ABN 93 075 419 715

Southern Cross Payments - Annual Report 2022

Contents

Directors	Timothy Hart (Executive Chairman) Scott Minehane (Independent Non-Executive Director) Todd Richards (Executive Director, appointed on 26 August 2022) Nickolas John Karantzis (Independent Non-Executive Director, resigned on 15 March 2022) Barnaby Egerton-Warburton (Independent Non-Executive Director, resigned on 19 August 2022)
Chief Financial Officer	Elizabeth Warrell (resigned on 19 August 2022) Todd Richards (appointed on 26 August 2022)
Joint Company Secretary	Elizabeth Warrell (resigned on 19 August 2022) Todd Richards
Date of Annual General Meeting	31 August 2023
Registered office	Level 7, 232-236 Victoria Parade East Melbourne, VIC, 3002, Australia Telephone: +61 3 8640 0990 Facsimile: +61 3 8640 0953
Share register	Computershare Investor Services Pty Ltd Yarra Falls, 452 Johnson Street, Abbotsford, VIC, 3067, Australia Telephone: 1300 850 505
Auditor	BDO Audit Pty Ltd Level 11, 1 Margaret Street, Sydney, NSW, 2000, Australia
Stock exchange listing	On 4 November 2022, Southern Cross Payments Ltd delisted off the Australia Securities Exchange (ASX) at the company’s request, under Listing Rule 17.11.
Website	www.Southern Cross Payments.com

Directors' Report – Operating and Financial Review

Company Overview

On 11 May 2022, the Company changed its name from iSignthis Ltd to Southern Cross Payments Ltd. The Company has one subsidiary SC Payments AU Pty Ltd (SCPA). SCPA is an Australian principal member of Mastercard. The Company also retains card acquiring licences from ChinaUnionPay, Diners Discover and American Express, in addition to Mastercard, for the Australian region.

With licences and the payment gateway agreement in place, the Company is at the early stages of rebuilding its Australian strategy and will now look as to how it can commercialise these licenses for future growth.

Financial Review

In FY22 the Group's continuing operations delivered a full year loss of $2.8 million (2021: $5.6 million).

Group Financial Performance

The loss of $2.8m for the 2022 year from continuing operations, was largely due to legal costs in the period in relation to the ASX and ASIC legal cases.

Financial Position

The financial position of the Group remains solid, with $7.1 million in total assets and $0.7 million in cash and cash equivalents.

On a continuing operations basis, the Group saw its total assets decrease to $7.1 million versus $10.2 million as at 31 December 2022, largely due to the operating loss incurred through the year.

The Group's total liabilities from continuing operations ended the year at $0.5 million, consisting of trade and other payables. Net assets on a continuing operations basis were $6.6 million.

The Group's working capital, being current assets less current liabilities was $2.3 million at 31 December 2022 (2021: $2.8 million). As a result of the above, the Directors believe the consolidated entity is in a stable position.

Directors' Report – Other Matters

Shares issued on the exercise of options

For the year ended 31 December 2022 and up to the date of this report, no shares were issued on the on the exercise of options granted.

Shares under option

At the date of this report there are no unissued ordinary shares of Southern Cross Payments Ltd under option.

Shares under performance rights

There is no share under performance right at the date of this report.

Shares issued on the vesting of performance rights

There is no share issued during the year on the vesting of performance rights.

Principal Activities

The Company's subsidiary SC Payments AU Pty Ltd ('SCPA'), is an Australian principal member of Mastercard. Its licence, is presently for card acquiring, however, this can be extended to card issuing and to include Mastercard Send and Home Send services. SCAU has entered into a technical gateway services agreement for access to the PCI DSS level 1 certified ISXPay gateway on a per usage basis. The Company also retains card acquiring licences from ChinaUnionPay, Diners, Discover and American Express, in addition to Mastercard, for the Australian region. With licences and the payment gateway agreement in place, the Company is at the early stages of rebuilding its Australian strategy and will now look as to how it can commercialise these licenses for future growth.

Significant changes in the state of affairs

On 26 May 2022, the Company announced it was changing its name from iSignthis Ltd to Southern Cross Payments Ltd, as the Company refocuses on the Australian payments market.

In relation to the ASX legal case VID1315/2019, this matter was resolved via a Deed of Release on 28 October 2022 on a no costs basis. The Company was delisted from the ASX on 4 November 2022.

There were no other significant changes in the state of affairs of the consolidated entity during the year ended 31 December 2022.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2022 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.

The Company completed a Sale Agreement on 26 May 2023 to sell 100% of the shares in dormant subsidiary company SC Payments AU Pty Ltd. The sale of this company will not impact future operations.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of or against the company

In relation to the ASX legal case VID1315/2019, this matter was resolved via a Deed of Release on 28 October 2022 on a no costs basis. The Company was delisted from the ASX on 4 November 2022.

On 7 December 2020, ASIC served Southern Cross Payments with a statement of claim in civil proceedings to be conducted in the Federal Court of Australia. The proceedings seek civil penalties against Southern Cross Payments Ltd arising from some alleged continuous disclosure breaches and alleged misleading information in 2018 and mid-2020. Southern Cross Payments Ltd will vigorously contest the claims.

Non-audit services

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

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

There are no officers of the Company who are former audit partners of BDO Audit Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

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

Rounding of amounts

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

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors,

Timothy Hart

Timothy Hart
Executive Chairman
31 July 2023

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Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF SOUTHERN CROSS PAYMENTS LTD

As lead auditor of Southern Cross Payments Ltd for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Southern Cross Payments Ltd and the entities it controlled during the period.

Tim Aman
Director

BDO Audit Pty Ltd

Sydney

31 July 2023

Southern Cross Payments Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	Consolidated 31 December 2022 $	Restated 31 December 2021* $
Revenue		-	-
Other income	4	136,005	44,820
Expenses			
Corporate expenses	5	(2,712,697)	(4,684,259)
Advertising & marketing expense		-	(16,600)
Employee benefits expense		(302,138)	(502,547)
IT expenses		-	(90)
Other expenses		-	(16,701)
Share based payments		-	(210,533)
Net realised/unrealised foreign exchange gain/(loss)		32,584	(258,742)
Finance costs		(1,162)	-
Profit/(loss) before income tax expense		(2,847,408)	(5,644,652)
Income tax expense	6	-	-
Profit/(loss) for the year from continuing operations		(2,847,408)	(5,644,652)
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations	7	-	3,114,037
Gain on Demerger	2	-	40,524,781
Profit/(loss) for the year		(2,847,408)	37,994,166
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		-	96,430
Other comprehensive income/(loss) for the half-year, net of tax		-	96,430
Total comprehensive income/(loss) for the year		(2,847,408)	38,090,596
Profit/(loss) for the year is attributable to:			
Non-controlling interests	15	-	(13,725)
Owners of iSignthis Ltd		(2,847,408)	38,007,891
		(2,847,408)	37,994,166
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests	15	-	(13,725)
Owners of iSignthis Ltd		(2,847,408)	38,104,321
		(2,847,408)	38,090,596

* 31 December 2021 numbers have been restated – see note 2 for details.

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

Southern Cross Payments Ltd
Consolidated statement of financial position
As at 31 December 2022

	Note	Consolidated 31 December 2022 $	Restated 31 December 2021* $
Assets			
Current assets			
Cash and cash equivalents	8	694,116	2,920,409
Trade and other receivables	9	91,050	59,583
Other assets	10	2,000,682	690,784
Total current assets		2,785,848	3,670,776
Non-current assets			
Convertible note receivable	11	4,337,107	6,600,000
Investment in Associate	12	-	-
Total non-current assets		4,337,107	6,600,000
Total assets		7,122,955	10,270,776
Liabilities			
Current liabilities			
Trade and other payables	13	482,454	782,867
Total current liabilities		482,454	782,867
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		482,454	782,867
Net assets		6,640,501	9,487,909
Equity			
Issued capital	14	36,840,342	36,840,342
Accumulated losses		(30,199,841)	(27,352,433)
Total equity		6,640,501	9,487,909

*31 December 2021 numbers have been restated – see note 2 for details.

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

Consolidated statement of changes in equity

Consolidated	Issued capital $	Share based payments reserve $	Accumulated losses $	Non-controlling interest $	Other reserves $	Total equity $
Balance at 1 January 2022 previously reported	36,840,342	-	(27,352,433)	-	-	9,487,909
Loss for the year	-	-	(2,847,408)	-	-	(2,847,408)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(2,847,408)	-	-	(2,847,408)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 14)	-	-	-	-	-	-
Balance at 31 December 2022	36,840,342	-	(30,199,841)	-	-	6,640,501

Consolidated	Issued capital $	Share based payments reserve $	Accumulated losses $	Non-controlling interest $	Other reserves $	Total equity $
Balance at 1 January 2021 previously reported	49,674,485	17,305	(26,366,276)	764,847	1,339,911	25,430,272
Profit for the year	-	-	38,007,891	(13,725)	-	37,994,166
Other comprehensive income for the year, net of tax	-	-	-	-	96,430	96,430
Total comprehensive income/(loss) for the year	-	-	38,007,891	(13,725)	96,430	38,090,596
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 14)	338,326	(338,326)	-	-	-	-
Distribution to owners	-	-	204,881	(751,122)	-	(546,241)
Reduction in capital from demerger	(13,172,469)	-	-	-	-	(13,172,469)
Prior period error as detailed in the note disclosure	(40,524,781)	-	-	-	-	(40,524,781)
Change in consolidation adjustments	40,524,781	-	(40,524,781)	-	-	-
Share-based payments	-	210,532	-	-	-	210,532
Transfer between reserves	-	110,489	1,325,852	-	(1,436,341)	-
Balance at 31 December 2021*	36,840,342	-	(27,352,433)	-	-	9,487,909

*31 December 2021 numbers have been restated – see note 2 for details.

	Note	Consolidated 31 December 2022 $	31 December 2021 $
Cash flows from operating activities			
Receipts from customers		-	28,087,018
Payments to suppliers and employees		(3,310,902)	(25,542,073)
Interest received		80,386	35,145
Government grants & tax incentives received		-	189,105
Income taxes paid		-	(1,115,814)
Other (net of Mastercard fee refund and charge)		-	289,484
Net cash (used in)/generated from operating activities	23	(3,230,516)	1,942,865
Cash from investing activities			
Payment for shares in Associate	12	-	(1,000,000)
Payments for plant and equipment		-	(145,232)
Payments for intangibles		-	(3,062,990)
Proceeds from payment of convertible notes		2,262,893	-
Cash disposed on demerger		-	(10,365,167)
Net cash generated from/(used in) investing activities		2,262,893	(14,573,389)
Cash flows from financing activities			
Repayment of lease liabilities		-	(364,155)
Loan repayment from demerger group		-	310,761
Other (Merchant security received and card scheme membership security)		-	(1,044,054)
Other (Payment to Lawyers Trust account)		(1,257,180)	-
Net cash (used in) financing activities		(1,257,180)	(1,097,448)
Net (decreased) in cash and cash equivalents		(2,224,803)	(13,727,972)
Cash and cash equivalents at the beginning of the financial year		2,920,409	16,611,465
Effects of exchange rate changes on cash and cash equivalents		(1,490)	36,916
Cash and cash equivalents at the end of the financial year	8	694,116	2,920,409
Net cash flows from discontinued operations	7	-	(3,192,269)

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

Note 1. General information

The financial statements cover Southern Cross Payments Ltd as a consolidated entity consisting of Southern Cross Payments Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Southern Cross Payments Ltd's functional and presentation currency.

Southern Cross Payments Ltd is incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7, 232-236 Victoria Parade
East Melbourne
Victoria, 3002

The company delisted off the Australia Securities Exchange (ASX) at the company's request, under Listing Rule 17.11 in November 2022.

In 2021 the Company completed the demerger from ISX Financial EU Plc ('ISX EU'). Post the demerger of ISX Financial EU Plc from Southern Cross Payments Ltd, the Company retained one subsidiary which has been re-named to SC Payments AU Pty Ltd (SCAU). SCAU is an Australian principal member of Mastercard. The Company also retains card acquiring licences from ChinaUnionPay, Diners Discover and American Express, in addition to Mastercard, for the Australian region.

Post the demerger the Company is now at the early stages of rebuilding its Australian strategy, as it looks to how it can commercialise the licences it holds in Australia.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 July 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going Concern
The continuing operations of the group recorded a loss of $2.8 million in the year ended 31 December 2022, with no revenue generated. Cash on hand as at 31 December 2022 was $0.7 million (31 December 2021: $2.9 million). Further to this, anticipated corporate expenses to be incurred over the 12 months from the date of authorisation of this report exceed the cash holdings as at 31 December 2022.

Note 2. Significant accounting policies (continued)

This condition indicates a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the Directors have prepared the financial report on a going concern basis taking into consideration the following factors:

- Convertible note receivable from ISX Financial EU Plc (ISX EU) for $4.3 million, which is repayable by 30 August 2031 or earlier if required (although early repayments are at ISX EU's discretion); and
- Expected reduction in costs in 2023, with significant legal costs incurred in 2022 not expected to reoccur at the same level.

Based on the above, the Directors are confident that the Group will be able to pay its debts as and when they fall due for a period of at least twelve months from the date of signing the financial report.

The financial report does not include adjustments relating to the recoverability or classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 20.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Southern Cross Payments Ltd ('company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the year then ended. Southern Cross Payments Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Southern Cross Payments Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Discontinued operations
Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.

Additional disclosures are provided in Note 7. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Note 2. Significant accounting policies (continued)

Demerger Accounting
In determining the appropriate treatment of the demerger transactions, including the transfer of subsidiaries between Group companies and the final demerger transaction, we have applied the key principles of Common Control Transactions under Australian Accounting Standards.

Many of the demerger steps, including the transfer of subsidiaries, are between entities within the Southern Cross Payments Ltd group and are therefore under common control.

Due to the demerger the transaction has been accounted for using AASB Interpretation 17 Distributions of Non-cash Assets to Owners.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Restatement of Comparatives
For the period ended 31 December 2021 there has been a prior period restatement. The net impact due to the restatement is a $40.5 million increase in profit after tax for the 12 months ended 31 December 2021 and a $40.5 million reduction in shareholders equity as at 31 December 2021. The change is as a result of a prior period error regarding the Demerger Accounting.

Note 2. Significant accounting policies (continued)

Prior Period Error – Demerger Accounting
AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, paragraph 5 states that;
Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:
(a) was available when financial statements for those periods were authorised for issue; and
(b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.
Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

In 2022 the Board after examining the circumstances concluded that common control as previously identified during the 2021 audit was actually incorrect and that the transaction fell within the scope of interpretation 17. This means that the transaction should be measured at fair value.

The Board believes that IFRIC 17 *Distributions of Non-cash Assets to Owners (AASB Compiled Interpretation 17)* sets out the applicable requirements to book the final demerger transaction. IFRIC 17 requires that, where non-cash assets are distributed, the assets are measured at fair value (as defined by IFRS 13 *Fair Value Measurement)* immediately prior to their distribution. Any gain or loss as a result of this remeasurement should be recognised in profit or loss.

By accounting for the demerger transaction at a market value of $52.5 million, this would result in a $40.5 million gain in the accounts of the Company. This gain reflects that the Company had built a business in ISX Financial EU Plc and its subsidiaries, that is worth significantly more than its $11.9m investment. Thus, accounting for the transaction at its market value, provides users of the financial statements more relevant information about the effects of the demerger transaction in the financial statements of the Company, as its more accurately reflects the value the Company has created and then disposed of to shareholders.

Note 2. Significant accounting policies (continued)

Consolidated statement of profit or loss and other comprehensive income	Previously Reported 31 December 2021 $	Prior Period Error - Demerger Accounting $	Restated 31 December 2021 $
Revenue	-	-	-
Other income	44,820	-	44,820
Expenses			
Corporate expenses	(4,684,259)	-	(4,684,259)
Advertising & marketing expense	(16,600)	-	(16,600)
Employee benefits expense	(502,547)	-	(502,547)
IT expenses	(90)	-	(90)
Other expenses	(16,701)	-	(16,701)
Share based payments	(210,533)	-	(210,533)
Net realised/unrealised foreign exchange gain/(loss)	(258,742)	-	(258,742)
Profit/(loss) before income tax expense	(5,644,652)	-	(5,644,652)
Income tax expense	-	-	-
Profit/(loss) for the year from continuing operations	(5,644,652)	-	(5,644,652)
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations	3,114,037	-	3,114,037
Gain on Demerger	-	40,524,781	40,524,781
Profit/(loss) for the year	(2,530,615)	40,524,781	37,994,166
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	96,430	-	96,430
Other comprehensive income/(loss) for the year, net of tax	96,430	-	96,430
Total comprehensive income/(loss) for the year	(2,434,185)	40,524,781	38,090,596
Profit/(loss) for the year is attributable to:			
Non-controlling interests	(13,725)	-	(13,725)
Owners of iSignthis Ltd	(2,516,890)	40,524,781	38,007,891
	(2,530,615)	40,524,781	37,994,166
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests	(13,725)	-	(13,725)
Owners of iSignthis Ltd	(2,420,460)	40,524,781	38,104,321
	(2,434,185)	40,524,781	38,090,596

Note 2. Significant accounting policies (continued)

Consolidated Statement of Financial Position	Previously Reported 31 December 2021 $	Prior Period Error - Demerger Accounting $	Change in Consolidation Adjustments (1) $	Restated 31 December 2021 $
Assets				
Current assets				
Cash and cash equivalents	2,920,409			2,920,409
Trade and other receivables	59,583			59,583
Other assets	690,784			690,784
Total current assets	3,670,776	-	-	3,670,776
Non-current assets				
Convertible note receivable	6,600,000			6,600,000
Total non-current assets	6,600,000	-	-	6,600,000
Total assets	10,270,776	-	-	10,270,776
Liabilities				
Current liabilities				
Trade and other payables	782,867			782,867
Total current liabilities	782,867	-	-	782,867
Non-current liabilities				
Total non-current liabilities	-	-	-	-
Total liabilities	782,867	-	-	782,867
Net assets	9,487,909	-	-	9,487,909
Equity				
Issued capital	36,840,342	(40,524,781)	40,524,781	36,840,342
Reserves	-			-
Accumulated losses	(27,352,433)	40,524,781	(40,524,781)	(27,352,433)
Equity attributable to owners of the parent	9,487,909	-	-	9,487,909
Contribution to equity from non-controlling interest	-			-
Total equity	9,487,909	-	-	9,487,909

(1) On consolidation, the Group eliminated $85 million in Share capital in the Parent, Southern Cross payments Limited against accumulated losses, with no change to total equity. This entry related to losses created prior to 2014, when the entity was subject to a reverse takeover and as a result of the accounting changes has been reduced by the further $40.5 million return of capital.

Note 2. Significant accounting policies (continued)

Parent Company Information

Statement of profit or Loss and other comprehensive Income	Previously Reported 31 December 2021 $	Prior Period Error- Demerger Accounting $	Restated 31 December 2021 $
Profit / (loss) after income tax	(21,008,036)	40,524,781	19,516,745
Total comprehensive income / (loss)	(21,008,036)	40,524,781	19,516,745

Statement of financial position	Previously Reported 31 December 2021 $	Prior Period Error - Demerger Accounting $	Restated 31 December 2021 $
Total current assets	3,232,584		3,232,584
Total assets	10,544,113		10,544,113
Total current liabilities	917,779		917,779
Total liabilities	917,779		917,779
Equity			
Issued Capital	122,598,629	(40,524,781)	82,073,848
Share-based payment reserve	-		-
Accumulated losses	(112,972,295)	40,524,781	(72,447,514)
Total Equity	9,626,334	-	9,626,334

Note 3. Critical accounting judgments, 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.

Revenue Recognition
Revenue from payment processing and settlement contracts is recognised when the entity has completed all performance obligations under the contract, by transferring the payment settlement to the customers account. This recognises that the Company’s performance obligations are not separately identifiable and should be bundled as one performance obligation, completed when settlement is made to the customer. All performance obligations from payment processing and settlement are satisfied at a point in time.

Note 3. Critical accounting judgments, 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.

Note 4. Other income

	Consolidated	
	31 December 2022	31 December 2021
	$	$
Other government grants	27,000	-
Interest income	109,005	44,820
Total other income	136,005	44,820

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.

Note 5. Corporate expenses

	Consolidated	
	31 December 2022	31 December 2021
	$	$
Legal fees	(2,076,543)	(3,546,002)
Consultancy and Audit fees	(140,865)	(633,641)
Insurance expenses	(310,521)	(285,389)
Other corporate expenses	(184,768)	(219,227)
Total corporate expenses	(2,712,697)	(4,684,259)

Legal and advisory costs
Legal and advisory costs during the period largely relate to the ongoing legal ASX and ASIC legal cases.

Note 6. Income tax

	Consolidated	
	31 December 2022	31 December 2021
	$	$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(Loss) before income tax expense	(2,847,408)	(5,644,652)
Tax at the statutory tax rate of 25% (2021: 26%)	(711,852)	(1,467,610)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	-	54,738
Job keeper payment/government incentives	-	-
Costs related to capital account	232,707	985,856
	(479,145)	(427,016)
Deductible blackhole expenditure	(252,793)	(60,209)
Other timing differences	(44,970)	(124,290)
Income tax losses not taken up as a tax benefit	776,908	611,515
Income tax expense/(benefit)	-	-

Note 6. Income tax (continued)

	Consolidated	
	31 December 2022 $	31 December 2021 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses (Australia)	3,151,342	3,510,184
Temporary differences (Australia)	26,960	98,535
Total deferred tax assets not recognised	3,178,302	3,608,719

The above potential tax benefit for deductible temporary differences, which excludes tax losses, has not been recognised in the financial statements as the recovery of the benefit is uncertain.

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law;

iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses; and

iv) the losses are transferred to an eligible entity in the consolidated group.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 7. Discontinued Operations

On 1 September 2021, the Group announced that it is exploring a proposed demerger of subsidiary ISX Financial EU Plc (ISX EU) by way of a reduction in capital of Southern Cross Payments Ltd. On 12 October 2021, the shareholders of the Company approved the demerger. The demerger was complete on 18 October 2021.

The results of ISX EU for the year 2021 are presented below:

	31 December 2021
	$
Revenue and other income	27,951,194
Expenses	(23,643,205)
Profit before tax from discontinued operations	4,307,989
Income tax expense	(1,193,952)
Profit for the year from discontinued operations	3,114,037

	Cents
Earnings per share attributable to the ordinary equity holders of the parent from discontinued operations	
Basic profit per share	0.28
Diluted profit per share	0.28

The statement of cash flows includes the following amounts relating to discontinued operations for 2021:

	31 December 2021
	$
Operating activities	6,832,607
Investing activities	(3,208,279)
Financing activities	(6,853,572)
Effects of exchange rate changes on cash and cash equivalents	36,975
Net cash flows from discontinued operations	(3,192,269)

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	31 December 2022	31 December 2021
	$	$
Cash at bank	694,116	2,920,409

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Current assets - trade and other receivables

	Consolidated	
	31 December 2022 $	**31 December 2021 $**
Trade receivables	28,619	-
Other receivables	8,085	20,585
GST/VAT receivables	54,346	38,998
	91,050	59,583

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

The consolidated entity recognises a loss allowance for expected credit losses on financial assets measured at amortised cost, including trade and other receivables. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly (i.e. more than 60 days overdue), the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 10. Current assets - other assets

	Consolidated	
	31 December 2022 $	31 December 2021 $
Prepayments	117,386	113,250
Security deposits	1,348,935	-
Card scheme collateral	534,361	577,534
	2,000,682	690,784

The card scheme collateral requirements as noted above are largely held by Mastercard in relation to licences held by the Group.

The security deposits are held by lawyer’s trust account for future legal costs and disbursements.

Note 11. Non-current assets – Convertible note receivable

	Consolidated	
	31 December 2022 $	31 December 2021 $
Convertible note receivable	4,337,107	6,600,000
	4,337,107	6,600,000

The convertible note of $6.6 millions was issued to ISX Financial EU Plc (ISX EU) on 18 October 2021 from conversion of intercompany balance between Southern Cross Payments Ltd and ISX EU. The convertible note charged an interest expense at the rate that is 1% above the Reserve Bank of Australia’s cash rate expressed on a per annum basis. ISX EU has repaid $2.3 millions in 2022. The convertible note matures on 30 August 2031, which is the 10th anniversary of the Completion Date, 30 August 2021. If Southern Cross Payments Ltd elects to covert the loan, Southern Cross Payments Ltd will hold the Conversion Shares and will be a shareholder in ISX EU.

The convertible note is recognised at amortised cost.

Note 12. Non-current assets - Investment in Associate

	Consolidated	
	31 December 2022 $	31 December 2021 $
Balance as at 1 January	-	5,512,073
Additions	-	1,000,000
Share of losses from investment in associate	-	(436,427)
Impairment on investment in NSX Limited	-	(368,066)
Transferred investment in associate to the demerger group	-	(5,707,580)
Total Investment in associate	-	-

Investment in associate
In determining how to account for an investment in an associate, management first review whether the Southern Cross Payments group controls the investee. Where its determined that the Southern Cross Payments group controls the investee, the results of the investee are consolidated within Southern Cross Payments Limited's consolidated financial statements.

Where management determine an investee is not controlled by the Southern Cross Payments Group, management further review the investee to determine if the Southern Cross Payments Group have significant influence over the investee. Where its determined significant influence exists, the investee is accounted for under the equity method. Where significant influence doesn't exist, the investment is accounted for as a financial asset.

Investment in NSX Limited
In 2020 the Company held a 19.22% stake in NSX Limited ('NSX'). NSX operates NSXA, Australia's second-largest Tier 1 securities market operator, which was subsequently demerged in 2021.

In 2020 Management reviewed the investment in NSX, first to determine if control existed and secondly to determine if significant influence existed. After considering serval factors including the ability to control a shareholders vote, the ability to control a board vote, the material transaction between NSX and Southern Cross Payments and the Managing Director of the Southern Cross Payments Group holding the interim CEO role at NSX, Management concluded that the Southern Cross Payments Group does not control NSX, but despite owning only 19.22% of NSX does have significant influence over NSX. The investment in NSX is therefore accounted for under the equity method.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	31 December 2022 $	31 December 2021 $
Trade payables	368,422	492,921
Other payables (includes Merchant Security Payable)	114,032	289,946
	482,454	782,867

Refer to note 16 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 14. Equity - issued capital

	Consolidated			
	31 December 2022 Shares	31 December 2021 Shares	31 December 2022 $	31 December 2021 $
Ordinary shares - fully paid	1,100,792,118	1,100,792,118	36,840,342	36,840,342

There is no movement in ordinary share capital in 2022.

Movements in ordinary share capital from 1 January 2021 to 31 December 2021 is as follows:

Details	Date	Shares	Issue price	$
Balance	1 January 2021	1,097,597,165	$0.000	49,674,485
Issue of shares upon the vesting of performance rights	26 February 2021	23,750	$0.000	3,138
Issue of shares upon the vesting of performance rights	31 March 2021	654,801	$0.000	98,220
Issue of shares upon the vesting of performance rights	30 April 2021	69,000	$0.000	23,115
Issue of shares upon the vesting of performance rights	30 June 2021	4,545	$0.000	4,863
Issue of shares upon the vesting of performance rights	2 August 2021	2,442,857	$0.000	208,990
Reduction in capital from demerger				(13,172,469)
Balance 31 December 2021		1,100,792,118		36,840,342

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 15. Equity - Contribution to equity from non-controlling interest

	Consolidated	
	31 December 2022	31 December 2021
	$	$
Balance at the beginning of the period	-	764,847
Non-controlling interest from capital contribution	-	-
Non-controlling interest - share of losses	-	(13,725)
Transfer to Demerger group	-	(751,122)
Balance at the end of the period	-	-

Non-controlling interest relates to NSX Limited has been transferred to ISX Financial EU Plc upon demerger. In 2020, NSX Limited made a $3.2 million capital contribution during the year for 41% of ClearPay Pty Ltd.

Note 16. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to interest rate risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Interest rate risk

The consolidated entity's only exposure to interest rate risk is in relation to deposits held and its convertible note receivable. Deposits are held with reputable banking financial institutions.

	31 December 2022		31 December 2021	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Consolidated	%	$	%	$
Convertible Note Receivable	2.11%	4,337,107	1.10%	6,600,000
Cash at bank	0.12%	694,116	0.004%	2,920,409
Net exposure to cash flow interest rate risk		5,031,223		9,520,409

Below is a sensitivity analysis of interest rates at a rate of 50 basis points on cash at bank and convertible note receivable for the 2022 and 2021 financial years. The impact would not be material on cash at bank and convertible note receivable balances held at 31 December 2022. The percentage change is based on expected volatility of interest rates using market data and analysis forecasts.

Note 16. Financial instruments (continued)

Consolidated - 31 December 2022	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Convertible Note Receivable	50	25,177	25,177	50	(25,177)	(25,177)
Cash at bank	50	10,280	10,280	50	(10,280)	(10,280)
Total	50	35,457	35,457	50	(35,457)	(35,457)

Consolidated - 31 December 2021	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Convertible Note Receivable	50	33,000	33,000	50	(33,000)	(33,000)
Cash at bank	50	21,467	21,467	50	(21,467)	(21,467)
Total	50	54,467	54,467	50	(54,467)	(54,467)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The consolidated entity holds security in relation to its card scheme merchant settlements (initial and additional requirements (rolling reserve) under each agreement depending on the volume of transactions with each Merchant). This therefore mitigates the risk of default of the counterparty as the consolidated entity holds sufficient security to cover amounts receivable by each party.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 16. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 31 December 2022		1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	368,422	-	-	-	368,422
Other payables	-	114,032	-	-	-	114,032
Total non-derivatives		482,454	-	-	-	482,454

Consolidated - 31 December 2021		1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	492,921	-	-	-	492,921
Other payables	-	289,946	-	-	-	289,946
Total non-derivatives		782,867	-	-	-	782,867

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 17. Remuneration of auditors

The following fee was paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Group:

	Consolidated	
	31 December 2022 $	31 December 2021 $
Audit services (BDO Audit Pty Ltd)	149,039	338,690
Limited assurance review of the prospectus (BDO Audit Pty Ltd)	-	50,000
Audit or review of the financial statements	149,039	388,690

Note 18. Contingent assets and liabilities

ASIC
On 7 December 2020, ASIC served Southern Cross Payments with a statement of claim in civil proceedings to be conducted in the Federal Court of Australia. The proceedings seek civil penalties against Southern Cross Payments arising from some alleged continuous disclosure breaches and alleged misleading information in 2018 and mid-2020 (the latter being while the Company's shares were not trading on the ASX). Southern Cross Payments will vigorously contest the claims. The Company holds no provision for this matter, as the outcome is so uncertain, no reliable estimate can be made.

Note 19. Related party transactions

Parent entity
Southern Cross Payments Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 21.

Transactions with related parties
For the Year ended 31 December 2022 Southern Cross Payments Ltd charged ISX Financial EU $106,461 interest, per the terms of the convertible note.

Receivable from and payable to related parties
As at 31 December 2022, $8,084 remains payable by Mr Karantzis to Southern Cross Payments Ltd. This amount is recorded in other receivables in note 10.

Compensation of key management personnel of the Group
Compensation expense of key management personnel amounted to $291,003 during the year ended 31 December 2022 (2021: $1,145,801).

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

	Consolidated	
	31 December 2022	**31 December 2021**
	$	**$**
Short-term employee benefits	264,956	1,079,743
Post-employment benefits	26,047	42,071
Share-based payments	-	23,987
	291,003	1,145,801

Note 20. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	31 December 2022 $	Restated 31 December 2021* $
Profit/(loss) after income tax	(2,876,795)	19,516,745
Total comprehensive income / (loss)	(2,876,795)	19,516,745

Statement of financial position

	Parent	
	31 December 2022 $	Restated 31 December 2021 $
Total current assets	2,324,460	3,232,584
Total assets	7,373,097	10,544,113
Total current liabilities	623,558	917,779
Total liabilities	623,558	917,779
Net Assets	6,749,539	9,626,334
Equity		
Issued capital	82,073,848	82,073,848
Accumulated losses	(75,324,309)	(72,447,514)
Total equity	6,749,539	9,626,334

*31 December 2021 numbers have been restated – see note 2 for details.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2021 and 31 December 2022.

Note 20. Parent entity information (continued)

Contingent liabilities of the parent

ASIC
On 7 December 2020, ASIC served Southern Cross Payments with a statement of claim in civil proceedings to be conducted in the Federal Court of Australia. The proceedings seek civil penalties against Southern Cross Payments arising from some alleged continuous disclosure breaches and alleged misleading information in 2018 and mid-2020 (the latter being while the Company's shares were not trading on the ASX). Southern Cross Payments will vigorously contest the claims. The Company holds no provision for this matter, as the outcome is so uncertain, no reliable estimate can be made.

The Court hearing in regards to this matter commenced on 28 February 2023. It concluded in late June 2023 and the judge has reserved his decision.

Capital commitments - Plant and equipment
The parent entity had no capital commitments for plant and equipment as at 31 December 2021 and 31 December 2022.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 21. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.

		Ownership interest	
		31 Dec 2022	31 Dec 2021
Name	**Principal place of business / Country of incorporation**	**%**	**%**
SC Payments AU Pty Ltd [(1)]	Australia	100.00%	100.00%

(1) Previously known as iSignthis Australia Pty Ltd.

Subsidiaries
The results of all entities where the Group has 100% ownership interest, are included within Southern Cross Payments Limited’s consolidated financial statements.

Entities with less than 100% ownership interest are reviewed by management and approved by the Board to determine whether the Group controls the entity. Where the Group has determined an entity is controlled by the Southern Cross Payments Group, it’s results are included within Southern Cross Payments Limited’s consolidated financial statements.

Note 22. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 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 23. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	31 December 2022	31 December 2021*
	$	$
Profit/(loss) after income tax expense for the year	(2,847,408)	37,994,166
Adjustments for:		
Depreciation and amortisation	-	1,760,975
Share of loss - associates	-	804,434
Share-based payments	-	210,532
Foreign exchange differences	(32,584)	(73,650)
Income tax expense	-	78,138
Non cash item – Gain on demerger	-	(40,524,781)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(43,967)	1,046,495
(Increase) in other current assets	(4,136)	(364,035)
(Decrease)/increase in trade and other payables	(302,421)	935,482
(Decrease) in employee benefits	-	(14,971)
Increase in deferred revenue	-	58,759
Increase in other liabilities	-	31,321
Net cash from operating activities	(3,230,516)	1,942,865

* 31 December 2021 numbers have been restated – see note 2 for details.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Timothy J T Hart

Tim Hart
Executive Chairman

31 July 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of Southern Cross Payments Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Southern Cross Payments Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of Southern Cross Payments Ltd, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

Tim Aman
Director

Sydney, 31 July 2023

SouthernCross
payments ltd.