

23rd October 2015

Report to shareholders for the Quarter Ended 30th September 2015

iSignthis Ltd (iSignthis or the Company) (ASX:ISX) is pleased to provide the following business update and Appendix 4C for the quarter ended 30th September 2015.

Highlights include:

- Executed service agreement with Australian online bookmaker **CrownBet** (Australia)
- Executed partnering agreement with **The Flying Merchant** (Europe)
- Executed partnering agreement with European payment processor and card acquirer, **Clearhaus** (Europe)
- Entered the global Bitcoin processing market by Executing agreement with **Coinify** (Europe)
- Independent legal review confirms **iSignthis services suitable for US institutions**
- Continued aggressive marketing and promotion of the iSignthis brand and services – building pipeline of opportunities by way of direct sales, channel partners and referrers.
- Further agreements completed in October 2015 include;
 - channel partner **Alpha Payment Cloud**, giving iSignthis access to 1000 banking and financial service users
 - direct merchant **TikForce (ASX:PZR)**, enabling them to confirm the identity of prospective employees globally

1.0 BUSINESS UPDATE

Interest in the ISX technology and process has appreciated over the past quarter, with 4 more contract wins (The Flying Merchant, Coinify, Clearhaus and CrownBet) and positive independent legal advice on the suitability of the ISX technology to provide a KYC/AML solution to US based regulated institutions.

As a result the Company has taken the opportunity to focus its strategy in order to further exploit growth opportunities and build on its global first mover advantage.

The company has to date been pursuing a strategy of proving its versatility across multiple discrete vertical AML/CTF market sectors, in addition to further refining its business plan, technology and engagement with regulators.

The Company's success in winning these multiple, scale agreements across multiple verticals means that it has a clear path to profitability, upon full commercial exploitation of those agreements.

The Company continues to negotiate larger and diverse agreements across a number of sectors and jurisdictions. When operational these will provide the Company a diverse range of revenues from multiple sectors and countries, with the aim being to de-risk the business from local, sector or cyclical effects.

In the meantime, the Company has elected to grant its customers a waiver period over the last quarter, in exchange for evaluating performance enhancements against the core system, with beta release of significant new features, which the company intends to release to market by early 2016.

These new features will deliver additional revenue streams, and, in many cases, have been requested by customers or prospective customers directly.

This period has allowed the business to bed down and further streamline the customer integration process and to increase the volume of identity and payment transactions to be processed in a controlled manner.

The Company's services are offered under a 'as a service' platform, with Identity as a Service (IDaaS) being the company's core product. The IDaaS delivers Payment Instrument Authentication (PIA) by way of its patented means of verifying ownership of electronic accounts (including cards), which then leads to Evidence of Identity (EOI), and finally a full Know Your Customer (KYC) service.

The company then links any of the IDaaS services (PIA, EOI or KYC) to its own or third party two-factor authentication (2FA), in order to deliver Strong Customer Authentication (SCA), which is a transactional-based payment verification service.

Each of these new services offers a solution that caters to different market sectors and regulatory requirements, and is offered at different price points.

Contract Status Update

The Company has now also been granted security and network access to the Singapore Government's National Authentication Framework (NAF) under its agreement with the NAF operator Assurity, and will be finalising integration in order to commence services by 2016.

IPG Holdings, eMerchantPay Ltd, Adelante are all on track to commence sales cycles and re-sell the Company's services by early 2016.

Integration of services to newly contracted companies has commenced with services to be provided in early 2016.

New Business

iSignthis continued to actively pursue additional business opportunities during the quarter and was pleased to announce the execution of four new agreements. Importantly the business in executing these new agreements has entered new geographical and product markets. The

completed agreements are with high-risk merchant processor The Flying Merchant, local online wagering company CrownBet, bitcoin processor Coinify and Danish based processor and acquiring bank Clearhaus.

The Company has continued to pursue and close further customer agreements in the new quarter and has recently announced the signing of payments processor Alpha Payments Cloud and ASX listed TikForce enabling them to identify prospective employees globally.

2.0 CORPORATE

2.1 CASH POSITION

At the end of the Quarter, the consolidated group cash balance was \$1.65 million.

2.2 EXECUTIVE TEAM – new appointment

iSignthis welcomes the appointment of Chris Muir as Chief Legal Officer and Chief Operating Officer effective from 1st October 2015.

Chris is a qualified lawyer, having qualified more than 20 years ago in law and economics from The University of Melbourne, with experience spanning the private sector and government, including roles at the Australian Transaction Reports and Analysis Centre (AUSTRAC)¹.

Chris's roles at AUSTRAC included Director, Enforcement; Director, Rules & Guidance and Senior Manager, Policy. Chris has also been Chief of Staff with a Federal Minister for Justice, and also more recently, a NSW Treasurer.

¹ AUSTRAC is Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regulator and it's specialist financial intelligence unit (FIU). See <http://www.austrac.gov.au/about-us/austrac>

3.0 OUTLOOK

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

The Company's outlook for the coming quarter includes:

- Continued focus on business development by building on opportunities created and looking at closing and announcing new agreements with direct customers, strategic channel partners and referrers.

- Building market awareness by gaining further exposure of the iSignthis brand by way of targeted participation in conferences and finance related events. The iSignthis team have participated at iGaming expo in Berlin during October and are scheduled to attend a further event in Malta in early November. Details as follows;
 - EiG (Excellence in iGaming) Conference in Berlin
www.eigexpo.com

 - Summit of iGaming Conference in Malta
www.maltaigamingsummit.com

Glossary

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

CTF = Counter Terrorism Funding, often paired with AML as AML/CTF.

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

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

e-Wallet – a means of storing or processing funds via your mobile, laptop, tablet etc. to more than one merchant or other person.

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

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

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

Secret = Information which can only be known by or in the possession of (e.g. one time passcode or cryptographic key) the authorised users. This information is transmitted by iSignthis securely within standard payment messages, and used as the basis of challenge / response knowledge based authentication **EOI**. The Secret is comprised of **Dynamic Data**.

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

Static Data (aka Historic Data) = data that may have been secret at a historic point in time. E.g. What is or was presumed to be non public data related to a **KYC** target person, including their credit history report, the person's mothers maiden name, the persons full name, their drivers licence number etc. It may predate the **KYC** process by years, months or days, and may be discernable to parties other than who it relates by way of data hacks/breaches², social media

² <http://www.informationisbeautiful.net/visualizations/worlds-biggest-data-breaches-hacks/>

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

ISIGNTHIS LIMITED
(Formerly Otis Energy Limited)

ABN

93 075 419 715

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(325)	(325)
(b) advertising and marketing	(7)	(7)
(c) research and development	(34)	(34)
(d) leased assets	-	-
(e) other working capital	(241)	(241)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net operating cash flows	(603)	(603)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(603)	(603)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(8)	(8)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (payments for security deposits)	-	-
Net investing cash flows	(8)	(8)
1.14 Total operating and investing cash flows	(611)	(611)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (Cost of issue of shares)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(611)	(611)
1.21 Cash at beginning of quarter/year to date	2,267	2,267
1.22 Exchange rate adjustments to item 1.21	(5)	(5)
1.23 Cash at end of quarter	1,651	1,651

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	60
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments to directors and director related entities during the September 2015 quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

The Company has previously disclosed the issue of Vendor Consideration Performance Shares. These are issued in three tranches and will convert to fully paid shares upon revenue milestones being reached.

As at the date of the this report, none of the milestones have been met in relation to the Performance Shares and none of the Performance Shares were issued or cancelled.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	104	767
4.2 Deposits at call	1,547	1,500
4.3 Bank overdraft	-	-
4.4 Other	-	-
Total: cash at end of quarter (item 1.23)	1,651	2,267

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entities		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 23 October 2015.....
(Company secretary)

Print name: Todd Richards

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.