InPayTech

Integrated Payment Technologies Limited

ACN. 611 202 414

ASX Code IP1(one)

Annual Report for the year ended 30 June 2017

Report of the Chairman and CEO	2
Business Overview	4
Directors' report	9
Auditor's independence declaration	21
Statement of profit or loss and other comprehensive income	22
Statement of financial position	23
Statement of changes in equity	24
Statement of cash flows	25
Notes to the financial statements	26
Directors' declaration	58
Independent auditor's report to the members of Integrated Payment Technologies Limited	59
Shareholder information	63
Corporate directory	65

Dear Shareholder,

On behalf of the Directors of Integrated Payment Technologies Limited (the Company or IP1 one) we are pleased to announce the results for the Company for the year ended 30 June 2017.

The NPBT for the year ended 30 June 2017 was a loss of $ 2,900,944. The result was after amortisation of assets acquired from the Payment Adviser Group comprising Client Contracts of $ 1,024,720, Software $ 666,340 and Patents $ 30,591 totaling $ 1,721,651 and other amortisation of $ 17,276. The accounting policy is to write off these assets in a straight line over 5 years. The NPBDT was a loss of $ 1,162,017.

The NPBDT of $ 1,162,017 was after writing off the costs of the IPO of $608,540 and the non-cash cost of options issued $216,013. Allowing for these costs the operating net loss was $ 337,464.

The year was one of recapitalising the business and listing on the ASX on 19 December 2016. We also made great progress in developing and commercialising the patents.

Patents

During the year Patents were granted in China, Japan, Singapore and Hong Kong, adding to patents already granted in South Africa and New Zealand. We have patents pending in USA, Canada and Australia where we have patent protection up to the time they are allowed/disallowed.

Business Model

We are in the business of utilising the patented process of linking data to payments. All of our services, ClickSuper, Payment Adviser and our new Service PayVu share and re-use software components to deliver services to their respective markets.

PayVu

The PayVu service brings together the functionality of ClickSuper and Payment Adviser and combines them with an interface to the API's of cloud based accounting/payroll software products to provide an 'all of business' payments platform. API allow PayVu clients to login into their accounting/payroll system without having to get approval from their software provider. Effectively PayVu only has to receive permission from the user of the cloud based software not their provider such as Xero, Quickbooks or MYOB.

The PayVu service also removes the 3 day delay incurred with direct debit by directly interfacing to the customer's internet banking portal which provides same day payment. Including weekends and public holidays, superannuation contributions are held on average for 4.2 days before being invested. As PayVu pays the same day this is likely to increase the retirement savings for all PayVu users.

PayVu offers two services; Standard and Premium. The Standard service requires the customer to login to their accounting/payroll API and their internet banking website. The Premium version removes the need for the customer to login and fully automates the payment process by allowing the customer to store their logins in a secure environment accessed only via two factor authentication.

Single Touch Payroll (STP)

The Federal Government has legislated that all employers with 20 or more employees must comply with Single Touch Payroll (STP) by 30 June 2018. From 1 July 2017 employers can elect to participate at any time.

ClickSuper integrates with 26 of the top 30 payroll providers software. Employee and super contributions information is uploaded to ClickSuper which also supports the payment of salaries, tax and other payroll deductions.

When employees are paid, STP requires the salary or wages, pay as you go (PAYG) withholding and superannuation guarantee information to be sent to the ATO for each pay period. ClickSuper will provide a new service to existing clients to comply with the ATO's requirements.

Our current service integrates with Payroll provider's software so we can extract information to pay super for all employees. In October 2017 we intend to launch an extension of this service to include STP as part of our standard offering at additional fees.

We believe we will be able to attract new clients to ClickSuper. Our competitors are superannuation funds offering a free service for their customer's choice funds. The employer downloads the superannuation data from their secure payroll service to forward to their default superannuation fund. For STP the employer will have to transfer the data electronically to the ATO via their payroll solution. We will be competing with a fully integrated secure service.

We encourage you to read the Business Overview that follows this letter.

On behalf of Directors we wish to take this opportunity to thank our clients, business partners and shareholders for their continued support of the Company, and to management and staff of the Company for their ongoing dedication and service.

Don Sharp	Robin Beauchamp
Executive Chairman	Chief Executive Officer

11 August 2017

ASX Listing

Integrated Payment Technologies Limited (InPayTech) was established in March 2016 for the purpose of acquiring the business and assets of the Payment Adviser Group (PAG). The acquisition of PAG was completed in July 2016 and InPayTech was quoted on the ASX on 19 December 2016.

Background to the Payment Adviser Group

In 2006 the PAG founders invented a process that allows an unlimited amount of data to be linked to a payment and communicated to the receiver using the security of the receiver's bank account. The data is accessed by a short form URL (no www. or .com) displayed in the reference field on the receiver's bank statement (**Process**). The **Process**, and variations of it, are utilised in each of the services provided by InPayTech (ClickSuper, Payment Adviser and its new service PayVu).

In Asia, patents for the **Process** have been granted this year in Japan, China, Hong Kong and Singapore. In the rest of the world, patents for the **Process** have been approved in New Zealand and South Africa and are pending in the USA, Canada and Australia.

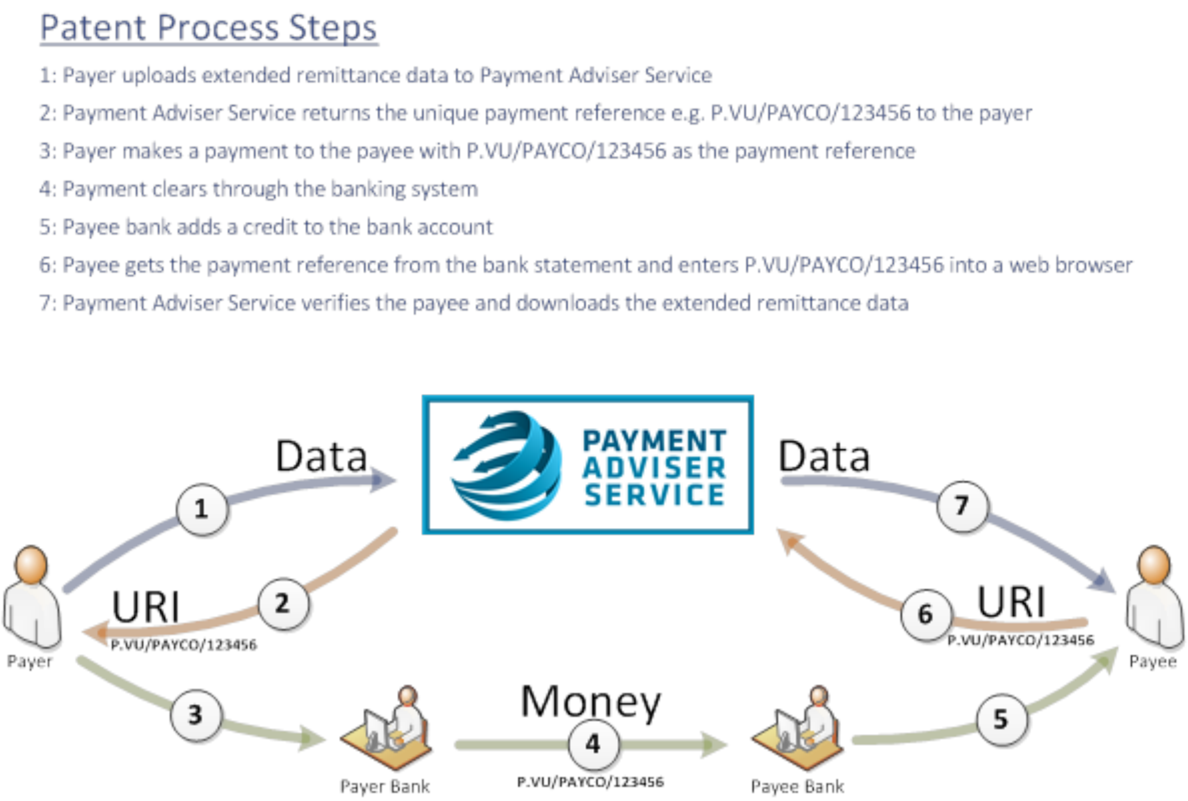
Capital expenditure by PAG was largely focused on:

- Acquisition of the appropriate AFS Licence;
- Development of the legal structures for offering ClickSuper;
- Development of relationships with payroll groups;
- Development of own technology solution;
- Development of operating processes to support PAG; and
- Applications for international patents.

Process and Intellectual Property

In summary, the **Process** invented by PAG provides for the transmission of data by the sender and allows a unique 16 character URL to be sent with the payment via a reference field shown on the receiver's bank statement. The receiver can then view and/or download the remittance data via the internet into their accounting system.

The diagram below illustrates the operational steps of the **Process.**



The Australian banking system uses an 18 character reference field to store information regarding a payment and this will increase to 280 when the New Payment Platform commences at the end of 2017. The Payment Adviser Service uses this field to record a 16 character URL in relation to transmitted data. The receiver of a payment is able to place this reference in a browser and answer security questions such as BSB, bank account number, date received, amount received and the Payment Adviser system will locate the data and information about the payment.

The Company understands the majority of the world's banking systems accept a maximum of 16 characters and consequently the directors believe that the **Process** is compatible with the majority of the world's banking systems.

Business Model

The foundation of the business is the **Process** and the business chose superannuation as the first vertical market to demonstrate the efficacy of the **Process**.

ClickSuper integrates with 26 of the top 30 payroll providers software. Employee and superannuation contribution information is uploaded to ClickSuper which also supports the payment of salaries, tax and other payroll deductions.

All payments methods are supported with the most popular being direct debit.

In 2009 the Federal Government commissioned Jeremy Cooper to review the superannuation industry and he spent a number of days in the PAG offices studying ClickSuper. In 2010 he recommended the introduction of a new system called SuperStream using the ClickSuper approach but removed the PAG patent from the SuperStream process by linking the data to payments via a non-URL based unique reference. ClickSuper was however allowed to continue using the patented short form URL reference.

The second implementation of the patented **process** was the Payment Adviser service which is used for non-payroll related payments e.g. invoice payments.

The PayVu service brings together the functionality of ClickSuper and Payment Adviser and combines them with an interface to the API's of cloud based accounting/payroll software products to provide an 'all of business' payments platform.

The PayVu service removes the delay incurred when using direct debit by directly interfacing to the customer's internet banking portal which provides same day payment.

Paying superannuation via PayVu, the funds are invested on average 4.2 days earlier (when counting weekends and public holidays) than when paid via a superannuation clearing house, which is likely to increase the superannuation member's retirement savings.

PayVu offers two services; Standard and Premium. The Standard service requires the customer to login to their accounting/payroll API and their internet banking website. The Premium version removes the need for the customer to login and fully automates the payment process by allowing the customer to store their logins in a secure environment accessed only via two factor authentication.

Both services use a robot to:

- Access the accounting/payroll software
- Download the invoices, salaries, tax and superannuation for payment
- Prepare a payment file complete with the patented process short form URL references
- Upload the payment file to internet banking

PayVu requires ClickSuper to process superannuation messages and uses the **Process** for invoice payment linking.

Future Growth Opportunities

Single Touch Payroll (STP)

The Federal Government has legislated that all employers with 20 or more employees must comply with STP by 30 June 2018. From 1 July 2017 employers can elect to participate at any time.

The ClickSuper service integrates with Payroll provider's software to pay superannuation for all employees. In October 2017 ClickSuper will launch an extension of the service to include STP as part of the standard offering.

When employees are paid, STP requires the salary or wages, pay as you go (PAYG) withholding and superannuation guarantee information to be sent to the ATO for each pay period. ClickSuper will provide a new service to existing clients at a cost of 5 cents per employee for each transaction to comply with the ATO's requirements.

Employers with monthly paid employees will have 12 transactions for superannuation and 12 transactions for STP. The current ClickSuper charge for superannuation transactions is 10 cents which will be increased by 5 cents to include STP. We believe this should increase our transactional income (including notification of corrections and adjustments) by more than 50%.

Where salaries are paid monthly and superannuation is paid quarterly, employers will have 4 superannuation transactions and 12 STP transactions for each employee. We believe our transactional income should increase from 40 cents to over $1 (4 x .10c plus 12 x .5c) an increase of 150%.

Existing ClickSuper Clients

ClickSuper will offer the STP service in October 2017 to all clients.

The delay from the 1 July 2017 is to ensure all ATO requirements are finalised and to prepare our payroll referral base to offer a fully integrated service from October 2017.

We expect take up of the STP service to gradually climb towards 100% by the end of July 2018.

New Clients

ClickSuper competes with superannuation funds offering a free service for their customer's choice funds. The employer downloads the superannuation data from their secure payroll service to forward to their default superannuation fund. For STP the employer will have to transfer the data electronically to the ATO via their payroll solution.

The cost of the ClickSuper product (with STP) for an employer with 50 employees paying monthly would be 10 cents (for super) + 5 cents (for STP) x 50 = $7.50 per month.

Payroll groups will be marketing STP as a regulatory change to all their clients so we expect a number of their clients will take up ClickSuper with STP.

We are confident of picking up new clients as they have to make a decision about STP and we offer a complete secure service.

PayVu

PayVu was launched on 14 June 2017 for Xero clients of the Big 4 banks. Over 32,000 ClickSuper customers were emailed advising them of the new service. Follow up marketing will be by phone.

Users with more than one email address were excluded to prevent marketing to bookkeepers as this will be a different campaign.

There are two services, Standard and Premium and three pricing thresholds. The Standard service makes payments via the customer's internet banking portal and costs $10 per month per ABN. For users with a minimum of 5 ABNs the fee drops to $9 per month per ABN and for a minimum of 25 ABNs decreases to $8 per month per ABN.

Bookkeepers have indicated fully automated payment processing is required i.e. similar to the service offered by ClickSuper. That functionality is being delivered in the next major release of the product. The Premium product requires no user internet banking for an extra $3 per month per ABN.

Potential PayVu Bookkeeper Market

There has been enormous growth in the number of bookkeeper services. Aggregating the responses of the Xero bookkeepers we have contacted to date delivers an estimate of over 9,000 ABNs.

Bookkeepers generally charge a fixed or hourly fee so time is money to them. Our low cost per client can be easily recouped when they are charging between $40 and $100 per hour. We estimate that PayVu will save at least 2 hours of bookkeeper's time per month plus allow them to provide other services like payroll.

Xero: Changed Arrangements

The Company has been discussing the benefits of PayVu's employer direct model over the superannuation clearing house model with Xero since early this year.

The Company offered PayVu to Xero at the same transaction price as our current ClickSuper service which meant the Company would forego the interest income normally derived from payments being in our account for an average of 4.2 days while funds cleared through the direct debit system. PayVu payments are made directly from the employer bank account to the fund and settle the same day allowing the contributions to be invested by the superannuation fund sooner, and also enabling any returns from the fund to be paid directly into the employer's bank account.

The Company understands that Xero has written to our joint customer base advising they are moving to another clearing house over the next month or so. This will have an impact on our income and costs.

For the year ended 30 June 2017 our transactional income (an average of 10c per contribution per employee) was $250,245. However, our banking fees consumed a significant portion of that income.

*Example: An employer with 3 staff contributing to different funds would cost us 13 cents to debit their account and 13 cents to credit each super fund. If the employees all contributed to the same fund our income would be 30 cents (3 * 10 cents) and our banking fee 26 cents (13 cents to debit the employer account and 13 cents to credit the fund); a gross profit of 4 cents.*

A larger employer with 10 employees paying 5 different funds would deliver income of $1 and banking fees of 78 cents (1 debit and 5 credits at 13 cents each = 78 cents); a gross profit of 22 cents.

Interest income is considerably lower from Xero than our other customers due to the lower salary levels of SME clients. The Company is currently discussing with Xero the possibility of continuing to provide services which will help offset the reduction in interest income.

The (approximately) 40,000 customers are joint clients of ClickSuper and Xero and subsequently we are free to market to them.

As an example, if PayVu was to be used by 5,000 of the existing Xero clients we would earn $600,000 (at $10 per month) or if they had multiple accounts and each paid $8 per month income would be $480,000. These numbers are not a forecast of possible income.

We expect the use of PayVu by existing clients will increase our gross income over the remainder of the financial year to June 2018.

PayVu Rollout

Integration with Xero is complete with quickbooks and MYOB to follow.

Integration with the 4 big banks is complete with St George and Bendigo next.

PayVu Marketing

- 32,000 Clicksuper clients offered free trial
- Broader marketing campaign including:
    - Paid search
    - Online advertising
    - SME focussed content platforms and industry events
    - Partnering with existing distribution Channels
    - Affiliate Marketing with Professional Associations and other Aggregators
    - PR – industry specific press and technology reviews

PayVu Target Market *

Accounting System	Australia (Cloud)	Australia (Desktop)	Overseas
Xero	380,000	0	482,000
MYOB	249,000	336,000	0
quickbooks	53,000	0	1,800,000
Reckon**	39,000	72,000	0
Total	**721,000**	**398,000**	**2,282,000**

* As at March 2017 – source: Company's website
** Combined totals for AU, NZ + UK

- Campaign commenced in Australia targeting Cloud users of big 4 banks
- Continues with other Australian banks and desktop users
- Next step is overseas

PayVu Empowers SMEs

- All creditors notified of payment details with option to update their accounting System
- Superannuation
  - Employer Direct (ATO preferred) model
  - Contributions transferred by employer directly to super fund
  - Unreconciled contributions returned directly to employer
  - SME owners and employees likely achieve higher retirement savings as funds invested on average 4.2 days earlier than using clearing house

PayVu – Viral Distribution

Web application and mobile device support for:

- Accountants
- Bookkeepers
- Business Owners (Payers and Receivers)

Payee (Biller) benefits

- Inserts and reconciles aggregated payments in accounting software (Xero now)
- Displays payment receipt information in internet banking with one click

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Integrated Payment Technologies Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors

The following persons were directors of Integrated Payment Technologies Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Don Sharp – Executive Chairman
Robin Beauchamp – Chief Executive Officer
Jonathon Wynne
Colin Scully (Resigned 29 July 2016)

Principal activities

During the financial year the principal activities of the Group consisted of:

- ClickSuper which provides clearing house services for large employers with 20 or more employees and for SMEs with less than 20 employees;
- Payment Adviser which facilitates payments and communication of data concerning the payment between the payer/provider and payee/recipient using the Patents pending or granted to Jagwood;
- Jagwood which has patents granted in Asia (Japan, Hong Kong, Singapore and China) and the Western World (South Africa and New Zealand) in addition to patents pending in the USA, Canada and Australia; and
- PayVu consolidates all the services of ClickSuper and Payment Adviser to create a new product that utilises the patented process.

The Group also holds an Australian Financial Services Licence ('AFSL') with an endorsement to facilitate the movement of cash.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Group after providing for income tax amounted to $2,029,378 (30 June 2016: $36,922).

Refer to 'Business Overview' for details on the operations throughout the year.

Services update

ClickSuper Superannuation Service
Employers have the option to pay contributions directly to the super fund by direct credit or to use ClickSuper's clearing house service which collects the funds from the employer into a direct debit trust account, waits three days for the funds to clear (because direct debits can be cancelled, similar to cheques), and then forwards the contributions to the super funds.

Contributions take one day to reach the super funds by direct credit and an average of 4.2 days by direct debit.

The Group has recently announced a new service for Small and Medium Enterprises ('SME's') and employers that do not use direct credit called "PayVu".

PayVu uses a contribution model called "Employer Direct" which meets all the compliance and messaging requirements of SuperStream via the Australian Taxation Office's ('ATOs') mandated secure Gateway network while allowing the employer to make payments directly to the fund via internet banking. Subsequently the superannuation accounts of the employer and their employees are credited the same day.

PayVu is a disruptor to the existing Clearing Houses by letting the employer pay the super fund directly and the super fund return any unreconciled contributions directly to the employer's bank account.

PayVu returns the relationship with the employer to the super fund removing the Clearing House as an intermediary.

Payment Adviser
PayVu links cloud based accounting systems to internet banking portals and is the first retail offering using the patented process.

PayVu manages all company payments; salaries, Pay As You Go tax, superannuation, invoices, GST, and payroll tax. All payments are extracted from the accounting system and when uploaded to the internet banking portal for payment their status in the accounting system is updated to paid.

PayVu manages all the SuperStream compliance requirements for superannuation and will add Single Touch Payroll compliance when it is introduced later this year.

PayVu has two services, Standard and Premium and three pricing thresholds. The Standard service makes payments via the customer's internet banking portal and costs $10 per month per ABN. For users with a minimum of 5 ABN's the fee drops to $9 per month per ABN and for a minimum of 25 ABN's decreases to $8 per month per ABN.

Bookkeepers have indicated fully automated payment processing is required i.e. similar to the service offered by ClickSuper. That functionality is being delivered in the next major release of the product. The Premium product requires no internet banking for an extra $3 per month per ABN.

The suppliers receive payments with a web address in the payment reference and an instruction in the remitter name to go to payvu.com.au to retrieve the payment remittance data. Having accessed the web page PayVu offers to import and reconcile any aggregated payments directly into their accounting system along with a three month free trial of the service.

Payment Adviser's existing clients include a disruptor in the peer-to-peer business lending space and one of Australia's top four accounting firms who use it in their SME service.

Jagwood
Jagwood was recently granted patents in Singapore and Hong Kong which means all patents applied for in Asia have now been granted.

Patent applications are continuing in the USA, Canada and Australia. Patents have been granted in South Africa and New Zealand.

Regulatory update

ClickSuper Superannuation Service

Competitors
The majority of employers elect to use a free service offered by their default super fund to contribute to their employee's choice super funds. The default super funds generally outsource the choice super fund processing to a Clearing House. The Clearing House manages the transmission of data via their Gateway and the payment of money to the choice super funds.

What Is Single Touch Payroll?
Single Touch Payroll ('STP') is a Federal Government initiative expected to be introduced in July 2017 that aims to simplify the employer's tax and superannuation reporting requirements to the ATO.

STP will enable employers to report staff salaries and wages, PAYG and Superannuation to the ATO at the same time as they pay their employees.

The ClickSuper interface is imbedded in 26 of the 30 largest payroll software providers in Australia. Superannuation data is uploaded to ClickSuper in a secure way before being sent to the super funds via the ClickSuper Gateway.

The Group does not believe employers will want to send their payroll details via superannuation funds.

Initially SME's with less than 20 staff will not be required to participate in STP however they can elect to do so and PayVu will deliver STP as part of its standard service.

PayVu enables employers to report staff salaries and wages, PAYG and superannuation to the ATO at the same time as they pay their employees. The STP superannuation messages will be sent to the ATO via the secure ClickSuper SuperStream Gateway.

New Payment Platform
The Reserve Bank of Australia's New Payment Platform ('NPP') is scheduled to commence later this year and will allow instant payment of cleared funds 24 hours a day 7 days a week. The NPP transfers 280 characters of remittance data with the payment and more data can be accommodated for an additional fee.

PayVu delivers same day payments with remittance data and also provides:
• Automatic update of the sender's accounting system and bank account reconciliation of aggregated payments;
• Optional update of the receiver's accounting system and bank account reconciliation of aggregated payments; and
• Salary and wage payments including superannuation and other deductions and bank account reconciliation of aggregated payments.

PayVu has two services, Standard and Premium and three pricing thresholds. The Standard service makes payments via the customer's internet banking portal and costs $10 per month per ABN. For users with a minimum of 5 ABN's the fee drops to $9 per month per ABN and for a minimum of 25 ABN's decreases to $8 per month per ABN.

Bookkeepers have indicated fully automated payment processing is required i.e. similar to the service offered by ClickSuper. That functionality is being delivered in the next major release of the product. The Premium product requires no internet banking for an extra $3 per month per ABN.

Significant changes in the state of affairs
The Company entered into the following contracts during the year:

- Asset purchase agreement with Bill Exchange Pty Ltd, for the purpose of the business name "Bill Exchange" and computer systems;
- Asset purchase agreement with Jagwood Pty Ltd ATF RAJG unit trust for the purchase of patents and pending patents disclosed in the pipers Patent Report (disclosed in the Company's Prospectus dated 23 September 2016) and computer software ("Jagwood APA");
- Asset purchase agreement with ClickSuper Pty Ltd ATF ClickSuper Unit Trust for the purchase of ClickSuper client contracts, the business name "Click@SuperTouchPayroll", Trademark "ClickSuper", Trademark "ClickSuper Connector" and intellectual property rights;
- share purchase agreement with Jagwood Pty Ltd ATF RAJG Unit Trust for the purchase of 100% of the issued share capital of Payment Adviser Pty Ltd, comprising 24 fully paid ordinary shares;
- share purchase agreement with Angela Rotziokos and 13 others for the purchase of 100% of the issued share capital of ClickSuper Pty Ltd, comprising 1,072,040 fully paid ordinary shares; and
- share purchase agreement with Angela Rotziokos and 13 others for the purchase of 100% of the issued share capital of Jagwood Pty Ltd, comprising 1,072,040 fully paid ordinary shares.

Acquisition of the businesses and selected assets referred to above of the Payment Advisor Group was for a total consideration of $14,136,000.

On 16 December 2016, the Company successfully listed on the ASX with the ASX code "IP1". The Company raised $5,000,000, before transaction costs.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year
Apart from the Xero changed arrangements, as disclosed in the 'Business overview' section, no other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Refer to the Report of the Chairman and CEO as well as the Business overview section above for details.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Donald ('Don') Sharp
Title:	Executive Chairman
Qualifications:	B.Bus, CPA, FAICD
Experience and expertise:	Don is a qualified accountant and a highly experienced, innovative and respected business builder and leader in the financial services sector. He co-founded Bridges Financial Services Pty Ltd an industry leader in financial services well known for establishing one of the first platform solutions for portfolio management in Australia, The Portfolio Service.
Other current directorships:	Executive Chairman of Managed Accounts Holdings Limited (ASX: MGP).
Former directorships (last 3 years):	Former Chairman of Investors Mutual, Global Value Investors, and Premium Investors Limited (ASX: PRV) and a former Director of Countplus Limited (ASX: CUP) and Treasury Group Ltd (ASX: TRG).
Special responsibilities:	Member of Nomination and Remuneration Committee and Audit, Risk and Compliance Committee
Interests in shares:	42,480,397 ordinary shares indirectly held

Name:	Robin Beauchamp
Title:	Chief Executive Officer
Experience and expertise:	Robin is a financial technology specialist with over 30 years' experience in the Australian financial services industry. Robin held the role of banking software development manager for Misys Australia and consulted to banks in Australia and the United Kingdom. In 1993 Robin founded the financial software company Investsoft that developed and marketed unitised portfolio management and financial planner commission management software. In 2007 as Director of Technology – Development Robin co-founded Payment Adviser Group and in 2012 was appointed to the role of Chief Executive Officer. In 2013 Robin led the acquisition of ClickSuper along with the integration into Payment Adviser and a new banking platform.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit, Risk and Compliance Committee
Interests in shares:	2,042,600 shares indirectly held
Interests in options:	5,000,000 options over ordinary shares

Name:	Jonathon ('Jake') Wynne
Title:	Non-Executive Director
Experience and expertise:	Jake has over 30 years IT experience in building and creating a profitable company focusing on managed services, professional services, consulting and software development. Jake has also worked at an executive level to develop technology strategies and programs in customer-facing, operations and strategy leadership roles. Jake has served on numerous industry panels and advisory boards and presented at many events in the Asia Pacific region. Jake founded Oriel Technologies in 1995 and grew the company to a nationwide business supplying and developing software products, consulting and cloud services. In 2014 Jake facilitated the successful sale of Oriel. He joined the board of the Company in 2016.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of Nomination and Remuneration Committee and Audit, Risk and Compliance Committee
Interests in shares:	833,340 shares indirectly held

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities and their subsidiaries and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Jillian McGregor (BCom, LLB, Grad Dip GIA) serves as Company Secretary of the Company. Jillian has worked as a corporate lawyer for over 20 years and has a deep knowledge and understanding of the Corporations Act 2001 and the ASX listing rules.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit, Risk and Compliance Committee	
	Attended	Held	Attended	Held	Attended	Held
Donald Sharp	11	11	-	-	4	4
Robin Beauchamp	11	11	-	-	4	4
Jonathan Wynne	11	11	-	-	4	4

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

The annual non-executive directors’ fees are currently $50,000 plus superannuation guarantee contribution for each non-executive director. A chair of a Board Committee also receives an additional $5,000 per annum for each Committee. However, other members of Board Committees are not entitled to receive any additional remuneration for their role as Committee member.

Under the Constitution, the Board may decide the remuneration of each director is entitled to for his services in any capacity. However, the total amount paid to all non-executive directors must not exceed in aggregate in any financial year, the amount fixed by the Company in a general meeting. In accordance with the Prospectus issued on 23 September 2016, the amount has been fixed at $180,000 per annum.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

There are no short-term incentives ('STI') such as bonuses currently in place.

The long-term incentives ('LTI') include long service leave and share-based payments. Senior executives participate in the Employee Share Option Plan ('ESOP').

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group via Employee Share Scheme were the shares vest when certain share prices are reached (see note on Employee Share Scheme). There are no short term bonuses paid but annual reviews at the discretion of the Nomination and Remuneration Committee.

Use of remuneration consultants

During the financial year ended 30 June 2017, the Group did not engage any remuneration consultants to review its remuneration policies.

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Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the directors of Integrated Payment Technologies Limited and the following person:
- Nathan Thomas - Chief Operating Officer

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Year to 30 Jun 2017	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
Jonathon Wynne	55,000	-	-	5,225	-	-	60,225
Executive Directors:							
Donald Sharp	68,750	-	-	6,531	-	-	75,281
Robin Beauchamp	273,972	-	-	26,028	-	144,009	444,009
Other Key Management Personnel:							
Nathan Thomas	200,000	-	-	19,000	-	72,004	291,004
	597,722	-	-	56,784	-	216,013	870,519

Directors and key management personnel received no remuneration for the period from 9 March 2016 to 30 June 2016.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	Year to 30 Jun 2017	Period from 9 Mar 2016 to 30 Jun 2016	Year to 30 Jun 2017	Period from 9 Mar 2016 to 30 Jun 2016	Year to 30 Jun 2017	Period from 9 Mar 2016 to 30 Jun 2016
Non-Executive Directors:						
Jonathon Wynne	100%	-	-	-	-	-
Executive Directors:						
Donald Sharp	100%	-	-	-	-	-
Robin Beauchamp	68%	-	-	-	32%	-
Other Key Management Personnel:						
Nathan Thomas	75%	-	-	-	25%	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Donald Sharp
Title:	Executive Chairman
Agreement commenced:	9 March 2016
Details:	$75,000 per annum plus $7,125 superannuation.

Name:	Robin Beauchamp
Title:	Executive Director and Chief Executive Officer
Agreement commenced:	5 July 2016
Details:	$273,973 per annum plus $26,027 superannuation. Employment notice of 3 months.

Name:	Jonathon Wynne
Title:	Non Executive Director
Agreement commenced:	9 March 2016
Details:	$60,000 per annum plus $5,700 superannuation.

Name:	Nathan Thomas
Title:	Chief Operating Officer
Agreement commenced:	30 May 2016
Details:	$200,000 per annum plus $19,000 superannuation. Employment notice of 3 months.

Notice and termination provisions of up to three months, or by the Group without notice in the event of serious misconduct by key management personnel. Leave entitlements as per the applicable employment standards and legislations. No bonus arrangements are in place for key management personnel at present. Senior management may participate in the Employee Share Option Plan.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
14 Dec 2016	30 Jun 2019	14 Dec 2020	$0.200	$0.135

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Robin Beauchamp	5,000,000	14 Dec 2016	30 Jun 2019	14 Dec 2020	$0.200	$0.135
Nathan Thomas	2,500,000	14 Dec 2016	30 Jun 2019	14 Dec 2020	$0.200	$0.135

Options granted carry no dividend or voting rights.

Vesting is subject to continuity of service and the following performance conditions apply:

Tranche 1
Proportion of options - 33.3% of aggregate number of options
Vesting dates - The Tranche 1 options will vest on the date that the Exercise Conditions for the Tranche 1 options are satisfied or are waived by the Board.
Exercise conditions - The Exercise Conditions for the Tranche 1 options are satisfaction of both the following:
(a) commencement of official quotation of the Company's ordinary shares on ASX; and
(b) achievement of any one of the following:
(i) the Market Share Price (being the volume weighted average market price of Shares sold on ASX on the 10 trading days immediately before the determination date) ('Market Share Price') of an ordinary share in the Company is equal to or greater than A$0.30 calculated as at the determination date of 30 June 2017; or
(ii) the Market Share Price of an ordinary share in the Company is equal to or greater than A$0.40 calculated as at the determination date of 30 June 2018; or
(iii) the Market Share Price of an ordinary share in the Company is equal to or greater than A$0.50 calculated as at the determination date of 30 June 2019.

Tranche 2
Proportion of options - 33.3% of aggregate number of options
Vesting dates - The Tranche 2 options will vest on the date that the Exercise Conditions for the Tranche 2 options are satisfied or are waived by the Board.
Exercise conditions - The Exercise Conditions for the Tranche 2 options are satisfaction of both the following:
(a) commencement of official quotation of the Company's ordinary shares on ASX; and
(b) achievement of any one of the following:
(i) the Market Share Price of an ordinary share in the Company is equal to or greater than A$0.40 calculated as at the determination date of 30 June 2018; or
(ii) the Market Share Price of an ordinary share in the Company is equal to or greater than A$0.50 calculated as at the determination date of 30 June 2019.

Tranche 3
Proportion of options - 33.3% of aggregate number of options
Vesting dates - The Tranche 3 options will vest on the date that the Exercise Conditions for the Tranche 3 options are satisfied or are waived by the Board.
Exercise conditions - The Exercise Conditions for the Tranche 3 options are satisfaction of both the following:
(a) commencement of official quotation of the Company's ordinary shares on ASX; and
(b) the Market Share Price of an ordinary share in the Company is equal to or greater than A$0.50 calculated as at the determination date of 30 June 2019.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Number of options granted during the year Year to 30 Jun 2017	Number of options granted during the year Period from 9 Mar 2016 to 30 Jun 2016	Number of options vested during the year Year to 30 Jun 2017	Number of options vested during the year Period from 9 Mar 2016 to 30 Jun 2016
Robin Beauchamp	5,000,000	-	-	-
Nathan Thomas	2,500,000	-	-	-

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
Robin Beauchamp	144,009	-	-	32%
Nathan Thomas	72,004	-	-	25%

Details of options over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Grant date	Vesting date	Number of options granted	Value of options granted $	Value of options vested $	Number of options lapsed	Value of options lapsed $
Robin Beauchamp	14 Dec 2016	30 Jun 2019	5,000,000	144,009	-	-	-
Nathan Thomas	14 Dec 2016	30 Jun 2019	2,500,000	72,004	-	-	-

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Donald Sharp	22,270,830	-	9,256,567	-	31,527,397
Robin Beauchamp	291,666	-	1,750,934	-	2,042,600
Jonathon Wynne	833,336	-	4	-	833,340
	23,395,832	-	11,007,505	-	34,403,337

Nathan Thomas held no shares in the Company during the financial year.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Robin Beauchamp	-	5,000,000	-	-	5,000,000
Nathan Thomas	-	2,500,000	-	-	2,500,000
	-	7,500,000	-	-	7,500,000

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Integrated Payment Technologies Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
14 December 2016	14 December 2020	$0.200	7,500,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Integrated Payment Technologies Limited issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

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 the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in the Note 25 to the financial statements do not compromise the
external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Grant Thornton Audit Pty Ltd
There are no officers of the Company who are former partners of Grant Thornton 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
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

Don Sharp
Executive Chairman

11 August 2017
Sydney

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Auditor's Independence Declaration to the Directors of Integrated Payment Technologies Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Integrated Payment Technologies Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M R Leivesley
Partner - Audit & Assurance

Sydney, 11 August 2017

	Note	Consolidated Year to 30 Jun 2017 $	Consolidated Period from 9 Mar 2016 to 30 Jun 2016 $
Revenue			
Service fees		2,117,111	-
Less transaction costs		(592,150)	-
Gross margin		1,524,961	-
Interest income		75,573	26,386
Expenses			
Employee benefits expense		(1,226,323)	-
Consulting fees		(107,256)	-
Depreciation and amortisation expense	6	(1,738,927)	-
Conference and marketing		(90,821)	(635)
Premises expense		(102,265)	-
Patents		(3,900)	-
Research and development costs		(87,287)	-
Share option costs		(216,013)	-
Initial Public Offering and other related costs		(641,734)	(53,341)
Other expenses		(282,470)	(9,332)
Finance costs	6	(4,482)	-
Loss before income tax benefit		(2,900,944)	(36,922)
Income tax benefit	7	871,566	-
Loss after income tax benefit for the year attributable to the owners of Integrated Payment Technologies Limited	20	(2,029,378)	(36,922)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Integrated Payment Technologies Limited		(2,029,378)	(36,922)
		Cents	Cents
Basic earnings per share	33	(1.422)	(0.095)
Diluted earnings per share	33	(1.422)	(0.095)

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

	Note	Consolidated 30 Jun 2017 $	30 Jun 2016 $
Assets			
Current assets			
Cash and cash equivalents	8	3,953,470	11,323,893
Trade and other receivables	9	236,606	93,058
Other	10	-	113,857
Total current assets		4,190,076	11,530,808
Non-current assets			
Property, plant and equipment	11	31,918	-
Intangibles	12	14,844,721	-
Deferred tax asset	13	641,539	-
Total non-current assets		15,518,178	-
Total assets		19,708,254	11,530,808
Liabilities			
Current liabilities			
Trade and other payables	14	195,301	44,615
Borrowings	15	50,000	-
Employee benefits	16	129,541	-
Total current liabilities		374,842	44,615
Non-current liabilities			
Deferred tax liability	17	1,127,192	-
Total non-current liabilities		1,127,192	-
Total liabilities		1,502,034	44,615
Net assets		18,206,220	11,486,193
Equity			
Issued capital	18	20,056,507	11,523,115
Share option reserve	19	216,013	-
Accumulated losses	20	(2,066,300)	(36,922)
Total equity		18,206,220	11,486,193

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

Consolidated	Issued capital $	Share option reserve $	Accumulated losses $	Total equity $
Balance at 9 March 2016	-	-	-	-
Loss after income tax expense for the period	-	-	(36,922)	(36,922)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(36,922)	(36,922)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	11,523,115	-	-	11,523,115
Balance at 30 June 2016	11,523,115	-	(36,922)	11,486,193

Consolidated	Issued capital $	Share option reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2016	11,523,115	-	(36,922)	11,486,193
Loss after income tax benefit for the year	-	-	(2,029,378)	(2,029,378)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,029,378)	(2,029,378)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	8,533,392	-	-	8,533,392
Share option reserve	-	216,013	-	216,013
Balance at 30 June 2017	20,056,507	216,013	(2,066,300)	18,206,220

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

	Note	Consolidated Year to 30 Jun 2017 $	Consolidated Period from 9 Mar 2016 to 30 Jun 2016 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,945,377	-
Payments to suppliers and employees (inclusive of GST)		(2,259,441)	(225,608)
		(314,064)	(225,608)
Interest received		75,573	26,386
Interest and other finance costs paid		(581)	-
IPO cost		(480,146)	-
Net cash used in operating activities	32	(719,218)	(199,222)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	30	(14,114,278)	-
Payments for property, plant and equipment	11	(42,916)	-
Payments for intangibles	12	(897,696)	-
Net cash used in investing activities		(15,054,890)	-
Cash flows from financing activities			
Proceeds from issue of shares	18	8,665,576	11,864,845
Share issue transaction costs		(311,945)	(341,730)
Proceeds from borrowings		50,054	-
Net cash from financing activities		8,403,685	11,523,115
Net increase/(decrease) in cash and cash equivalents		(7,370,423)	11,323,893
Cash and cash equivalents at the beginning of the financial year		11,323,893	-
Cash and cash equivalents at the end of the financial year	8	3,953,470	11,323,893

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

Note 1. General information

The financial statements cover Integrated Payment Technologies Limited as a Group consisting of Integrated Payment Technologies Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (together are referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Integrated Payment Technologies Limited's functional and presentation currency.

Integrated Payment Technologies Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1, Level 5
28 Margaret Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 11 August 2017. The directors have the power to amend and reissue the financial statements.

Note 2. Adoption of AASB 1 'First time adoption of Australian Accounting Standards'

As a non-reporting entity, the Group has historically prepared 'special purpose financial statements' for the purposes of satisfying the directors reporting requirements under Corporations Act 2001. As a disclosing entity, the Group is now required to prepare general purpose financial statements complying with Australian Accounting Standards for the first time for the year ended 30 June 2017. In accordance with AASB 1 'First time adoption of Australian Accounting Standards' the Group has adopted all relevant IFRS standards with effect from the beginning of the comparative period, 9 March 2016. The adoption of AASB 1 has not resulted in any changes in recognition or measurement of amounts in the financial statements.

Note 3. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

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.

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 Group'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 4.

Note 3. Significant accounting policies (continued)

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Integrated Payment Technologies Limited as at 30 June 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the consolidated group and specific criteria for each of the activities.

Revenue is recognised for the major business activities as follows:

Facility fees and transaction fees
Fees for the provision of services are recognised as revenue as the services are rendered.

Float interest
Float interest income comprises interest income on funds held over the standard processing period. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Other revenue
Other revenue is measured at the value of the consideration received or receivable.

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.

Note 3. Significant accounting policies (continued)

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.

Integrated Payment Technologies Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

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 Group'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 Group'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.

Cash and cash equivalents

Cash and cash equivalents includes 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 3. Significant accounting policies (continued)

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	Over the lease term
Plant and equipment	60%
Office equipment	20% - 60%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 3. Significant accounting policies (continued)

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents
Significant costs associated with patents are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of the underlying patent.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

Client relationships
Significant costs associated with client relationships are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of five years.

Research costs and assets under development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Amortisation commences when the asset is available for use, that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Note 3. Significant accounting policies (continued)

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill and assets under development are tested annually for impairment, or more frequently if 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.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group 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.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 3. Significant accounting policies (continued)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

Note 3. Significant accounting policies (continued)

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Integrated Payment Technologies Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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.

Note 3. Significant accounting policies (continued)

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

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 Group for the annual reporting period ended 30 June 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 but it is not expected to significantly impact the financial statements on the basis that the main financial assets recognised represent cash and cash equivalent and trade receivables that do not carry a significant financing component and involve a single cash flow representing the repayment of principal, which in the case of trade receivables is the transaction price. Both asset classes will continue to be measured at face value. Other financial asset classes are not material to the Group. Financial liabilities of the Group are not impacted as the Group does not carry them at fair value.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 and assesses there will be no material impacts to the Group.

Note 3. Significant accounting policies (continued)

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019. Based on the leases at the reporting date, the Group does not believe this change in standard will materially affect the Group given that the leases are short-term in nature.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group 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. 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.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 3. The recoverable amount of the cash-generating unit has been determined based on calculations to determine fair value less cost of disposal. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group 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.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Capitalised software development costs
Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Note 5. Operating segments

The Group is organised into one operating segment, commercialises the process in the patents granted and applied for to link data with payments services, and operates in one geographical segment, Australia.

The information reported to the Board of Directors (being the Chief Operating Decision Makers ('CODM')), are the results as shown in the statement of profit or loss and other comprehensive income and statement of financial position in this Annual Report.

The directors have determined that there are no operating segments identified for the year which are considered separately reportable.

Major customers
During the year ended 30 June 2017 approximately $550,000 (30 June 2016: nil) of the Group's external revenue was derived from sales to one customer.

Note 6. Expenses

	Consolidated	
	Year to 30 Jun 2017 $	Period from 9 Mar 2016 to 30 Jun 2016 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	4,382	-
Plant and equipment	6,156	-
Office equipment	460	-
Total depreciation	10,998	-
Amortisation		
Patents	30,591	-
Software	666,340	-
Client relationships	1,024,720	-
PayVu	6,278	-
Total amortisation	1,727,929	-
Total depreciation and amortisation	1,738,927	-
Finance costs		
Interest and finance charges paid/payable	4,482	-
Rental expense relating to operating leases		
Minimum lease payments	102,265	-
Superannuation expense		
Defined contribution superannuation expense	157,654	-

Note 7. Income tax benefit

	Consolidated Year to 30 Jun 2017 $	Consolidated Period from 9 Mar 2016 to 30 Jun 2016 $
Income tax benefit		
Income tax paid during the year	100	-
Deferred tax - origination and reversal of temporary differences	(1,051,427)	-
Increased deferred tax asset from equity for capital raising costs	179,761	-
Aggregate income tax benefit	(871,566)	-
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 13)	(641,539)	-
Decrease in deferred tax liabilities (note 17)	(409,888)	-
Deferred tax - origination and reversal of temporary differences	(1,051,427)	-
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(2,900,944)	(36,922)
Tax at the statutory tax rate of 27.5% (2016: 30%)	(797,760)	(11,077)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	936	-
Cost of Employee Option Scheme	59,405	-
ASX listing expenses	3,998	-
	(733,421)	(11,077)
Current year tax losses not recognised	-	11,077
Prior year tax losses not recognised now recouped	100	-
Adjustment to deferred tax balances as a result of change in statutory tax rate	(128,090)	-
Adjustment recognised for prior periods	(10,155)	-
Income tax benefit	(871,566)	-

Note 8. Current assets - cash and cash equivalents

	Consolidated 30 Jun 2017 $	Consolidated 30 Jun 2016 $
Cash at bank	942,652	323,893
Cash on deposit	3,010,818	11,000,000
	3,953,470	11,323,893

Note 9. Current assets - trade and other receivables

	Consolidated	
	30 Jun 2017 $	30 Jun 2016 $
Trade receivables	192,438	-
Other receivables	780	-
Receivable from related parties	-	627
Goods and services tax receivable	7,288	52,827
Prepayments	36,100	15,495
Accrued income	-	24,109
	236,606	93,058

Impairment of receivables
The Group has recognised a loss of $nil (2016: $nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2017.

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $19,763 as at 30 June 2017 ($nil as at 30 June 2016).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	30 Jun 2017 $	30 Jun 2016 $
3 to 6 months overdue	17,143	-
Over 6 months overdue	2,620	-
	19,763	-

Note 10. Current assets - other

	Consolidated	
	30 Jun 2017 $	30 Jun 2016 $
Other current assets	-	113,857

Note 11. Non-current assets - property, plant and equipment

	Consolidated 30 Jun 2017 $	Consolidated 30 Jun 2016 $
Leasehold improvements - at cost	25,081	-
Less: Accumulated depreciation	(4,382)	-
	20,699	-
Plant and equipment - at cost	14,662	-
Less: Accumulated depreciation	(6,156)	-
	8,506	-
Office equipment - at cost	3,173	-
Less: Accumulated depreciation	(460)	-
	2,713	-
	31,918	-

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $	Plant and equipment $	Office equipment $	Total $
Balance at 9 March 2016	-	-	-	-
Balance at 30 June 2016	-	-	-	-
Additions	25,081	14,662	3,173	42,916
Depreciation expense	(4,382)	(6,156)	(460)	(10,998)
Balance at 30 June 2017	20,699	8,506	2,713	31,918

Note 12. Non-current assets - intangibles

	Consolidated 30 Jun 2017 $	Consolidated 30 Jun 2016 $
Goodwill - at cost	6,755,549	-
Patents and trademarks - at cost	584,061	-
Less: Accumulated amortisation	(30,591)	-
	553,470	-
Software - at cost	3,331,702	-
Less: Accumulated amortisation	(666,340)	-
	2,665,362	-
Client relationships - at cost	5,123,600	-
Less: Accumulated amortisation	(1,024,720)	-
	4,098,880	-
PayVu - at cost	716,032	-
Less: Accumulated amortisation	(6,278)	-
	709,754	-
Assets under development - at cost	61,706	-
	14,844,721	-

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $	Patents and trademarks $	Software $	Client relation-ships $	PayVu $	Assets under develop-ment $	Total $
Balance at 9 March 2016	-	-	-	-	-	-	-
Balance at 30 June 2016	-	-	-	-	-	-	-
Additions	-	143,554	-	-	716,032	61,706	921,292
Additions through business combinations (note 30)	6,755,549	440,507	3,331,702	5,123,600	-	-	15,651,358
Amortisation expense	-	(30,591)	(666,340)	(1,024,720)	(6,278)	-	(1,727,929)
Balance at 30 June 2017	6,755,549	553,470	2,665,362	4,098,880	709,754	61,706	14,844,721

Assets under development
PayVu stage 2 commenced on the 14 June 2017 and is the only costs under development.

Impairment tests for goodwill
Goodwill acquired through business combinations have been allocated to and are tested at the level of their respective cash generating units (CGUs), for impairment testing.

Note 12. Non-current assets - intangibles (continued)

For the purpose of impairment testing, ClickSuper, Payment Adviser and PayVu are assessed as one CGU due to the fact that the businesses utilises the same software and operate in the same premise where various resources and costs are shared. Therefore, they do not operate independently and are considered as one CGU (the 'Payments' CGU). Therefore, goodwill has been wholly allocated to the Payments CGU. There are no other indefinite life intangible assets(Payment CGU).

Key assumptions used in DCF calculations
The recoverable amount of the CGU is calculated as the higher of the CGU's value in use and its fair value less cost of disposal. Management has calculated the fair cost less cost of disposal of the Payment CGU. The primary valuation methodology was a discounted cash flow (DCF) analysis.

The calculation of fair value less cost of disposal in use for the Payments CGU was most sensitive to the following assumptions:
– Revenue growth from new services STP and PayVu
– Revenue growth from existing clients
– Discount rates

Revenue growth is based on the forecast for years ending 30 June 2018 and 2019 financial year as well as management assessment over the forecast period to June 2022. Forecast revenue for 2018 and 2019 is based on management expectation that by July 2018 we will be able to convert all existing ClickSuper users to STP and attract significant new clients from our existing payroll providers that will increase our current income by approximately 50%.

PayVu bookkeeper's service has forecast to have 10,000 user by June 2018 and 28,000 users by 2019.

For the years 2020 to 2022 the average annual revenue growth thereafter is assumed to average 22.4%p.a. All revenue streams are expected to contribute 5%p.a. growth for this period, with the exception of PayVu bookkeeper which is budgeted to have 100,000 clients by 30 June 2022.

Revenue forecast and growth assumptions	FY18 %/$	FY19 %	FY20 %	FY21 %	FY22 %
Existing Client - excl. Xero	36%	47%	5%	5%	5%
PayVu Bookkeepers	$372,000	410%	108%	59%	37%
PayVu SME's	$110,150	581%	5%	5%	5%
STP-Existing clients	$357,706	365%	5%	5%	5%
STP-New clients	$499,662	412%	5%	5%	5%
Total Cost of Sales	(29%)	(4%)	5%	5%	5%
Total Operating Expenses	(10%)	(1%)	3%	3%	3%

Revenue Assumptions/Description

Existing Clients excluding Xero
The growth trend from of existing clients from 1 July 2015 to 30 June 2017 has been applied to 2018 and 2019 forecasts with a revenue growth of 5% for the remaining forecast period.

PayVu Bookeepers
This is a new service that fully automates the payment process by using secure authorisation process.

It will be launched in October 2017 and it is forecast to have 10,000 users by June 2018 increasing to 28,000 by June 2019.For June 2022 it is forecast to increase to 100,000.

PayVu SME's
This service targets individual users that have employed accounts/bookkeeper/business owner and have a small number of ABN's. By June 2018 it is forecast to have 3,000 users growing to 9,000 by June 2018, then by 5% for the forecast period.

Note 12. Non-current assets - intangibles (continued)

STP-Existing Clients
Single Touch Payroll (STP) is a new service that is regulated by the ATO to commencement from 1 July 2018 for employers with 20 or more employees. Employers can opt-in from July 2017.By October 2017 ClickSuper will add STP to their current service with an additional fee.

We expect a gradual take up of the service with most of the growth coming in the 6 months to June 2018.The growth in 2019 is based on 90% of clients utilising the service by June 2018 and the income flowing into 2019 year.

STP-New Clients
The requirements for STP should lead to increase in new clients. The forecast for 2018 is based on the same assumptions as Existing clients and the forecast assumes a 50% increase in the income of existing clients.

Cost of Sales
Due to the change in Xero's arrangements and Superstream change in returns from Superannuation funds it is forecast a significant reduction in banking fees.

Discount and long term growth rates
Discount rates represent the current market assessment of the risks specific to the Group, taking into account the time value of money and specific risk of the underlying assets that have not been incorporated into the cash flow estimates. The discount rate is calculated using the weighted average cost of capital (WACC) and reflect management's estimation of the time value of money and specific risk estimated for the Group. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. It incorporates a beta factor to reflect the specific risk associated with the industries in which the Group operates. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. A pretax discount rate of 17.66% p.a. was applied in the valuation model.

It is assumed for the purpose of the analysis that the long term growth rate (terminal rate) will equate to the long term average growth rate of the national economy. Management estimates this to be 2.5% p.a. The sensitivity analysis concluded that changing this rate to reflect possible lower growth projections would not materially impact the valuations.

Costs of disposal have been estimated by management at 5% in determining fair value less costs of disposal.

Fair value less costs of disposal is measured using some inputs that are not based on observable market data. Therefore they are deemed level three within the fair value hierarchy as per AASB 13 Fair Value Measurement.

Sensitivity to changes in assumptions
Management believes that any reasonable possible change in the key assumptions on which the CGU revocable amount is based would not cause the carrying amount to exceed its recoverable amount.

Forecast revenue needs to reduce by slightly more than 50% over the 5 year forecast period before the recoverable amount of the CGU would exceed the fair value less costs of disposal, and therefore be impaired.

Note 13. Non-current assets - deferred tax asset

	Consolidated	
	30 Jun 2017	30 Jun 2016
	$	$
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	317,512	-
Employee benefits	35,624	-
Accrued expenses	16,606	-
Business establishment expenses	8,801	-
Costs of capital raising	125,013	-
Costs of Initial Public Offer	133,879	-
ASX listing and transaction costs	4,104	-
Deferred tax asset	641,539	-
Movements:		
Credited to profit or loss (note 7)	641,539	-

Note 14. Current liabilities - trade and other payables

	Consolidated	
	30 Jun 2017	30 Jun 2016
	$	$
Trade payables	90,540	44,043
Payable to related party	-	572
Accrued expenses	58,335	-
Other payables	46,426	-
	195,301	44,615

Refer to note 22 for further information on financial instruments.

Note 15. Current liabilities - borrowings

	Consolidated	
	30 Jun 2017	30 Jun 2016
	$	$
Subordinated loan	50,000	-

Refer to note 22 for further information on financial instruments.

The subordinated loan is from RAJG unit trust and accrued interest at 8% for Clicksuper Pty Ltd. On acquisition of Clicksuper Pty Ltd the loan existed. The loan is a tri-party agreement with ASIC and for repayment, we will require ASIC approval.

Note 16. Current liabilities - employee benefits

	Consolidated 30 Jun 2017 $	Consolidated 30 Jun 2016 $
Annual leave	89,967	-
Long service leave	39,574	-
	129,541	-

Note 17. Non-current liabilities - deferred tax liability

	Consolidated 30 Jun 2017 $	Consolidated 30 Jun 2016 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Client relationships	1,127,192	-
Deferred tax liability	1,127,192	-
Movements:		
Credited to profit or loss (note 7)	(409,888)	-
Additions through business combinations (note 30)	1,537,080	-
Closing balance	1,127,192	-

Note 18. Equity - issued capital

	Consolidated 30 Jun 2017 Shares	Consolidated 30 Jun 2016 Shares	Consolidated 30 Jun 2017 $	Consolidated 30 Jun 2016 $
Ordinary shares - fully paid	154,420,149	98,873,678	20,056,507	11,523,115

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Issue of shares on incorporation	9 March 2016	4	$1.000	4
Issue of shares	17 May 2016	98,873,674	$0.120	11,864,841
Less: share issue transaction costs		-		(341,730)
Balance	30 June 2016	98,873,678		11,523,115
Issue of shares	5 July 2016	30,546,471	$0.120	3,665,576
Issue of shares	14 December 2016	25,000,000	$0.200	5,000,000
Less: share issue transaction costs		-		(132,184)
Balance	30 June 2017	154,420,149		20,056,507

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.

Note 18. Equity - issued capital (continued)

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.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Management assesses the Group's capital requirements in order to maintain an efficient overall funding structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 19. Equity - share option reserve

	Consolidated	
	30 Jun 2017 $	30 Jun 2016 $
Share option reserve	216,013	-

Share option reserve
The reserve is used to recognise the value of equity benefits provided to employees as part of their remuneration.

Note 20. Equity - accumulated losses

	Consolidated	
	30 Jun 2017 $	30 Jun 2016 $
Accumulated losses at the beginning of the financial year	(36,922)	-
Loss after income tax benefit for the year	(2,029,378)	(36,922)
Accumulated losses at the end of the financial year	(2,066,300)	(36,922)

Note 21. Equity - dividends

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

Franking credits

The Group has not paid income tax and there are no franking credits.

Note 22. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group'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 Group. The Group 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. The Group does not use derivative financial instruments to manage 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 Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk, price risk and interest rate risk
The Group is not exposed to any significant foreign exchange risk, price risk or interest rate risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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 Group does not hold any collateral.

The Group is not exposed to any significant credit risk.

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

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

Note 22. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Group'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 - 30 Jun 2017	Weighted average interest rate %	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	-	90,540	-	-	-	90,540
Other payables	-	46,426	-	-	-	46,426
Interest-bearing - fixed rate						
Subordinated loan	8.00%	50,000	-	-	-	50,000
Total non-derivatives		186,966	-	-	-	186,966

Consolidated - 30 Jun 2016	Weighted average interest rate %	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	-	44,043	-	-	-	44,043
Other payables	-	572	-	-	-	572
Total non-derivatives		44,615	-	-	-	44,615

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

Note 23. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 24. Key management personnel disclosures

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

	Consolidated	
	Year to 30 Jun 2017 $	Period from 9 Mar 2016 to 30 Jun 2016 $
Short-term employee benefits	597,722	-
Post-employment benefits	56,784	-
Share-based payments	216,013	-
	870,519	-

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated	
	Year to 30 Jun 2017 $	Period from 9 Mar 2016 to 30 Jun 2016 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	93,000	10,000
Other services - network firms		
Due diligence - IPO	70,000	20,000
Taxation advice on options	2,950	-
	72,950	20,000

Note 26. Contingent liabilities

The Group has given bank guarantees as at 30 June 2017 of $nil (2016: $nil) to various landlords.

Note 27. Commitments

	Consolidated	
	30 Jun 2017 $	30 Jun 2016 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	25,293	-

Note 28. Related party transactions

Parent entity
Integrated Payment Technologies Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	30 Jun 2017 $	30 Jun 2016 $
Current payables:		
Payable to ClickSuper Unit Trust	-	572

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	Year to 30 Jun 2017 $	Period from 9 Mar 2016 to 30 Jun 2016 $
Loss after income tax	(2,257,093)	(36,921)
Total comprehensive income	(2,257,093)	(36,921)

Note 29. Parent entity information (continued)

Statement of financial position

	Parent	
	30 Jun 2017 $	30 Jun 2016 $
Total current assets	4,189,917	11,530,808
Total assets	19,249,471	11,530,808
Total current liabilities	143,773	44,615
Total liabilities	1,270,965	44,615
Equity		
Issued capital	20,056,507	11,523,114
Share option reserve	216,013	-
Accumulated losses	(2,294,014)	(36,921)
Total equity	17,978,506	11,486,193

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 30 June 2017 and 30 June 2016.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 and 30 June 2016.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 3, except for the following:
- Investments in subsidiaries 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 30. Business combinations

On 5 July 2016, the Group acquired all the assets of the Payment Adviser Group and 100% of the shares in Payment Adviser Pty Ltd. Additionally on 7 July 2017, the Group acquired 100% of ClickSuper Pty Ltd and Jagwood Pty Ltd. There were no transaction costs as they were paid by Payment Adviser Group.

The goodwill of $6,755,549 that arose on the combination is expected to be derived from the continued commercialisation of the Group's technology and patents. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

The amounts contributed to revenue and profit and loss from the business combination are equivalent to those reported in the statement of profit or loss and other comprehensive income as the Group did not trade prior to the business combination being effected.

Had the transaction occurred on 1 July 2016 the Group's revenue and net profit or loss for the year would not have been materially different to those amounts reported in the statement of profit or loss and other comprehensive income.

The fair values identified in relation to the acquisitions are final as at 30 June 2017.

Note 30. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	21,544
Patents and trademarks	440,507
Software	3,331,702
Client relationships	5,123,600
Deferred tax liability	(1,537,080)
Net assets acquired	7,380,273
Goodwill	6,755,549
Acquisition-date fair value of the total consideration transferred	14,135,822
Representing:	
Cash paid or payable to vendor	14,135,822
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	14,135,822
Less: cash and cash equivalents	(21,544)
Net cash used	14,114,278

Note 31. 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 3:

		Ownership interest	
Name	Principal place of business / Country of incorporation	30 Jun 2017 %	30 Jun 2016 %
ClickSuper Pty Ltd	Australia	100.00%	-
Jagwood Pty Ltd	Australia	100.00%	-
Payment Adviser Pty Ltd	Australia	100.00%	-

Note 32. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated Year to 30 Jun 2017 $	Consolidated Period from 9 Mar 2016 to 30 Jun 2016 $
Loss after income tax benefit for the year	(2,029,378)	(36,922)
Adjustments for:		
Depreciation and amortisation	1,738,927	-
Share-based payments	216,013	-
Amortisation of IPO costs	179,761	-
Non-cash expenses	(27,551)	-
Non-cash interest	3,901	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(143,548)	(93,058)
Increase in deferred tax assets	(641,539)	-
Decrease/(increase) in other operating assets	113,857	(113,857)
Increase in trade and other payables	150,686	44,615
Decrease in deferred tax liabilities	(409,888)	-
Increase in employee benefits	122,846	-
Increase in other provisions	6,695	-
Net cash used in operating activities	(719,218)	(199,222)

Note 33. Earnings per share

	Consolidated Year to 30 Jun 2017 $	Consolidated Period from 9 Mar 2016 to 30 Jun 2016 $
Loss after income tax attributable to the owners of Integrated Payment Technologies Limited	(2,029,378)	(36,922)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	142,715,530	39,029,086
Weighted average number of ordinary shares used in calculating diluted earnings per share	142,715,530	39,029,086
	Cents	Cents
Basic earnings per share	(1.422)	(0.095)
Diluted earnings per share	(1.422)	(0.095)

7,500,000 share options deemed to be issued for no consideration in respect of share based payments have been excluded from the above calculation for diluted earnings per share at 30 June 2017 as their inclusion would be anti-dilutive due to the loss for the year.

Note 34. Share-based payments

Employee Share Option Plan

Option Plan Rules

The Board approved the Integrated Payment Technologies Limited Employee Share Option Plan ('ESOP' or 'Plan') on 18 August 2016. The Plan is governed by the Plan rules ('Plan Rules'), a summary of which is set out below.

Persons eligible to participate in the Plan are, in relation to the Company or an associated body corporate of the Company, full-time or part-time employees (including executive directors), non-executive directors and contractors and casual employees who satisfy various conditions set out in the Plan ('Eligible Persons').

The Plan was established to enable the Group to retain and attract skilled and experienced employees, contractors and directors and provide them with the motivation to make the Group more successful. The Plan is designed to support interdependence between the Company and Eligible Persons for their long-term mutual benefit.

Under the Plan, an option is a right to subscribe for or acquire a share. Unless otherwise determined by the Board, no payment is required for the grant of options under the Plan.

The Board at its sole discretion may invite any Eligible Person selected by it ('Participant') to complete an application relating to a specified number of options allocated to that Eligible Person by the Board.

An offer by the Board shall specify the date of grant, the total number of options granted, exercise price and exercise period for the options and any other matters the Board determines, including exercise conditions attaching to the options. Subject to the discretion of the Board, an Eligible Person may renounce an offer under the Plan in favour of a permitted nominee.

Options granted under the Plan are not capable of being transferred or encumbered by a Participant, unless the Board determines otherwise.

Options do not carry any voting or dividend rights. Shares issued or transferred to Participants on exercise of an option carry the same rights and entitlements as other issued shares, including dividend and voting rights.

The Company has no obligation to apply for quotation of the options on the ASX.

In general terms, options granted under the Plan may only be exercised if the exercise conditions have been met or are waived by the Board, the exercise price has been paid to the Company and the options are exercised within the exercise period relating to the option. An option granted under the Plan may not be exercised once it has lapsed.

An option may be exercised, whether or not any or all applicable exercise conditions have been met, on the occurrence of a predominant control event, being, in general terms, where a person owns at least 90% of the issued ordinary share capital of the Company following an offer by the person for the whole of the issued share capital of the Company.

The Company will apply to ASX for official quotation of shares issued upon exercise of options granted under the Plan so long as the shares are quoted on the Official List of ASX at that time.

The Company may financially assist a person to pay any exercise price for an option, subject to compliance with the provisions of the Corporations Act and the Listing Rules relating to financial assistance.

If a Participant ceases to be a director, an employee or a contractor of any member of the Group due to his or her resignation, dismissal for cause or poor performance or in any other circumstances determined by the Board:
(i) all options held by the relevant Participant as at the date of cessation which are vested options will automatically lapse on the date of cessation, unless the Board determines otherwise, in which event the Board will determine the period within which those options may be exercised following the date of cessation (and the exercise period is amended accordingly), after which those options will immediately lapse; and
(ii) all other options granted to that Participant will lapse as at the date of cessation.

Note 34. Share-based payments (continued)

On liquidation of the Company, all options which are not vested options will automatically lapse.

If, in the opinion of the Board, a Participant has acted fraudulently or dishonestly, the Board may determine that any option granted to that Participant should lapse, and the option will lapse accordingly.

If an option has not lapsed earlier, it will lapse at the end of the exercise period.

If the Company or any member of the Group has an obligation in relation to a tax liability associated with the grant or vesting of any option ('Tax Liability'), then the Company may sell a sufficient number of shares, post vesting or exercise of the option, to cover the Tax Liability. A Participant may enter into alternative arrangements, if acceptable to the Board, to settle any Tax Liability.

In the event of any reconstruction of the share capital of the Company, the number of options to which each Participant is entitled and/or the exercise price of those options must be reconstructed in accordance with the Listing Rules. Options must be reconstructed in a manner which will not result in any additional benefits being conferred on Participants which are not conferred on other shareholders of the Company.

Holders of options issued under the Plan may only participate in new issues of securities by the Company if they have first exercised their options within the relevant exercise period and become a shareholder of the Company prior to the relevant record date and are then only entitled to participate in relation to shares of which they are the registered holder.

If there is a pro rata issue (except a bonus issue), the exercise price of an option will be reduced according to a formula in the Plan Rules which reflects the formula in Listing Rule 6.22.2.

If there is a bonus issue the number of shares over which an option can be exercised will be increased commensurately.

Options may not be granted and/or shares may not be allotted and issued, acquired, transferred or otherwise dealt with under the Plan if to do so would contravene the Corporations Act or any other applicable laws or regulations.

If and to the extent any rule of the Plan is inconsistent with the Listing Rules, if the Listing Rules apply to the Company at the relevant time, the Listing Rules will prevail in all respects to the extent of the inconsistency.

The Board may terminate or suspend the operation of the Plan at any time. In passing a resolution to terminate or suspend the operation of the Plan or to supplement or amend these rules, the Board must consider and endeavour to ensure that there is fair and equitable treatment of all Participants. No amendment may be made which is inconsistent with the Listing Rules.

On termination of the Plan, no compensation under any contract of employment, consultancy or directorship between an Eligible Person and a member of the Group will arise as a result.

The Plan Rules also contain customary and usual terms having regard to Australian law for dealing with administration and costs of the Plan.

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

30 Jun 2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/12/2016	14/12/2020	$0.200	-	7,500,000	-	-	7,500,000
			-	7,500,000	-	-	7,500,000
Weighted average exercise price			$0.000	$0.200	$0.000	$0.000	$0.200

The weighted average share price during the financial year was $0.16.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.5 years.

Note 34. Share-based payments (continued)

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
14/12/2016	14/12/2020	$0.200	$0.200	79.40%	-	1.50%	$0.135

The expense of the options issued during the period was $216,013.

Terms and conditions of option grants
The terms and conditions on which the options are granted to Robin Beauchamp and Nathan Thomas are set out below:

Grant Date - The business day immediately prior to the date the Company is admitted to the Official List of the ASX (the Grant Date).

Number of options:
(a) 5,000,000 options to Robin Beauchamp, the Chief Executive Officer if the Maximum Subscription of $5,000,000 is met (or 4,500,000 Options if the Minimum Subscription is met but the Maximum Subscription is not met),separated into three equal tranches; and
(b) 2,500,000 options to Nathan Thomas, the Chief Operating Officer, separated into three equal tranches.

Exercise Price - 20 cents per option, as determined in accordance with the Plan Rules.

Vesting Dates - As identified below for each respective tranche of options.

Exercise Period - Begins on the relevant Vesting Date for each respective tranche of options (identified below) and ends four years after the Grant Date (as amended in accordance with the Plan Rules).

Exercise Conditions - As set out below for each respective tranche of options.

Forfeiture Conditions - As identified in the Plan Rules.

Tranche 1
Proportion of options - 33.3% of aggregate number of options
Vesting dates - The Tranche 1 options will vest on the date that the Exercise Conditions for the Tranche 1 options are satisfied or are waived by the Board.
Exercise conditions - The Exercise Conditions for the Tranche 1 options are satisfaction of both the following:
(a) commencement of official quotation of the Company’s ordinary shares on ASX; and
(b) achievement of any one of the following:
(i) the Market Share Price (being the volume weighted average market price of Shares sold on ASX on the 10 trading days immediately before the determination date) ('Market Share Price') of an ordinary share in the Company is equal to or greater than A$0.30 calculated as at the determination date of 30 June 2017; or
(ii) the Market Share Price of an ordinary share in the Company is equal to or greater than A$0.40 calculated as at the determination date of 30 June 2018; or
(iii) the Market Share Price of an ordinary share in the Company is equal to or greater than A$0.50 calculated as at the determination date of 30 June 2019.

Note 34. Share-based payments (continued)

Tranche 2
Proportion of options - 33.3% of aggregate number of options
Vesting dates - The Tranche 2 options will vest on the date that the Exercise Conditions for the Tranche 2 options are satisfied or are waived by the Board.
Exercise conditions - The Exercise Conditions for the Tranche 2 options are satisfaction of both the following:
(a) commencement of official quotation of the Company’s ordinary shares on ASX; and
(b) achievement of any one of the following:
(i) the Market Share Price of an ordinary share in the Company is equal to or greater than A$0.40 calculated as at the determination date of 30 June 2018; or
(ii) the Market Share Price of an ordinary share in the Company is equal to or greater than A$0.50 calculated as at the determination date of 30 June 2019.

Tranche 3
Proportion of options - 33.3% of aggregate number of options
Vesting dates - The Tranche 3 options will vest on the date that the Exercise Conditions for the Tranche 3 options are satisfied or are waived by the Board.
Exercise conditions - The Exercise Conditions for the Tranche 3 options are satisfaction of both the following:
(a) commencement of official quotation of the Company’s ordinary shares on ASX; and
(b) the Market Share Price of an ordinary share in the Company is equal to or greater than A$0.50 calculated as at the determination date of 30 June 2019.

Note 35. Events after the reporting period

Apart from the Xero changed arrangements, as disclosed in the 'Business overview' section, no other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 3 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2017 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

Don Sharp
Executive Chairman

11 August 2017
Sydney

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Independent Auditor's Report
to the Members of Integrated Payment Technologies Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Integrated Payment Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b 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 independence requirements of 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* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

GrantThornton

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Acquisition accounting – Note 3 and Note 31	
During the current financial year the Group carried out a business combination as disclosed in Note 31. Consideration for the acquisition of the business and selected assets was for $14.1M. The transaction has been accounted for under AASB 3 *Business Combinations* ("AASB 3"). Accounting for this transaction is a complex and judgemental exercise requiring management to determine the fair value of acquired assets and liabilities, in particular determining the allocation of purchase consideration to goodwill and separately identifiable intangible assets such as customer contracts and relationships. This area is a key audit matter due to the judgements and estimates required in determining the appropriate accounting treatment, including estimating fair values of net assets acquired.	Our procedures included, amongst others: • reviewing and assessing management's accounting entries with reference to the acquisition agreements; • evaluating the assumptions and methodology used by management and the management's expert engaged by the Group in calculating the fair value of identifiable net assets at acquisition; • testing the mathematical accuracy of management's accounting entries; • assessing the competence, capabilities and objectivity of management's expert and assessing the reasonableness of their conclusions; • considering the appropriateness of the Group's determination of the final fair value adjustments at 30 June 2017 and comparing them to the provisionally reported value at 31 December 2016; and • assessing the adequacy of the related disclosures in the financial report.
Capitalisation of software development costs – Note 3 and Note 12	
During the current financial year the Group capitalised $777,740 of costs related to the development of its PayVu software. AASB 138 *Intangible Assets* ("AASB 138") sets out specific criteria to be met in order to capitalise development costs. Assumptions and judgements are required in determining whether the recognition criteria of AASB 138 have been met. This is a key audit matter due to the subjectivity and management judgement applied in the assessment of whether costs meet the recognition criteria of AASB 138.	Our procedures included, amongst others: • assessing the Group's accounting policy for capitalisation of software development costs for adherence to AASB 138; • agreeing a sample of amounts capitalised, such as internal salary costs and external contractor invoices, to supporting documentation and checking to ensure those amounts met the recognition criteria of AASB 138; • considering the reasonableness of useful lives applied; and • assessing the adequacy of the related disclosures in the financial report.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible assets – refer to Note 3 and Note 12	
The Group has significant investments in goodwill and other intangible assets that are associated with its ongoing business operations. In accordance with AASB 136 *Impairment of Assets* ("AASB 136"), management performs an annual impairment review of goodwill and an impairment assessment of other intangible and fixed assets when there are indicators of impairment. Assumptions and judgements are required in conducting an impairment assessment and in the current year the Group engaged an independent valuation specialist to perform an impairment analysis of the carrying value of goodwill. This is a key audit matter due to the assumptions and judgement exercised in forecasting and discounting future cash flows and in calculating whether impairment exists.	Our procedures included, amongst others: • assessing managements determination of the Group's Cash Generating Unit "CGUs" based on our understanding of the nature of the Group's business; • assessing management's allocation of goodwill to the identified CGUs; • obtaining the impairment assessment prepared by the independent valuer and, together with our valuation specialists, assessing the competence, capabilities and objectivity of the valuer; • assessing the reasonableness of the independent valuers' conclusions with regard to the key assumptions in the impairment model including checking mathematical accuracy, forecast future cash flows and the appropriateness of discount and growth rates, whilst considering the risk of management bias in the preparation of the financial information making up the forecast future cash flows; • performing sensitivity analysis over key assumptions; and • assessing the adequacy of the related disclosures in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, 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 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, 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 Group's ability 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 have 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

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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 at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Integrated Payment Technologies Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M Leivesley

M R Leivesley
Partner - Audit & Assurance

Sydney, 11 August 2017

The shareholder information set out below was applicable as at 22 July 2017.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Total number securities	Number of security holders
1 to 1,000	7	2,472
1,001 to 5,000	15	52,532
5,001 to 10,000	61	580,706
10,001 to 100,000	216	7,568,995
100,001 and over	109	146,215,444
	408	154,420,149
Holding less than a marketable parcel	17	30,103

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
VALEBARK PTY LTD < SCULLY INVESTMENT TRUST >	19,508,384	12.63
S & F FINANCIAL SERVICES PTY LTD	16,666,667	10.79
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,486,173	8.73
STARMAY SUPERANNUATION PTY LTD < STARMAY SFUND COLIN SCULLY AC >	10,953,000	7.09
BNP PARIBAS NOMS PTY LTD < DRP >	8,904,000	5.77
STARMAY SUPERANNUATION PTY LTD < STARMAY SFUND DON SHARP PENSION AC >	8,432,163	5.46
J P MORGAN NOMINEES AUSTRALIA LIMITED	6,716,289	4.35
DONALD FINANCIAL ENTERPRISES PTY LTD < THE ELYSUM TRUST >	6,428,567	4.16
VALEBARK PTY LTD < THE SCULLY INVESTMENT TRUST >	5,658,334	3.66
GJB QLD PTY LTD	4,166,667	2.70
THE TONG FAMILY PTY LTD < TONG FAMILY SUPERFUND A/C >	3,601,786	2.33
CITICORP NOMINEES PTY LIMITED < COLONIAL FIRST STATE INV A/C >	2,906,461	1.88
NATIONAL NOMINEES LIMITED	2,251,907	1.46
TWD CO PTY LIMITED < R & R SUPERANNUATION FUND >	2,042,600	1.32
TORRES INDUSTRIES PTY LIMITED	2,000,000	1.30
MR GRAHAM JOHN BAILEY + MRS ANNETTE MAREE BAILEY < BAILEY S/F A/C >	1,125,000	0.73
MRS BROOKE LASHWOOD + MR DANIEL LASHWOOD + MRS LINDA SHARP < BMS SUPERANNUATION FUND A/C >	1,050,000	0.68
TORRES INDUSTRIES PTY LIMITED	1,000,000	0.65
RNAJ PTY LTD < RNAJ STAGG SUPER FUND A/C >	1,000,000	0.65
PADDY INVESTMENTS PTY LTD < ROHAN INVESTMENT A/C >	960,000	0.62
	118,857,998	76.96

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	7,500,000	2

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Robin Beauchamp	Options	5,000,000
Nathan Thomas	Options	2,500,000

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Don Sharp and associated entities	31,527,397	20.42
Colin Scully and associated entities	36,119,717	23.39
Integrated Payment Technologies Limited	28,582,290	18.51
Acorn Capital Limited	13,078,534	8.47

The Company is a substantial holder of itself. It has a relevant interest in 28,582,290 ordinary shares. The relevant interest has arisen as it is a party to a number of ASX mandatory restriction agreements with its shareholders under which the relevant shareholders are prohibited from disposing of its shares for a prescribed period of time.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Number of shares
Ordinary shares	19 December 2018	28,582,290
Unlisted options	19 December 2018	5,000,000
		33,582,290

Directors	Donald ('Don') Sharp - Executive Chairman Robin Beauchamp - Executive Director and Chief Executive Officer Jonathon ('Jake') Wynne - Non-Executive Director
Company secretary	Jillian McGregor
Notice of annual general meeting	The details of the annual general meeting of Integrated Payment Technologies Limited are: Grant Thornton Level 17 383 Kent Street Sydney NSW 2000 11.00 am on Friday 8 September 2017
Registered office	Level 5 28 Margaret Street Sydney NSW 2000 Tel: +61 2 8090 1130
Share register	Registry Direct Level 6 2 Russell Street Melbourne VIC 3000 Tel: 1300 556 635 (within Australia) Tel: +61 3 9020 7934 (outside Australia)
Auditor	Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney NSW 2000
Solicitors	Coleman Greig Lawyers Level 11 100 George Street Parramatta NSW 2150
Stock exchange listing	Integrated Payment Technologies Limited shares are listed on the Australian Securities Exchange (ASX code: IP1)
Website	www.inpaytech.com.au
Business objectives	Integrated Payment Technologies Limited has used cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.
Corporate Governance Statement	The corporate governance statement which is approved at the same time as the Annual Report can be found at: https://inpaytech.com.au/corporate-governance-statement/

InPayTech

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