



Intelligent Information Exchange

## FY2019 Half-Yearly 4D and Business Update

The first half of FY2019 has been a very exciting period for Identitii. Following the Company's ASX listing in October 2018, Identitii has reported significant development of its technology, key hires to complete its senior leadership team and growth in its business development pipeline, leading to three customers at the contract negotiation stage of the sales pipeline. As such, the Company is pleased to provide a summary of its progress over the preceding six months.

**Identitii's CEO Nick Armstrong commented:** "The time is now for Corporate Banks looking to better compete with FinTech challengers. Identitii is proud to provide a platform that enables these Corporate Banks to better retain existing and attract new customers, without having to undergo significant technology upgrades.

The start of FY2019 was extremely exciting for Identitii. Not only did we list on the ASX but we saw increased interest in our Overlay+ platform from corporate banks around the world. The drivers that make 2019 the right time for Corporate Banks to invest in our technology include recent fines for AML non-compliance, the push to adopt Open Banking and increased pressure from customers who are demanding a 'retail like' experience from their corporate bank.

We would like to thank our investors and look forward to continuing to sign new customers and grow our pipeline of partners in 2019."

### Financial update

The attached Appendix 4D and Interim Financial Report covers the results and performance of the Company for the first half of FY2019. The Company held assets totalling \$8,881,566 as at 31 December 2018, which includes \$7,284,221 in total cash, in line with the Company's planned budget. Identitii continues to remain debt free.

Half-year revenue and other income increased 31% over the same period last year, totalling \$1,014,765. This includes \$336,297 revenue from customer contracts, which reflects the progress of the business in its path to becoming revenue generating and self-sustaining.

The Company's half-year loss before tax totalled \$3,813,195, the majority of which related to personnel and Research and Development (R&D) expenses. The loss before tax includes \$207,067 of non-recurring expenditure in relation to the Initial Public Offering (IPO).

Identitii Limited

ABN 83 603 107 044  
129 Cathedral St, Woolloomooloo, NSW 2011, Australia  
[www.identitii.com](http://www.identitii.com)  
[info@identitii.com](mailto:info@identitii.com)



### **Continued success of current engagements**

H1 FY2019 saw Identitii successfully execute on its project with Tier One global bank HSBC. This included the planned roll out of technology to new geographical markets and the delivery of key technical components of the platform that provide HSBC.

### **Incorporation in Hong Kong**

In January 2019, Identitii Hong Kong Limited was incorporated. The Hong Kong team will be responsible for expanding new and existing customer relationships in the region under the leadership of Chief Commercial Officer Mark Garvie.

### **Business update (activity since June 2018)**

Identitii is using blockchain to power digital corporate banks. Corporate bank divisions are just as important as retail banks to the profit margins of parent banking groups<sup>1</sup> yet to date have received less investment and focus from innovation teams. Because of this, they are losing customers and revenue to nimbler FinTech competitors.

Identitii combines the security and power of a private blockchain, with best in class cloud computing platforms, innovative APIs and a world-leading partner ecosystem that enables corporate banks to quickly and easily bring new products to market to retain existing and attract new customers.

### **Successful development of Identitii's Overlay+ platform**

Identitii launched its Overlay+ platform in October 2018. Overlay+ is helping corporate banks become the digital banks of the future. It uses a private blockchain and Identitii Tokens, cryptographic unique identifiers that represent pieces of information, to overlay on top of any existing or emerging technology infrastructure to create a secure, nimble and auditable platform.

Overlay+ solves five key pain points faced by corporate banks today:

- Improving customer experience
- Securing information exchange
- Reducing financial crime
- Enabling open banking
- Increasing end-to-end cash flow visibility

As part of the Overlay+ launch, Identitii expanded its network of third-party API integrations with technology partners. This has enabled Identitii to further build a recurring volumetric revenue channel by aligning part of its pricing strategy and revenue to data points created on the blockchain.

### **Key growth metrics**

Identitii measures growth across a number of key metrics:

#### Growth in data points:

Every time a piece of information is uploaded to and stored on Identitii's private blockchain, a data point is created. Data points come directly from Identitii's customers and the Company's partner integrations.

### New licences:

Each instance of Overlay+ carries a licence fee, typically between US \$250,000 and \$500,000. A single bank could have between five and ten Overlay+ licences for solutions including payments, accounts receivable, trade finance and correspondent banking. In addition, new geographies incur additional licence fees.

### **In the industry**

Identitii showcased Overlay+ at global financial services conference Sibos in October. Sibos brings together about 7,000 finance industry professionals. The conference validated the market opportunity for Overlay+ and allowed Identitii to engage with potential customers.

Identitii also attended Singapore FinTech Week and the Hong Kong FinTech Festival, where the Company demonstrated Overlay+ to more than 40,000 delegates including key banking executives.

Identitii completed Mastercard Start Path, a six-month program that connects innovative later-stage FinTech companies with Mastercard's global ecosystem. Identitii is exploring potential use cases with the financial services provider and its customers.

### **Completion of senior leadership team**

Identitii made several staff and management appointments during the period, with Layla Bates joining as Head of People and Culture. In addition, Identitii appointed Elissa Hansen as Company Secretary, replacing Margarita Claringbold, who resigned from the role but remains Identitii's Chief Financial Officer.

For more information, please contact:

#### **Media:**

Clare Rhodes  
Identitii  
E: [clare@identitii.com](mailto:clare@identitii.com)  
M: +61 466 281 000

#### **Investors:**

Simon Hinsley  
NWR Communications  
E: [simon@nwrcommunications.com.au](mailto:simon@nwrcommunications.com.au)  
M: +61 401 809 653

**APPENDIX 4D STATEMENT**

(Listing rule 4.2A.3)

**IDENTITII LIMITED**
**FINAL REPORT**

for the half-year ended 31 December 2018

<b>Results for announcement to the market</b>				
	<b>31 December 2018</b>	<b>31 December 2017</b>	<b>% change to prior year</b>	
	<b>\$</b>	<b>\$</b>		
<b>1. Revenues from ordinary activities</b>	336,297	-	up	100%
<b>2. Loss from ordinary activities after tax attributable to members</b>	(3,818,195)	(1,190,880)	up	221%

<b>Dividend information</b>	
<b>3. Total dividend per ordinary share</b>	No dividends were proposed for the interim period ending 31 December 2018 and 31 December 2017.
<b>4. Record date for determining entitlements to the final dividend</b>	Not applicable

<b>5. Net tangible asset per security</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
Net tangible assets	8,212,129	1,694,150
	<b>Number of shares</b>	<b>Number of shares</b>
Total number of ordinary shares of the Company	54,518,799	32,872,371
Net tangible asset backing per ordinary security	\$0.15	\$0.05

This information should be read in conjunction with the 2018 Financial Report and any public announcements made in the period by Identitii Limited in accordance with continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Director's report and the interim financial report for the half-year ended 31 December 2018, which has been independently reviewed by KPMG.

# **Identitii Limited**

**Interim Financial Report**

**For the half-year ended 31 December 2018**

# Contents

**Identitii Limited**

**For the half-year ended 31 December 2018**

3	Directors' Report
5	Auditor's Independence Declaration
6	Statement of Profit or Loss and Other Comprehensive Income
7	Statement of Financial Position
8	Statement of Changes in Equity
9	Statement of Cash Flows
10	Notes to the Financial Statements
26	Directors' Declaration
27	Auditor's report

# Directors Report

## Idetitii Limited

For the half-year ended 31 December 2018

The Directors present their report together with the financial statements of the Company for the half-year ended 31 December 2018 and the auditor's report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

### Directors

The Directors of the Company at any time during the half-year ended 31 December 2018 and up to the date of this report are:

Director	Period of directorship
<b>Executive</b>	
Mr. Nicholas Armstrong <i>Chief Executive Officer</i>	Appointed 28 November 2014
<b>Non-Executive</b>	
Mr. Michael Philip Aston <i>Chairman</i>	Appointed 29 June 2018
Mr. Peter Lloyd	Appointed 4 September 2018
Mr. Martin Rogers	Appointed 16 January 2018
Mr. Gregory John Clark	Appointed 29 June 2018 (Resigned 30 July 2018)

### Company secretary

Mrs. Margarita Claringbold was appointed to the position of company secretary on 7 May 2018, however resigned from this position effective 1 January 2019 with the concurrent appointment of Elissa Hansen.

### Review of operations

During October 2018 the Company raised \$11 million via a successful and fully underwritten Initial Public Offering (IPO) and listed on the Australian Securities Exchange (ASX).

On 18 October 2018 the Company announced the launch of its new platform Overlay+. This platform was born out of Idetitii Serra and introduces significant functionality and customer experience enhancements for banks and corporates. New features available include deep integration with Microsoft Outlook and other mail clients as well as incorporating a real time data stream from Robotic Process Automation (RPA) market leader Blue Prism. Overlay+ is also integrated with Dow Jones Risk & Compliance and global LEI databases, simplifying customer due diligence and compliance checks.

The interim financial report for the half-year ended 31 December 2018 has been prepared on a going concern basis as the Directors conclude there are reasonable grounds to believe that the Company will continue to pay its debts as and when they become due and payable for a period of at least 12 months from the date of signing this report. Should the Company be unable to achieve its forecast revenue and R&D tax incentive income milestones, the Company would likely need to secure additional funding earlier than currently anticipated in order to be able to continue as a going concern.

# Directors Report

Identitii Limited

For the half-year ended 31 December 2018

## Significant changes in the state of affairs

In the opinion of the Directors there were no other significant changes in the state of affairs of the Company that occurred during the half-year ended 31 December 2018.

## Events subsequent to reporting date

On 1 January 2019 Ms. Elissa Hansen was appointed as Company Secretary. Ms. Hansen replaces Mrs. Margarita Claringbold who resigned from her position as Company Secretary effective on the same date.

On 8 January 2019 the Company successfully incorporated a wholly owned subsidiary in Hong Kong, Identitii Hong Kong Limited. This will allow the Company to develop its Asia Pacific team to support new and existing clients in the region.

Other than the matters discussed above, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly in future financial years the operations of the Company, the results of those operations, or the state of affairs of the Company.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of the Directors' report for the half-year ended 31 December 2018.

## Rounding of Amounts to the Nearest Dollar

In accordance with *ASIC Corporations (Rounding of Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and half-year financial statements have been rounded to the nearest dollar.

This Directors' report is signed in accordance with a resolution of the Board of Directors:



Michael Aston  
Chairman

Sydney  
22 February 2019





# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Identitii Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Identitii Limited for the half-year ended 31 December 2018 there have been:

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

  
KPMG



Nicholas Buchanan

Partner

Sydney

22 February 2019

# Statement of Profit or Loss and Other Comprehensive Income

Identitii Limited  
For the half-year ended 31 December 2018

	Note	31 Dec 2018 \$	31 Dec 2017 \$
Revenue from contracts with customers	7	336,297	-
R&D tax incentive		540,746	369,805
Government grants		115,599	398,054
Interest income		22,123	4,429
<b>Total revenue and other income</b>		<b>1,014,765</b>	<b>772,288</b>
<b>Expenses</b>			
Salaries and employee benefit expenses		2,003,877	701,289
Consultants fees		326,336	91,489
Advertising and marketing		203,864	77,685
Depreciation and amortisation		20,606	5,419
General expenses		223,795	70,073
Interest expense		20,445	5,155
Legal expenses		270,717	29,038
Office expenses		84,720	64,142
Travel and accommodation		109,270	20,664
Rent		38,370	8,203
IPO listing expenses		207,067	-
Research and development expenses		1,318,893	850,206
<b>Total expenses</b>		<b>4,827,960</b>	<b>1,923,363</b>
<b>Loss before income tax</b>		<b>(3,813,195)</b>	<b>(1,151,075)</b>
Income tax expense	8	5,000	39,805
<b>Loss for the period</b>		<b>(3,818,195)</b>	<b>(1,190,880)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<b>(3,818,195)</b>	<b>(1,190,880)</b>
Basic loss per share (cents)	9	(8.32)	(3.81)
Diluted loss per share (cents)	9	(8.32)	(3.81)

# Statement of Financial Position

Identitii Limited  
As at 31 December 2018

	Note	31 Dec 2018 \$	30 Jun 2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		7,284,221	259,995
R&D tax receivable		562,397	883,327
Trade receivables	7	281,292	192,606
Other receivables		210,136	43,892
Revenue in arrears	7	87,085	-
Prepayments		29,365	-
<b>Total current assets</b>		<b>8,454,496</b>	<b>1,379,820</b>
<b>Non-current assets</b>			
Property, plant and equipment		411,079	32,636
Other non-current assets		15,991	-
<b>Total non-current assets</b>		<b>427,070</b>	<b>32,636</b>
<b>Total assets</b>		<b>8,881,566</b>	<b>1,412,456</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	10	249,107	215,173
Employee provisions	11	358,239	202,357
Deferred revenue	7	28,320	-
Lease liability		9,177	-
Loans and borrowings	12	-	400,000
<b>Total current liabilities</b>		<b>644,843</b>	<b>817,530</b>
<b>Non-current liabilities</b>			
Lease liability		24,594	-
<b>Total non-current liabilities</b>		<b>24,594</b>	<b>-</b>
<b>Total liabilities</b>		<b>669,437</b>	<b>817,530</b>
<b>Net assets</b>		<b>8,212,129</b>	<b>594,926</b>
<b>Equity</b>			
Share capital	13	16,261,495	3,939,439
Share options reserve	13,15	1,089,308	1,975,966
Retained earnings		(9,138,674)	(5,320,479)
<b>Total equity</b>		<b>8,212,129</b>	<b>594,926</b>

# Statement of Changes in Equity

Identitii Limited  
For the half-year ended 31 December 2018

	Note	Share Capital \$	Share Option Reserve \$	Retained Earnings \$	Total Equity \$
<b>Balance at 1 July 2018</b>		3,939,439	1,975,966	(5,320,479)	594,926
Total comprehensive loss		-	-	(3,818,195)	(3,818,195)
Issue of ordinary share capital	13	10,999,975	-	-	10,999,975
Costs of equity raising		(828,713)	-	-	(828,713)
Share options exercised	13,15	1,926,667	(1,895,397)	-	31,270
Share options forfeited	15	224,127	(224,127)	-	-
Issue of share options	15	-	1,232,866	-	1,232,866
<b>Balance at 31 Dec 2018</b>		<b>16,261,495</b>	<b>1,089,308</b>	<b>(9,138,674)</b>	<b>8,212,129</b>
<b>Balance at 1 July 2017</b>		1,904,746	1,058,571	(2,390,534)	572,783
Total comprehensive loss		-	-	(1,190,880)	(1,190,880)
Issue of ordinary share capital		1,976,931	-	-	1,976,931
Issue of share options		-	335,315	-	335,315
<b>Balance at 31 Dec 2017</b>		<b>3,881,677</b>	<b>1,393,886</b>	<b>(3,581,414)</b>	<b>1,694,149</b>

# Statement of Cash Flows

Identitii Limited

For the half-year ended 31 December 2018

	Note	31 Dec 2018 \$	31 Dec 2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		185,833	-
Receipts from government grants		930,787	398,053
Payments to suppliers and employees		(3,145,832)	(1,503,672)
<b>Cash flow utilised in operations</b>		<b>(2,029,212)</b>	<b>(1,105,619)</b>
Interest received		16,404	4,429
Interest and other costs of finance paid		(20,445)	(5,155)
<b>Total cash flows from operating activities</b>		<b>(2,033,253)</b>	<b>(1,106,345)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(399,049)	(20,563)
Other cash items from investing activities		25,855	-
<b>Total cash flows from investing activities</b>		<b>(373,194)</b>	<b>(20,563)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	12	(400,000)	(80,000)
Proceeds from the issue of shares	13	10,999,975	2,096,863
Proceeds from exercise of share options	13,15	31,270	-
Transaction costs related to issue of shares		(1,197,755)	-
Other cash items from financing activities		-	544,484
<b>Total cash flows from financing activities</b>		<b>9,433,490</b>	<b>2,561,347</b>
<b>Net increase in cash held</b>		<b>7,027,043</b>	<b>1,434,439</b>
Opening cash balance		259,995	276,527
Effect of movement in exchange rates		(2,817)	-
<b>Closing cash balance</b>		<b>7,284,221</b>	<b>1,710,966</b>

# Notes to the Financial Statements

**Identitii Limited**

**For the half-year ended 31 December 2018**

## **1. Reporting entity**

Identitii Limited (the “Company”) is a Company incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange (ASX:ID8). The registered office and principal place of business is Level 2, 129 Cathedral Street, Woolloomooloo, NSW 2011.

The Company is a for profit entity and is primarily involved in developing and licensing enterprise software for financial services and banking institutions. Its main product Overlay+ is an application that enables the secure and trusted exchange of information over financial networks using a secure private blockchain.

## **2. Basis of preparation**

This half-year financial report for the six months ended 31 December 2018 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 134 *Interim Financial Reporting*.

This report does not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial report as at and for the year ended 30 June 2018.

This is the first set of the Company’s financial statements where AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* have been applied. Changes to significant accounting policies are described in Note 4.

The half-year financial report was authorised for issue by the Company’s Board of Directors on 22 February 2019.

The amounts presented in the financial statements have been rounded to the nearest Australian dollar, the Company’s functional currency.

### **Going concern**

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and assumes the Company will have sufficient cash resources to pay its debts as and when they become due and payable for at least 12 months from the date of signing the financial report.

The Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2018 reflects a loss after income tax of (\$3,818,195). As at 31 December 2018, the Statement of Financial Position reflects a net asset position of \$8,212,129.

To address future funding requirements and to enable the Company to fulfil its obligations as and when they fall due for a period of no less than 12 months from the issuance of this financial report, the Company successfully raised \$11 million pursuant to a fully underwritten IPO during the period under review. The Company will utilise this funding to further

# Notes to the Financial Statements

Identitii Limited

For the half-year ended 31 December 2018

## 2. Basis of preparation (continued)

commercialise its technologies in the coming months and will continue to invest resources in sales and marketing activities. The Company is confident that the current cash position and the revenue from anticipated sales will enable the achievement of its planned milestones and to further business growth. In conjunction with this, the Company also expects to receive further R&D tax incentive income in relation to its 30 June 2019 eligible R&D activities. The Board expects payment of the R&D tax incentive in October/November 2019.

Consequently, the Directors have concluded there are reasonable grounds to believe that the Company will continue to be able to pay its debts as and when they become due and payable for a period of no less than 12 months from the date of signing this financial report and that the preparation of the 31 December 2018 half-year financial report on a going concern basis is appropriate.

Should the Company be unable to achieve the anticipated sales revenue and the successful receipt of R&D tax incentive income noted above, it would likely need to secure additional funding earlier than currently anticipated in order to be able to continue as a going concern, and therefore realise its assets and discharge its liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might by necessary should the Company not continue as a going concern.

## 3. Use of judgements and estimates

In preparing this half-year financial report, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial report, except for new significant judgements and key sources of estimation uncertainty related to the application of AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*, which are described in Note 4.

## 4. Changes in significant accounting policies

Except as described below, the accounting policies applied in this half-year financial report are the same as those applied in the Company's financial report as at and for the year ended 30 June 2018.

The changes in accounting policies are also expected to be reflected in the Company's financial report as at and for the year ending 30 June 2019.

The Group has initially adopted AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* from 1 July 2018.

# Notes to the Financial Statements

Identitii Limited

For the half-year ended 31 December 2018

## 4. Changes in significant accounting policies (continued)

A number of other new standards are effective from 1 July 2018 but they do not have a material impact on the Company's financial statements, namely:

- AASB 2016-5: *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB 2016-6: *Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2017-1: *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments*, and
- Interpretation 22: *Foreign Currency Transactions and Advance Consideration*.

### i. AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations.

The Company has adopted AASB 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (1 July 2018). Accordingly, the information presented for the prior period has not been restated and is therefore presented as previously reported, under AASB 118, AASB 111 and related interpretations.

The effect of initially applying this standard has not had a significant impact on the financial statements during the half year ended 31 December 2018. This is mainly due to the Company currently having only one customer contract in place which commenced in November 2017 and was revenue generating from July 2018. R&D tax incentives and government grant income is not impacted by the adoption of AASB 15.

### ii. AASB 9 Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

The details of new significant accounting policies and the nature and effect, if any, of the changes to previous accounting policies are set out below.



# Notes to the Financial Statements

Identitii Limited

For the half-year ended 31 December 2018

## 4. Changes in significant accounting policies (continued)

### a) *Classification and measurement of financial assets and financial liabilities*

AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities. However, it eliminates the previous AASB 139 categories for financial assets held to maturity, loans and receivables and available for sale.

The main changes to the classification and measurement of financial assets and liabilities are:

- Financial assets that are debt instruments will be classified based on (i) the objective of the entity's business model for managing the financial assets, and (ii) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Where the fair value option is used for financial liabilities, the change attributable to changes in credit risk is presented in other comprehensive income, and the remaining change is presented in profit or loss.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition.

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (b) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Based on an assessment by management of the above changes in AASB 9 relating to classification and measurement of financial assets and liabilities, it has been determined there is no change required in the financial statements for the half year ended 31 December 2018.

# Notes to the Financial Statements

Identitii Limited

For the half-year ended 31 December 2018

## 4. Changes in significant accounting policies (continued)

### b) *Impairment of financial assets*

AASB 9 replaces the 'incurred 'loss' model with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value in other comprehensive income, but not to investments in equity instruments.

The financial assets at amortised cost consists of trade and R&D tax receivables.

Under AASB 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

When determining credit risk of a financial asset and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

As the Company's revenue contract is secured with a Tier 1 global banking customer and its R&D expenditure is reimbursable by the Australian Tax Office under the R&D tax incentive scheme, credit risk is considered low and thus no impairment loss on trade and R&D tax receivables has been recognised in the half year ended 31 December 2018.

### c) *Hedge accounting*

The Company does not apply hedge accounting. As such there have been no changes to the financial statements for the half year ended 31 December 2018 in relation to hedge accounting.

## 5. New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted them in preparing this half-year financial report.

### **AASB 16 Leases**

AASB 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC® 4 *Determining whether an Arrangement contains a Lease*, SIC-15® *Operating Leases – Incentives and* SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

# Notes to the Financial Statements

Identitii Limited

For the half-year ended 31 December 2018

## 5. New standards and interpretations not yet adopted (continued)

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Company's borrowing rate at 1 July 2019, the composition of the Company's lease portfolio at that date, whether it will exercise any lease renewal options and the extent to which the Company will choose to use practical expedients and recognition exemptions.

Currently the impact identified is that the Company may need to recognise a new asset and liability for its operating lease on office facilities. As at 31 December 2018, the Company's future minimum lease payments under its office operating lease amounted to \$361,083 on an undiscounted basis.

The Company expects to disclose a more detailed impact assessment in the 2019 Annual Report.

There are no other standards that are not yet effective and that would be expected to have a significant impact on the Company's financial statements in the current or future reporting periods.

## 6. Operating segments

An operating segment is a component of the Company

- that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with the Company's other components), and
- whose operating results are reviewed regularly by the Company's chief operating decision maker for the purpose of making decisions about allocating resources to the segment and assessing its performance.

The Company has one reportable segment, which develops and licenses enterprise software for financial services and banking institutions. As the Company continues to grow, it will re-evaluate the information provided to the chief operating decision maker which may change the Company's operating segments going forward.

# Notes to the Financial Statements

Identitii Limited

For the half-year ended 31 December 2018

## 7. Revenue

Currently the Company's operations and main revenue stream is derived from a single customer contract.

The contract is an overarching agreement between the Company and its customer under which the parties may enter into separate services agreements for the provision of services. The agreement commenced on 1 November 2017 and continues for three years unless terminated earlier. The agreement may be extended by the customer at any time up to an additional two years on written notice to the Company. Under the agreement, the Company grants a global licence for the use of its software product, although the software is currently deployed only in India. The licence start date per the agreement is 31 March 2018 and will terminate on 31 March 2021, unless terminated earlier.

The arrangement facilitates the provision of certain software, training, maintenance, customisation and configuration or other services from the Company in consideration for the payment of fees. The customer is granted, for the term of each service agreement, a non-exclusive, perpetual, irrevocable and royalty-free licence to use the software in a specific use case. The Company retains all rights, title and interest in the intellectual property of the software.

The Company is currently recognising revenue under this contract for licence fees and professional services, with additional streams of revenue to follow in future periods. Charges are determined by a number of factors including transaction volume, customisation requirements, ongoing support and maintenance and new feature releases. Pricing changes for each renewal term after the first year is to be mutually agreed in writing.

All invoices are to be paid 45 days from the date of receipt.

The warranty period is a period of at least 12 months from the licence start date.

<b>Product and Services</b>	<b>Nature and timing of satisfaction of performance obligations</b>
Licence and usage fees	<p>The Company recognises licence and usage fee revenue over time based on the ongoing use of the software by the customer.</p> <p>Licence fee revenue is recognised monthly from the date the licence was first transferred and for the term of the agreement. The licence fee is a fixed annual fee.</p> <p>Usage revenue is determined by the number of successful transactions (as defined in the agreement) and is based on a monthly log file provide to the Company by the customer. Usage fees are recognised only when the later of the usage occurs and the licence fee obligation has been satisfied. Usage fees are variable fees subject to an annual cap as specified in the agreement.</p> <p>The Company is yet to meet the recognition requirements for usage fees with its customer. As a result, the Company did not generate revenue from usage fees during the six months to 31 December 2018.</p>

# Notes to the Financial Statements

Identitii Limited  
For the half-year ended 31 December 2018

## 7. Revenue (continued)

Product and Services	Nature and timing of satisfaction of performance obligations
Maintenance fees	<p>Maintenance (software, equipment and hosted services maintenance) is to be provided to the customer on an ongoing basis from the date the licence was first transferred and throughout the term of the agreement.</p> <p>Under the terms of the agreement no maintenance fee is payable for the first year until the warranty period has expired. The maintenance fee is a fixed annual fee and is to be billed annually upfront with the first invoice to be issued on 31 March 2019 and the associated revenue recognised over time.</p> <p>As the first year of maintenance is provided free of charge, no maintenance fee revenue has been recognised in the six months to 31 December 2018.</p>
Professional services  (including setup, training and other support costs)	The Company recognises revenue at a point in time based on time and materials incurred in delivering the product and services to the customer as per the terms of the agreement. Invoices are generated on confirmation of product and service delivery and revenue is recognised at that point in time.

Where revenue is billed in advance, a contract liability (deferred revenue) is recognised and amortised over the period of the invoice. Where revenue is billed in arrears, a contract asset (revenue in arrears) is recognised at the time of revenue recognition and transferred to trade receivables when the invoice is generated.

The nature and effect of initially applying AASB 15 on the Company's half-year financial report is disclosed in Note 4(i).

### i. Disaggregation of revenue

In the following table, revenue is disaggregated by nature of product and service and is done so in conjunction with the Company's reporting segment.

<i>For the half-year ended 31 December</i>	<b>Enterprise Software Development and Licensing</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Nature of product and service		
Licence fees	96,834	-
Professional services	239,463	-
<b>Revenue from contracts with customers</b>	<b>336,297</b>	<b>-</b>

# Notes to the Financial Statements

Identitii Limited  
For the half-year ended 31 December 2018

## 7. Revenue (continued)

### ii. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	31 Dec 2018	30 Jun 2018
	\$	\$
Receivables (Trade receivables)	281,292	192,606
Contract assets (Revenue in arrears)	87,085	-
Contract liabilities (Deferred revenue)	28,320	-

The contract assets primarily relate to the Company's rights to consideration for products and/or services transferred to the customer but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional and a bill is issued to the customer.

The contract liabilities primarily relate to the billing of products and/or services in advance in relation to revenue which is recognised over time.

## 8. Income tax expense

The Company is in a net tax loss position and does not recognise a deferred tax asset. The Company receives a government grant from Accelerating Commercialisation Australia which is treated as assessable income for tax purposes. The Company also claims the R&D Tax Incentive and therefore is required to pay tax on the gross amount of Grant Income received, taxed at a concessional rate of 10%.

## 9. Loss per share

### i. Basic loss per share

The calculation of basic loss per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	31 Dec 2018	31 Dec 2017
	\$	\$
Loss for the year attributable to owners of the company	(3,818,195)	(1,190,880)
<u>Weighted-average number of ordinary shares</u>		
Issued ordinary shares at 1 July	34,202,371	28,386,453
Effect of share options exercised	4,538,333	-
Effect of shares issued during the year	7,132,969	2,893,693
Weighted-average number of ordinary shares at 31 December	45,873,673	31,280,146
<b>Basic loss per share (cents)</b>	<b>(8.32)</b>	<b>(3.81)</b>

# Notes to the Financial Statements

Identitii Limited  
For the half-year ended 31 December 2018

## 9. Loss per share (continued)

### ii. Diluted loss per share

The calculation of diluted loss per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	31 Dec 2018	31 Dec 2017
	\$	\$
Loss for the year, attributable to owners of the company	(3,818,195)	(1,190,880)
<u>Weighted-average number of ordinary shares</u>		
Weighted average number of ordinary shares (basic)	45,873,673	31,280,146
Effect of share options on issue	-	-
Weighted-average number of ordinary shares (diluted)	45,873,673	31,280,146
<b>Diluted loss per share (cents)</b>	<b>(8.32)</b>	<b>(3.81)</b>

At 31 December 2018 7,900,000 share based payment options (31 Dec 2017: 8,555,250) and 4,485,918 Series A options (31 Dec 2017: 4,485,918) were excluded from the diluted weighted average number of ordinary share calculation because their effect would have been anti-dilutive.

## 10. Payables

	31 Dec 2018	30 Jun 2018
	\$	\$
Accounts payable	113,272	215,353
Other payables and accruals	135,835	(180)
	<b>249,107</b>	<b>215,173</b>

## 11. Employee provisions

	31 Dec 2018	30 Jun 2018
	\$	\$
Provision for annual leave	139,309	54,115
Superannuation payable	70,082	46,442
PAYG payable	148,848	101,800
	<b>358,239</b>	<b>202,357</b>

# Notes to the Financial Statements

Identitii Limited  
For the half-year ended 31 December 2018

## 12. Loans and borrowings

	31 Dec 2018	30 Jun 2018
	\$	\$
R&D Finance Loan	-	400,000

During the prior year, the Company had a loan facility in place with Rocking Horse Nominees Pty Ltd that was secured against the R&D Tax Incentive cash refund expected to be received in relation to eligible R&D expenditure incurred during the financial year. The interest rate on the loan principal was 1.67% per month, with a minimum loan term of 91 days. This loan was fully repaid during the six months ended 31 December 2018.

## 13. Share capital

	Ordinary Shares	
	31 Dec 2018	30 Jun 2018
In issue at beginning of the period	34,202,371	28,386,453
Issued for cash	14,666,666	4,485,918
Exercise of share options for ordinary shares	5,649,762	1,330,000
<b>In issue at end of the period</b>	<b>54,518,799</b>	<b>34,202,371</b>

All ordinary shares rank equally with regard to the Company's residual assets.

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

### Issue of ordinary shares

On 6 August 2018, 5,649,762 vested options were exercised by key management personnel for ordinary shares in the Company.

On 3 October 2018, as part of the IPO, the Board approved the issue of 14,666,666 ordinary shares in the Company at a price of \$0.75 per share.

### Nature and purpose of reserves

The reserve for share options comprises the cost of the Company shares issued under the Company share based payment plans. Refer to Note 15.

## 14. Related parties

### Transactions with key management personnel

#### (a) Director payables and receivables

During the half-year ended 31 December 2018, unsecured loans of \$nil (31 Dec 2017: \$9,183) were advanced to Director and CEO Nicholas Armstrong. No interest is payable on the loans.



# Notes to the Financial Statements

Identitii Limited

For the half-year ended 31 December 2018

## 14. Related parties (continued)

The loan balance owing by Nicholas Armstrong as at 31 December 2018 is \$10,320 (31 Dec 2017: \$9,183) and is included in Other Receivables.

### (b) Key management personnel compensation

During the half-year ended 31 December 2018, Farsight Management (Australia) Pty Ltd was paid \$nil (31 Dec 2017: \$71,865) for CEO services provided by Director and CEO Nicholas Armstrong to the Company. As of 1 July 2018, Nicholas Armstrong is employed by the Company under an individual employment agreement.

## 15. Share based payment arrangements

	Share options	
	31 Dec 2018	30 Jun 2018
Share Option Programme	-	6,086,711
Director options – Michael Aston	400,000	400,000
Canaccord options	1,950,000	-
Equity Incentive Plan	5,550,000	-
<b>In issue at end of the period <sup>(1)</sup></b>	<b>7,900,000</b>	<b>6,486,711</b>

<sup>(1)</sup> Further to the above, the Company has 4,485,918 Series A share options on issue as at 31 December 2018 (30 Jun 2018: 4,485,918) however these options fall outside of the scope of AASB 2 *Share Based Payments*.

### a) Description of share based payment arrangements

At 31 December 2018, the Company had the following share based payment arrangements.

#### (i) Share Option Programme (equity settled)

In 2016 the Company established the Share Option Programme. This programme entitles key management personnel and senior employees to purchase ordinary shares in the Company. Under this programme, holders of vested options issued on or before 21 October 2016 may be exercised for ordinary shares at a price of \$0.04343 per share. Vested options issued on or before 22 September 2017 may be exercised at a price of \$0.23 per share.

On 28 June 2018, the Board exercised its discretion to vest all outstanding options and issue ordinary shares to the value of the shares that would otherwise have been issued under the scheme less the aggregate exercise price payable in respect of exercise.

On 6 August 2018, 370,000 options were granted to key management with an exercise price of \$0.23 per share. The Board exercised its discretion to vest these options and issue ordinary shares to the value of the shares that would otherwise have been issued under the scheme less the aggregate exercise price payable in respect of exercise.

# Notes to the Financial Statements

Identitii Limited

For the half-year ended 31 December 2018

## 15. Share based payment arrangements (continued)

On 6 August 2018, 5,649,762 vested options were exercised by key management personnel for ordinary shares in the Company and 806,949 vested options were forfeited as part of a cashless exercise.

- 5,014,028 share options were exercised and 281,222 share options were forfeited at a price of \$0.04343 per share, and
- 635,734 share options were exercised and 525,728 share options were forfeited at a price of \$0.23 per share.

At 31 December 2018, all share options awarded under the Share Option Programme have vested and been exercised for ordinary shares in the Company and, as such, this programme is now closed.

The fair value of share options granted under the Share Option Programme have been measured using the Black-Scholes model. A share based payment expense of \$192,405 in relation to these options has been recognised in the Statement of Profit or Loss for the six months ended 31 December 2018.

Grant date	Number of instruments	Vesting conditions	Contractual life of options
20 March 2016	1,050,000	3 years <sup>(1)</sup>	10 years
20 March 2016	1,974,000	4 years <sup>(2)</sup>	10 years
14 June 2016	630,000	4 years <sup>(2)</sup>	10 years
29 July 2016	1,300,000	4 years <sup>(2)</sup>	10 years
15 August 2016	700,000	3 years <sup>(1)</sup>	10 years
1 September 2016	720,000	3 years <sup>(1)</sup>	10 years
11 September 2016	180,000	4 years <sup>(2)</sup>	10 years
21 October 2016	180,000	4 years <sup>(2)</sup>	10 years
22 September 2017	1,930,000	4 years <sup>(2)</sup>	10 years
6 August 2018	370,000	Vest immediately on grant date	10 years
<b>Share options issued</b>	<b>9,034,000</b>		
Exercised for ordinary shares	(6,979,762)		
Forfeited	(2,054,238)		
<b>Share options on issue as at 31 December 2018</b>	<b>-</b>		

<sup>(1)</sup> **3 year share options programme** – 1/3 of share options issued vest 3 months after grant date, and the remaining 2/3 of options issued vest monthly over the remaining 33 months of the vesting term. Subsequently all vested on 28 June 2018 as per Board discretion and exercised on 6 August 2018.

# Notes to the Financial Statements

Identitii Limited

For the half-year ended 31 December 2018

## 15. Share based payment arrangements (continued)

<sup>(2)</sup> **4 year share options programme** – 1/3 of share options issued vest 3 months after grant date, and the remaining 2/3 of options issued vest monthly over the remaining 45 months of the vesting term. Subsequently all vested on 28 June 2018 as per Board discretion and exercised on 6 August 2018.

### *(ii) Share options issued to Director Michael Aston (equity settled)*

On 28 June 2018, Michael Aston was awarded 400,000 share options at an exercise price of \$0.75 per share in his capacity as Director of the Company. 25% of the options vested immediately on issue with the remaining 75% vesting in equal annual tranches over two years.

The fair value of share options granted to Michael Aston have been measured using the Black-Scholes model. A share based payment expense of \$32,888 in relation to these options has been recognised in the Statement of Profit or Loss for the six months ended 31 December 2018.

### *(iii) Share options issued to supplier Canaccord Genuity (Australia) Limited (equity settled)*

On 17 October 2018, the Company issued 1,950,000 share options to Canaccord Genuity (Australia) Limited (Canaccord) in consideration for corporate advisory services to be provided in connection with the Company's ongoing capital markets strategy. The options vested immediately and are subject to a mandatory escrow of 24 months commencing from the date of issue. The options expire on 1 July 2021.

The fair value of share options granted have been measured using the Black-Scholes model. A share based payment expense of \$215,922 in relation to these options has been recognised in the Statement of Profit or Loss for the six months ended 31 December 2018.

### *(iv) Equity Incentive Plan (equity settled)*

On 10 January 2018 the Company established the Equity Incentive Plan (EIP). This is a long-term plan under which share options or performance rights to subscribe for shares (plan awards) may be offered to eligible employees as selected by the Directors at their discretion.

Under the EIP, one Plan Award entitles the holder to one share in the Company subject to vesting conditions such as the satisfaction of performance hurdles and/or continued employment. The Directors have the discretion to settle Plan Awards with a cash equivalent payment. Participants in the EIP will not pay any consideration for the grant of the Plan Awards unless determined otherwise. Plan Awards will not be listed and may not be transferred, assigned or otherwise dealt with unless approved by the Directors. If the employee's employment terminates before the Plan Awards have vested, the Plan Awards will lapse, unless approved otherwise by the Board. Eligible employees holding a Plan Award pursuant to the EIP have no rights to dividends and are not entitled to vote at shareholder meetings until that Plan Award is vested and, where required, exercised.

# Notes to the Financial Statements

Identitii Limited

For the half-year ended 31 December 2018

## 15. Share based payment arrangements (continued)

The fair value of share options granted have been measured using the Black-Scholes model. A share based payment expense of \$791,651 in relation to these options has been recognised in the Statement of Profit or Loss for the six months ended 31 December 2018.

The terms and conditions of share options granted under the EIP during the six months ended 31 December 2018 are as follows.

Employees entitled (grant date)	Number of instruments	Vesting conditions	Contractual life of options
CEO Nicholas Armstrong (6 Jul 2018)	1,350,000	3 years in equal annual instalments	10 years
Key management (1 Aug 2018)	1,250,000	10% upfront, remainder over 3 years in equal annual instalments	10 years
Key management (2 Oct 2018 – 19 Nov 2018)	2,950,000	3 years in equal annual instalments	4 years
<b>Share options on issue as at 31 December 2018</b>	<b>5,550,000</b>		

## b) Measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the share based payment awards granted during the period:

	Share Option Programme	Canaccord	Equity Incentive Plan	
	Key management		CEO	Key management
Fair value at grant date	\$0.52	\$0.53	\$0.56	\$0.56
Share price at grant date	\$0.75	\$0.85	\$0.75	\$0.75
Exercise price	\$0.23	\$1.03	\$0.75	\$0.75
Expected volatility	113%	113%	113%	113%
Expected option life (years)	>1	3	4	4
Expected dividends	Nil	Nil	Nil	Nil
Risk free rate	2.12%	2.10%	2.06%	2.07%

## 16. Fair value measurements

The carrying amount of the Company's financial assets and financial liabilities is a reasonable approximation of fair value.

# Notes to the Financial Statements

Identitii Limited

For the half-year ended 31 December 2018

## 17. Subsequent events

On 1 January 2019 Ms. Elissa Hansen was appointed as Company Secretary. Ms. Hansen replaces Mrs. Margarita Claringbold who resigned from her position as Company Secretary effective on the same date.

On 8 January 2019 the Company successfully incorporated a wholly owned subsidiary in Hong Kong, Identitii Hong Kong Limited. This will allow the Company to develop its Asia Pacific team to support new and existing clients in the region.

# Directors' Declaration

Identitii Limited

For the half-year ended 31 December 2018

1. In the opinion of the Directors of Identitii Limited ('the Company'):
  - a. The financial statements and notes that are set out on pages 6 to 25 are in accordance with the Corporations Act 2001, including:
    - i. Giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance, for the half-year ended on that date; and
    - ii. Complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  
2. The directors draw attention to Note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors:



Michael Aston  
*Chairman*

Sydney  
22 February 2019



# Independent Auditor's Review Report

To the shareholders of Identitii Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying *Interim Financial Report* of Identitii Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Identitii Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The *Interim Financial Report* comprises:

- Statement of financial position as at 31 December 2018
- Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the Half-year ended on that date
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting*



*Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Identitii Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.*

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

  
KPMG



Nicholas Buchanan

Partner

Sydney

22 February 2019