	(200,000)	-
08/12/2017	08/05/2019	$0.27	200,000	-	(200,000)	-	-
08/12/2017	08/02/2020	$0.31	200,000	-	(200,000)	-	-
13/03/2019	10/07/2020	$0.30	-	3,000,000	-	-	3,000,000
			14,652,631	3,000,000	(4,942,981)	(3,050,877)	9,658,773

Note 12. Share-based payments (continued)

All options issued during the 2019 half-year were issued to advisers for services provided to the consolidated entity.

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

Grant date	Expiry date	30 June 2020 Number	30 June 2019 Number
01/08/2016	01/07/2019	-	5,000,000
13/05/2019	01/12/2019	-	450,000
09/11/2017	08/02/2020	-	1,208,773
13/03/2019	10/07/2020	3,000,000	3,000,000
		3,000,000	9,658,773

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Note 12. Share-based payments (continued)

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

30 June 2020

Grant date	Expiry date	Balance at the start of the half-year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the half-year
23/05/2018	01/03/2020	62,500	-	(62,500)	-	-
03/09/2018	01/09/2020	1,857,000	-	-	-	1,857,000
09/05/2019	01/01/2020	50,000	-	(50,000)	-	-
09/05/2019	30/04/2020	74,000	-	(74,000)	-	-
09/05/2019	30/04/2021	69,000	-	-	-	69,000
01/08/2019	01/08/2020	96,625	-	-	-	96,625
01/08/2019	01/08/2021	96,625	-	-	-	96,625
06/12/2019	08/08/2020	1,000	-	-	-	1,000
06/12/2019	08/08/2021	1,000	-	-	-	1,000
06/12/2019	31/12/2020	2,500	-	-	-	2,500
06/12/2019	30/06/2020	4,545	-	-	(4,545)	-
06/12/2019	31/07/2020	3,846	-	-	-	3,846
06/12/2019	31/08/2020	8,906	-	-	-	8,906
06/12/2019	30/09/2020	2,381	-	-	-	2,381
06/12/2019	30/06/2021	4,545	-	-	-	4,545
06/12/2019	31/07/2021	3,846	-	-	-	3,846
06/12/2019	31/08/2021	8,906	-	-	-	8,906
06/12/2019	30/09/2021	2,381	-	-	-	2,381
12/03/2020	31/08/2020	-	23,364	-	-	23,364
12/03/2020	28/02/2022	-	23,364	-	-	23,364
01/04/2020	01/05/2020	-	30,616	(30,616)	-	-
01/04/2020	28/02/2021	-	18,750	-	-	18,750
01/04/2020	31/03/2021	-	787,950	-	-	787,950
01/04/2020	28/02/2022	-	18,750	-	-	18,750
30/04/2020	31/03/2021	-	43,851	-	-	43,851
		2,349,606	946,645	(217,116)	(4,545)	3,074,590

30 June 2019

Grant date	Expiry date	Balance at the start of the half-year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the half-year
27/01/2017	02/01/2019	218,250	-	(218,250)	-	-
30/06/2017	25/04/2019	50,000	-	(50,000)	-	-
30/06/2017	01/07/2019	17,500	-	-	-	17,500
05/12/2017	24/04/2019	107,500	-	(100,000)	(7,500)	-
05/12/2017	01/09/2019	83,334	-	-	(41,667)	41,667
05/12/2017	19/09/2019	72,500	-	-	-	72,500
05/12/2017	01/12/2019	10,000	-	-	-	10,000
23/05/2018	01/03/2019	100,000	-	(62,500)	(37,500)	-
23/05/2018	01/03/2020	100,000	-	-	(37,500)	62,500
23/05/2018	11/03/2019	110,000	-	(85,000)	(25,000)	-
03/09/2018	01/09/2020	3,464,000	-	(1,250,000)	(219,000)	1,995,000
08/10/2018	30/09/2020	250,000	-	-	(250,000)	-
10/12/2018	10/12/2019	220,000	-	-	-	220,000
21/12/2018	10/12/2019	20,000	-	-	(20,000)	-
09/05/2019	01/01/2020	-	50,000	-	-	50,000
09/05/2019	30/04/2020	-	74,000	-	-	74,000
09/05/2019	30/04/2021	-	69,000	-	-	69,000
17/05/2019	30/06/2021	-	1,625,000	-	-	1,625,000
17/05/2019	30/06/2022	-	1,625,000	-	-	1,625,000
		4,823,084	3,443,000	(1,765,750)	(638,167)	5,862,167

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Note 12. Share-based payments (continued)

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

Grant date	Expiry date	30 June 2020 Number	30 June 2019 Number
30/06/2017	01/07/2019	-	17,500
05/12/2017	01/09/2019	-	41,667
05/12/2017	01/09/2019	-	72,500
05/12/2017	01/12/2019	-	10,000
23/05/2018	01/03/2020	-	62,500
03/09/2018	01/09/2020	1,857,000	1,995,000
10/12/2018	10/12/2019	-	220,000
09/05/2019	01/01/2020	-	50,000
09/05/2019	30/04/2020	-	74,000
09/05/2019	30/04/2021	69,000	69,000
17/05/2019	30/06/2021	-	1,625,000
17/05/2019	30/06/2022	-	1,625,000
01/08/2019	01/08/2020	96,625	-
01/08/2019	01/08/2021	96,625	-
06/12/2019	08/08/2020	1,000	-
06/12/2019	08/08/2021	1,000	-
06/12/2019	31/12/2020	2,500	-
06/12/2019	31/07/2020	3,846	-
06/12/2019	31/08/2020	8,906	-
06/12/2019	30/09/2020	2,381	-
06/12/2019	30/06/2021	4,545	-
06/12/2019	31/07/2021	3,846	-
06/12/2019	31/08/2021	8,906	-
06/12/2019	30/09/2021	2,381	-
12/03/2020	31/08/2020	23,364	-
12/03/2020	28/02/2022	23,364	-
01/04/2020	28/02/2021	18,750	-
01/04/2020	31/03/2021	787,950	-
01/04/2020	28/02/2022	18,750	-
30/04/2020	31/03/2021	43,851	-
		3,074,590	5,862,167

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

Grant date	Expiry date	Fair value at grant date
12/03/2020	31/08/2020	$0.15
12/03/2020	28/02/2022	$0.15
01/04/2020	01/05/2020	$0.15
01/04/2020	28/02/2021	$0.15
01/04/2020	31/03/2021	$0.15
01/04/2020	28/02/2022	$0.15
30/04/2020	31/03/2021	$0.15

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Note 12. Share-based payments (continued)

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 63% chance of all rights vesting and has therefore taken this into consideration when valuing the rights.

The performance conditions may include one or more of:
(i) service to the Company of a minimum period of time;
(ii) achievement of specific performance conditions by the participant and/or by the Company;
(iii) a vesting period following satisfaction of performance conditions before the Performance Rights vest; or
(iv) such other performance conditions as the Board may determine and set out in the Offer.
The Board in its absolute discretion determines whether performance conditions have been met.

Accounting policy for share-based payments
Equity-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.

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. Where market prices are not available, the fair value of equity-settled transactions are determined using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties. This valuation technique considers value of tangible and intangible assets of the Company, the present value of anticipated future cash flows, multiple of earnings and other factors to be reasonable valuation technique for the purposes of AASB 2 Share-based Payment.

Market conditions are taken into consideration in determining fair value, including any off market trades by shareholders. 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.

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Note 13. Current assets – funds held on behalf of merchants

	Consolidated	
	30 Jun 2020 $	31 Dec 2019 $
Funds held on behalf of merchants		
Funds received - current asset	81,541,841	96,178,224
Funds payable - current liability	(81,541,841)	(96,178,224)
	-	-

The funds held on behalf of merchants current asset and current liability noted above represent Customer eMoney account balances, rolling reserve (initial and additional requirements under each agreement depending on the volume of transactions with each Merchant) and settlement funds which were yet to be settled back to the respective merchants as at 30 June 2020 and 31 December 2019.

Note 14. Current assets – other assets

	Consolidated	
	30 Jun 2020 $	31 Dec 2019 $
Prepayments	362,839	388,805
Security deposits	165,753	163,350
Card scheme collateral	4,314,880	2,890,462
	4,843,472	3,442,617

The card scheme and payment facilitation collateral requirements as noted above are largely held by Visa and Mastercard in relation to merchant clients whereby iSignthis offers card acquiring, processing and settlement services and are held to meet capital adequacy and security requirements by each party.

Note 15. Current liabilities - trade and other payables

	Consolidated	
	30 Jun 2020 $	31 Dec 2019 $
Trade payable	686,575	478,016
Income tax provision	1,507,771	736,214
Other payables (includes Merchant Security Payable)	3,147,644	3,510,102
	5,341,990	4,724,332

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 one year of recognition.

iSignthis Ltd
Independent auditor's review report to the members of iSignthis Ltd

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Nickolas John Karantzis
Managing Director

28 August 2020

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