InPayTech

Integrated Payment Technologies Limited

ACN. 611 202 414

ASX Code IP1(one)

Annual Report for the year ended 30 June 2019

Dear Shareholder,

On behalf of the Directors of Integrated Payment Technologies Limited (the Company, InPayTech or IP1) we are pleased to announce the results for the Company for the year ended 30 June 2019.

The NPBT for the year ended 30 June 2019 was a loss of $12,969,059 (2018 loss $3,087,152).

The EBITDA after including the non-cash cost of impairment loss and non-cash share option costs was a loss of $1,168,473 (2018 loss $756,924).

Year In Review - Significant changes in the state of affairs

To better align InPayTech resources and core competencies with new and existing market opportunities, the business model has been refined. This notably includes exiting the Bill Exchange business and redeploying resources to ClickSuper and PayVu, respectively. It should be noted that PayVu's single process for all business payments and greater functionality and enhanced security make Bill Exchange redundant.

Further, additional capital was successfully raised during April 2019 via a 1 for 1 non-renounceable rights issue to:

- Finalise the incorporation of valuable feedback from the PayVu Early Adopter Program and facilitate greater scalability for bookkeepers and their clients; and
- Assist with the repositioning of ClickSuper to include Single Touch Payroll as part of a complete turnkey compliance solution for a wider market.

Finally, greater capabilities in development and quality assurance have been built and the senior leadership team has been reorganised to better align capabilities with experience, the strategic direction of the business and identified growth opportunities.

Patents

The InPayTech patent was approved in the United States of America (USA) during the year ending 30 June 2019. InPayTech holds patents in the USA, China, Japan, Singapore, Hong Kong, South Africa and New Zealand. InPayTech has patents pending in Canada and Australia where we have patent protection up to the time they are allowed/disallowed.

Business Model

Our business uses the patented process of linking data to payments, with all of our services (ClickSuper, Payment Adviser and PayVu) sharing and re-using software components to deliver services to their respective markets.

ClickSuper SuperStream and Single Touch Payroll

ClickSuper provides a complete turnkey solution to SuperStream and Single Touch Payroll compliance for superannuation funds, payroll, accounting and enterprise resource planning software.

Single Touch Payroll has been a catalyst for ClickSuper to reposition in an attempt to engage a wider market, augment current functionality and provide additional services to existing clients and their end customers.

Payment Adviser

Payment Adviser provides a service which is used for non-payroll related payments e.g. invoice payments. The service is positioned to benefit from growth in the small business loans market with an existing client. Further the Payment Adviser service may be used in the future to repurpose existing software and functionality for the peer to peer lending market.

PayVu

PayVu provides bookkeepers, accountants, offshore support services and other professional advisory providers with the ability to provide a complete business payment solution that is scalable while simultaneously reducing the risk and rework traditionally associated with payment bureau services.

This transformative solution enables bookkeepers and other professional advisory providers to remove low value contact between stakeholders from the payment process and enables business owners to easily approve and reject recommended payments via their smart phone.

Over the last 6 months PayVu functionality has been enhanced and simplified with the benefit of feedback from the Early Adopter Program. These priority enhancements have delayed the development, testing and subsequent integration with MYOB AccountRight and QuickBooks.

A Partner Program has been finalised and released to reward accountants, bookkeepers and other professional advisory partners for actively promoting PayVu to existing and potential clients.

Bookkeepers continue to be the primary target market for PayVu, as bookkeeping services continue to grow. Aggregating the responses of the Xero bookkeepers we have contacted to date delivers an estimate of over 15,000 ABNs. While Australia is the first region PayVu has been released, the Company believes the fundamental business problems PayVu solves are common in overseas markets. Therefore, InPayTech intends to investigate the possible deployment of PayVu in other regions in the future.

Yours sincerely,

Don Sharp
Executive Chairman

Dean Martin
Chief Executive Officer

29 August 2019

Background

In 2016 InPayTech acquired the companies and patent rights of Payment Adviser Group (PAG), an Australian company which launched a proprietary service designed to radically simplify the way data and payments are issued and processed by linking transaction data to an electronic banking payment.

The process of bringing the service to market began in 2004 – from concept stage, through research and development to the launch phase in late 2008.

The technology platform was first deployed in the superannuation industry with the launch of ClickSuper (www.clicksuper.com.au), originally developed in partnership with Cuscal Limited. ClickSuper is an e-commerce solution designed to simplify the superannuation contribution and rollover process. Leveraging the PAG technology, ClickSuper linked electronic payments with electronic data creating a quick, simple, pre-reconciled and validated process.

Recognising PAG's expertise and commitment to the Federal Government's progressive introduction of legislation to implement Stronger Super, the ClickSuper service was transitioned over to PAG by Cuscal in January 2013. As a result ClickSuper Pty Ltd was established and has 100% ownership of the ClickSuper service.

ClickSuper now processes superannuation contributions and Single Touch Payroll (STP) reports on behalf of tens of thousands of employers throughout Australia.

Aware of the increased security and scrutiny required by SuperStream with the launch of STP, ClickSuper has delivered a modular and integrated solution enabling superannuation funds and payroll providers to easily migrate and upgrade their client offering from a simple portal to an integrated application programming interface (API) solution with ClickSuper.

ClickSuper's API enables a solution for super funds and payroll providers looking to deliver greater automation and enhanced security for their clients. At the same time ClickSuper's portal based solution allows superannuation funds and payroll providers to provide a complete SuperStream and STP solution with a simple upgrade path to a full API solution as and when required.

InPayTech holds patents covering our process which have been granted in the United States, China, Japan, Hong Kong, Singapore, New Zealand and South Africa and are pending in Canada and Australia where we have patent protection up to the time they are allowed/disallowed.

In 2014 PAG launched the Payment Adviser service which focusses on the automated payment of invoices. The service uses the patented process to process payments worth many millions of dollars every month for customers ranging from a disruptor in the business lending space through to an SME service provided by one of the top four accounting firms.

Business Model

InPayTech's business is founded on our patented process which allows an unlimited amount of data to be linked to a payment and accessed by the receiver via a number of methods with improved security. For example the data can be 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 PayVu).

Building on the **Process** InPayTech has developed core competencies in delivering elegant and automated payment solutions with enhanced security for superannuation, payroll, bookkeeping and any aggregated payment application.

ClickSuper, the first application of the **Process,** continues to be a leading SuperStream and STP solution provide to the payroll industry and enables our existing and new clients to provide a single compliance process to employers. STP has been a catalyst to repositioning ClickSuper with the purpose of engaging a wider market.

The second application of the patented **Process** was the Payment Adviser service which is used for non-payroll related payments e.g. invoice payments. In addition to business lending and accounting services, to facilitate growth, Payment Adviser is considering the peer to peer lending sector.

PayVu, is effectively the third application of the **Process**. It brings together the functionality of ClickSuper and Payment Adviser, combining them with an interface to the API's of cloud based accounting/payroll software products to provide a single process for all business payments.

Future Growth Opportunities

ClickSuper

It should be noted that most superannuation funds currently provide a portal based SuperStream processing solution which compels employers to export employees' personal and private information outside of password protected, access controlled and audit logged business management systems like payroll software.

ClickSuper's complete SuperStream and STP solution offers a simple upgrade path to provide end clients enhanced cyber security via our integrated application programing interface (API). This removes the weakest link in the cyber security chain, employers' desktop or shared drives. Simply put, ClickSuper's API solution removes the need for exporting personal and private information outside of accounting, payroll and Enterprise Resource Planning (ERP) systems for SuperStream and STP processing.

With the current heightened focus on the security of personal and private information, which is transferred as part of SuperStream and STP processing, ClickSuper has potential growth opportunities with superannuation funds and payroll service providers. Further, the Notifiable Data Breaches scheme (NDB) is expected to drive employers to demand greater security for their employees' personal and private information when processing SuperStream and STP data.

Payment Adviser

Payment Adviser's business loan market has been growing and will underpin growth plans as the service may be expanded into the peer to peer lending market with enhanced functionality.

PayVu

PayVu provides a scalable complete accounts payable solution for bookkeepers and accountants which enables them to offer a payment bureau to all their customers via a single process with enhanced security.

Providing a single automated process, without the need for significant low value contact between bookkeepers and their clients, enables PayVu to save time per pay run per client. It allows bookkeepers to provide a complete payment bureau service including payroll and superannuation payments.

During July 2019, to integrate feedback from early adopters and open PayVu to a greater total addressable market, a PayVu "scalability release" was completed. The scalability release provided or enhanced the below key functionality in an attempt to make the PayVu service transformative for bookkeepers, accountants and all payment bureau:

1. Streamlined registration, with simplified multifactor authentication set-up
2. Removal of all low value contact in the payments process between bookkeepers and business owners
3. True separation of duties with bookkeeper managing the accounts and recommending payments and the business owner authorising and rejecting payments in accordance with their cash-flow requirements on any given day
4. Enhanced cybersecurity, removing the export and e-mail, or export and upload, of financial data outside of password and access controlled systems, with full audit functionality i.e. accounting systems
5. Full automation and synchronisation of payments with the accounting system, e.g. when suppliers or superannuation funds are paid, or unpaid, PayVu updates the accounting system and notifies suppliers via e-mail and funds using the ClickSuper Gateway.

It should be noted that superannuation is processed using a contribution model called "Employer Direct" which meets all the compliance and messaging requirements of SuperStream via the Australian Taxation Office's ('ATOs') mandated Gateway network while making payments direct to the fund so employees' accounts are credited the same day. The Employer Direct contribution model re-establishes the relationship between the employer and the super fund by removing the Clearing House as an intermediary.

As the New Payment Platform (NPP) and near real time payments become the norm, employees and superannuation fund members will expect and demand their contributions payments be invested promptly and efficiently without transitioning through a Clearing House which introduces additional steps resulting in employee/member money not being invested as quickly as possible.

Addressable Market

There has been continued growth in the number of bookkeeper services provided in Australia. Aggregating the responses of the Xero bookkeepers we have contacted to date delivers an estimate of over 15,000 ABNs InPayTech could target for PayVu services over the 2019/2020 FY.

PayVu has three price plans. The Small plan costs $20 per month and includes 30 payments, the Medium plan costs $30 and includes 130 payments while the Large plan costs $40 for an unlimited number of payments. A limited free trial is available and entry to a Partner program is offered to Bookkeepers or Accountants with 5 or more PayVu customers.

PayVu Marketing

- 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 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 may achieve higher retirement savings as funds invested earlier than using a 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, MYOB pending)
- Displays payment 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 2019.

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 Technology Officer
Paul Collins (appointed 19 October 2018)
Jonathon Wynne (resigned 19 October 2018)

Principal activities

During the financial year the principal activities of the Group consisted of operating the following businesses:

- 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.

- PayVu incorporates Clicksuper and Payment Adviser functionality which is integrated with accounting cloud based software to give a seamless way to make payments and record the transactions in accounting system.

- Jagwood which has patents granted in Asia (i.e. 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.

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 $13,022,078 (30 June 2018: $2,554,325).

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

Significant changes in the state of affairs

On 18 April 2019, the Company issued 77,070,611 new shares in relation to the 1 for 1 non-renounceable pro rata entitlement offer at an offer price of $0.01 per share raising a total of $770,706 for the institutional offer component.

On 22 May 2019, the Company issued 77,349,538 new shares in relation to the 1 for 1 non-renounceable pro rata entitlement offer at an offer price of $0.01 per share raising a total of $773,495 for the retail offer component.

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

The Group has issued 15,000,000 options under the Employee Share Option Plan Scheme on 31 July 2019.

The proposed option terms are (subject to the Employee Share Option Plan rules):

- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is 3.5 centrs ($0.035) per option;
- option vests 12 months from the date of the grant of the options if:
  (i) the market price of the ordinary share in the Company is at least $0.035; and
  (ii) the relevant employee remains in employment with the Company or its subsidiaries; and
- exercise period ends 3 years after the date of grant of the options.

The Company’s full Employee Share Option Plan rules were disclosed to the ASX on 16 December 2016.

No other matter or circumstance has arisen since 30 June 2019 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 Chairman and Chief Executive Officer's letter as well as the Business Overview sections 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. Don is 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).
Other current directorships:	Executive Chairman of Xplore Wealth Limited formerly known as Managed Accounts Holdings Limited (ASX: XPL).
Former directorships (last 3 years):	None
Special responsibilities:	Member of Nomination and Remuneration Committee and Audit, Risk and Compliance Committee
Interests in shares:	88,424,874 ordinary shares indirectly held
Interests in options:	None

Name:	Robin Beauchamp
Title:	Chief Technology 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:	4,141,290 shares indirectly held
Interests in options:	5,000,000 options over ordinary shares

Name:	Paul Collins (appointed 19 October 2018)
Title:	Non-Executive Director
Qualifications:	B.Sc., GAICD
Experience and expertise:	Paul has extensive experience with publicly listed technology companies. Over the last 20 years, Paul has been extensively and directly involved in the start-up and subsequent ASX listing of 2 successful FinTech companies. A co-founder of IWL in 1997, he was an Executive Director of this company from its inception, through its listing in 1999 (ASX: IWL) before leaving in 2004. Later in 2004, Mr Collins was a co-founder and Executive Director of Xplore Wealth Limited formerly known as Managed Accounts Holdings Ltd which listed on the ASX in 2014 (ASX: MGP). He chaired the Audit, Risk and Compliance Committees of MGP from 2009 until 2016.
Other current directorships:	ReadCloud Limited (ASX: RCL).
Former directorships (last 3 years):	Former Non-executive Director of Xplore Wealth Limited (ASX: XPL) (formerly known as Managed Account Holdings Limited)
Interests in shares:	8,353,334 shares indirectly held 20,040 shares directly held

Name:	Jonathon ('Jake') Wynne (resigned 19 October 2018)
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:	Former Chairman of Nomination and Remuneration Committee and Audit, Risk and Compliance Committee
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director

'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') and of each Board committee held during the year ended 30 June 2019, 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	12	12	1	1	8	8
Robin Beauchamp	12	12	-	-	8	8
Paul Collins	10	10	1	1	6	6
Jonathan Wynne	3	3	-	-	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

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 $60,000 plus superannuation guarantee contribution for each non-executive director. A chair of a Board Committee also receives an additional $15,000 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 three 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').

Employee Share Option Plan
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 full-time or part-time employees (including executive directors), non-executive directors and contractors and casual employees of the Group 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, unless otherwise determined by the Board, no payment is required for the grant of options under the Plan. An offer by the Board shall specify the terms and conditions of the grant at its discretion. An Eligible Person may renounce an offer under the Plan in favour of a permitted nominee. Options granted under the Plan may not otherwise be transferred or encumbered by a Participant, unless the Board determines otherwise.

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, vested options held by the Participant will automatically lapse on the date of cessation, unless the Board determines otherwise. All unvested options will lapse at the date of cessation.

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 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, pro rate issue, or bonus issue of shares, the number of options to which each Participant is entitled and/or the exercise price of those options will be adjusted accordingly pursuant to the Plan.

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. 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.

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

Use of remuneration consultants
During the financial year ended 30 June 2019, the Group did not engage any remuneration consultants to review its remuneration policies.

Voting and comments made at the Company's 2018 Annual General Meeting ('AGM')
At the 23 November 2018 AGM, 99.0% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

The key management personnel of the Group consisted of the directors of Integrated Payment Technologies Limited and the following person:

- Dean Martin - Chief Executive Officer (appointed 12 August 2018)
- Nathan Thomas - Chief Operating Officer (resigned 8 February 2019)

Amounts of remuneration

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

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2019	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
Paul Collins*	41,957	-	-	3,986	-	-	45,943
Jonathon Wynne**	18,261	-	-	1,735	-	-	19,996
Executive Directors:							
Donald Sharp	75,000	-	-	7,125	-	-	82,125
Robin Beauchamp	273,973	-	-	26,027	9,132	266,199	575,331
Other Key Management Personnel:							
Dean Martin*	156,012	-	-	14,821	7,610	-	178,443
Nathan Thomas**	123,212	-	-	15,833	-	-	139,045
	688,415	-	-	69,527	16,742	266,199	1,040,883

* Remuneration disclosed is for the period from appointment to 30 June 2019.
** Remuneration disclosed is for the year to the date of resignation.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2018	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
Jonathon Wynne	60,000	-	-	5,700	-	-	65,700
Executive Directors:							
Donald Sharp	75,000	-	-	7,125	-	-	82,125
Robin Beauchamp	296,897	-	-	25,830	9,132	264,744	596,603
Other Key Management Personnel:							
Nathan Thomas	200,000	-	-	19,999	-	132,372	352,371
	631,897	-	-	58,654	9,132	397,116	1,096,799

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2019	2018	2019	2018	2019	2018
Non-Executive Directors:						
Paul Collins	100%	-	-	-	-	-
Jonathon Wynne	100%	100%	-	-	-	-
Executive Directors:						
Donald Sharp	100%	100%	-	-	-	-
Robin Beauchamp	100%	56%	-	-	-	44%
Other Key Management Personnel:						
Dean Martin	100%	-	-	-	-	-
Nathan Thomas	100%	62%	-	-	-	38%

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 Technology Officer
Agreement commenced:	5 July 2016
Details:	$273,973 per annum plus $26,027 superannuation. Employment notice of 3 months.

Name:	Paul Collins
Title:	Non-Executive Director
Agreement commenced:	19 October 2018
Details:	$60,000 per annum plus $5,700 superannuation.

Name:	Dean Martin
Title:	Chief Executive Officer
Agreement commenced:	12 August 2018
Details:	$182,648 per annum plus $17,351 superannuation. Employment notice of 3 months.

Notice and termination provisions of up to three months are required where key management personnel leave, or in the event of serious misconduct of key management personnel, the Group may sever the agreement without notice. Leave entitlements are as per the applicable employment standards and legislation. 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 2019.

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	$0.196	$0.135

Options granted carry no dividend or voting rights.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2019.

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	33,259,437	-	55,165,437	-	88,424,874
Robin Beauchamp	2,070,645	-	2,070,645	-	4,141,290
Paul Collins	-	-	8,373,374	-	8,373,374
Jonathon Wynne	833,340	-	-	(833,340)	-
Nathan Thomas	2,568,685	-	-	(2,568,685)	-
Dean Martin	-	-	-	-	-
	38,732,107	-	65,609,456	(3,402,025)	100,939,538

Donald Sharp also has an interest in 10,953,000 ordinary shares in the Company held by Starmay Superannuation Pty Ltd as trustee for the Starmay Super Fund A/C Colin Scully. Donald Sharp has voting power in Starmay Superannuation Pty Ltd in excess of 20% (relevant interest by virtue of section 608(3) of the Corporations Act 2001 (cth)).

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	Exercised as remuneration	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	-	-	(2,500,000)	5,000,000

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	$0.196	5,000,000

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
The Group has issued 15,000,000 options under the Employee Share Option Plan Scheme on 31 July 2019.

The proposed option terms are (subject to the Employee Share Option Plan rules):
- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- $nil consideration is payable for the option grant;
- exercise price is 3.5 cents ($0.035) per option;
- option vests 12 months from the date of the grant of the options if:
  (i) the market price of the ordinary share in the Company is at least $0.035; and
  (ii) the relevant employee remains with the Company or its subsidiaries; and
- exercise period ends 3 years after the date of grant of the options.

The Company's full Employee Share Option Plan rules were disclosed to the ASX on 16 December 2016.

No other matter or circumstance has arisen since 30 June 2019 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.

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 21 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 note 21 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

29 August 2019
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 2019, 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M R Leivesley
Partner – Audit & Assurance

Sydney, 29 August 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue			
Service fees	5	1,727,694	1,693,456
Other income		67,663	81,280
		1,795,357	1,774,736
Less transaction costs		(449,680)	(456,011)
Gross margin		1,345,677	1,318,725
Interest income		24,978	53,642
Expenses			
Employee benefits expense		(1,468,849)	(1,173,810)
Consulting fees		(276,891)	(153,333)
Depreciation and amortisation expense	6	(2,070,404)	(1,933,112)
Impairment of goodwill and other intangible assets	11	(9,667,694)	-
Conference and marketing		(271,544)	(275,942)
Premises expense		(101,696)	(97,527)
Patents		(6,950)	(3,631)
Research and development costs		(44,290)	(92,904)
Share-based payments	29	(61,823)	(397,116)
ASX Listing costs		(42,278)	(31,195)
Other expenses		(326,630)	(300,398)
Finance costs	6	(665)	(551)
Loss before income tax (expense)/benefit		(12,969,059)	(3,087,152)
Income tax (expense)/benefit	7	(53,019)	532,827
Loss after income tax (expense)/benefit for the year attributable to the owners of Integrated Payment Technologies Limited		(13,022,078)	(2,554,325)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Integrated Payment Technologies Limited		(13,022,078)	(2,554,325)
		Cents	Cents
Basic earnings per share	28	(7.294)	(1.654)
Diluted earnings per share	28	(7.294)	(1.654)

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

	Note	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents	8	1,460,240	1,956,210
Trade and other receivables	9	264,041	543,632
Total current assets		1,724,281	2,499,842
Non-current assets			
Plant and equipment	10	31,747	27,297
Intangibles	11	3,546,657	14,072,817
Deferred tax asset	12	563,596	892,568
Total non-current assets		4,142,000	14,992,682
Total assets		5,866,281	17,492,524
Liabilities			
Current liabilities			
Trade and other payables	13	244,153	158,910
Deferred government grant	14	67,991	270,654
Employee benefits		222,584	168,555
Total current liabilities		534,728	598,119
Non-current liabilities			
Deferred government grant		135,000	-
Deferred tax liability	15	563,596	845,394
Total non-current liabilities		698,596	845,394
Total liabilities		1,233,324	1,443,513
Net assets		4,632,957	16,049,011
Equity			
Issued capital	16	21,600,708	20,056,507
Share option reserve		674,952	613,129
Accumulated losses		(17,642,703)	(4,620,625)
Total equity		4,632,957	16,049,011

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 1 July 2017	20,056,507	216,013	(2,066,300)	18,206,220
Loss after income tax benefit for the year	-	-	(2,554,325)	(2,554,325)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,554,325)	(2,554,325)
Transactions with owners in their capacity as owners:				
Share option reserve	-	397,116	-	397,116
Balance at 30 June 2018	20,056,507	613,129	(4,620,625)	16,049,011

Consolidated	Issued capital $	Share option reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2018	20,056,507	613,129	(4,620,625)	16,049,011
Loss after income tax expense for the year	-	-	(13,022,078)	(13,022,078)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(13,022,078)	(13,022,078)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 16)	1,544,201	-	-	1,544,201
Share-based payments (note 29)	-	61,823	-	61,823
Balance at 30 June 2019	21,600,708	674,952	(17,642,703)	4,632,957

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

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,034,732	1,761,676
Payments to suppliers and employees (inclusive of GST)		(2,882,828)	(2,631,538)
		(848,096)	(869,862)
Interest received		24,978	53,642
Interest and other finance costs paid		(665)	(551)
Net cash used in operating activities	27	(823,783)	(816,771)
Cash flows from investing activities			
Payments for plant and equipment	10	(14,174)	(4,200)
Payments for intangibles	11	(1,202,214)	(1,126,289)
Net cash used in investing activities		(1,216,388)	(1,130,489)
Cash flows from financing activities			
Proceeds from issue of shares	16	1,544,201	-
Repayment of borrowings		-	(50,000)
Net cash from/(used in) financing activities		1,544,201	(50,000)
Net decrease in cash and cash equivalents		(495,970)	(1,997,260)
Cash and cash equivalents at the beginning of the financial year		1,956,210	3,953,470
Cash and cash equivalents at the end of the financial year	8	1,460,240	1,956,210

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 29 August 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced 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 that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are 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 or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, 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 use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using 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. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are 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. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Initial adoption of AASB 9
The Group adopted AASB 9 from 1 July 2018 but there was no impact on the financial statements on the basis that the main financial assets recognised represented cash and cash equivalents 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. 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.

The following table and accompanying notes below explain the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of the Group's financial assets as at 1 July 2018.

Financial assets	Original classification	New classification	Change in carrying amount
Cash and cash equivalents	Loans and receivables	Amortised cost	No impact on transition to AASB 9
Trade and other receivables	Loans and receivables	Amortised cost	No impact on transition to AASB 9

Impairment of receivables
The Group has elected to measure loss allowances on trade receivables using a life-time expected loss model. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. As the Group does not have a history of bad debts, the allowance has been calculated at $nil.

The Group has determined that the application of AASB 9's impairment requirement at 1 July 2018 did not result in a change.

Initial adoption of AASB 15
The Group has several revenue streams. Facility fees and transaction fees fall under AASB 15.

Under AASB 15, revenue is recognised when the performance obligation has been satisfied. Determining the timing of revenue recognition, at a point in time or over time, requires judgement.

The Group has determined that facility fees are recognised as revenue over time as the services are rendered based on a fixed price. Facility fees are support and infrastructure fees for access to ClickSuper support and infrastructure for clients and channel partners. Transaction fees are recognised as revenue at a point in time as the service is performed.

The Group has determined that the adoption of AASB 15 did not have any impact at all on the financial performance or position of the Group during year ended 30 June 2019.

Going concern
The financial statements has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. For the year ended 30 June 2019, the Group recorded a loss before income tax benefit, impairment of intangibles, amortisation and depreciation and share-based payments of $1,168,743 (2018: loss of $756,924); showed net cash outflows from investing activities of $1,216,388 (2018: $1,130,489) and net cash outflows from operating activities of $823,783 (2018: $816,771). The net assets of the Group as at 30 June 2019 were $4,632,957 (2018: $16,049,011).

Note 2. Significant accounting policies (continued)

The ability of the Group to meet its commitments and to develop its projects or divest for a profit is dependent upon the Group to improve its operations and raise capital. The directors have considered that the Group plans to undertake capital raising to fund its medium term capital needs in their assessment of the future funding of the Group.

The directors are of the opinion that the Group will continue to obtain additional capital when business requires and accordingly have prepared the financial statements on a going concern basis.

In the unlikely scenario that the Group is not able to obtain additional capital as and when required, there is a material uncertainty that may cast significant doubt upon the Group’s ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in these financial statements.

At the date of approval of these financial statements, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements at 30 June 2019. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classifications of liabilities that might be necessary.

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 3.

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 25.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Integrated Payment Technologies Limited as at 30 June 2019 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.

Note 2. Significant accounting policies (continued)

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:

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

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

Facility fees and transaction fees
Facility fees are recognised as revenue over time as the services are rendered based on a fixed price. Transaction fees are recognised as revenue at a point in time as the service is performed.

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.

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 2. Significant accounting policies (continued)

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.

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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Note 2. Significant accounting policies (continued)

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 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 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.

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. 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.

Note 2. Significant accounting policies (continued)

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.

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.

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. 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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

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.

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 2019. 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 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. Thus, impact will be $nil.

Note 3. Critical accounting judgements, estimates and assumptions

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

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 has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amount of the cash-generating unit have 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.

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 4. Operating segments

The Group is organised into one operating segment relating to the commercialisation of the process underlying the patents granted and applied for to link data with payments services. It operates in the one geographical segment of Australia.

The information reported to the Board of Directors (being the Chief Operating Decision Makers ('CODM')) consists of the results as shown in the statement of profit or loss and other comprehensive income and statement of financial position in this Annual Report and has therefore not been replicated as segment disclosure.

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 2019 and 30 June 2018 there were no significant sales to one major customer.

Note 5. Revenue

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2019 $
Major product lines	
ClickSuper	1,715,905
Payment Adviser	11,789
	1,727,694
Timing of revenue recognition	
Services transferred at a point in time	1,383,723
Services transferred over time	343,971
	1,727,694

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been provided for disaggregation of revenue.

Note 6. Expenses

	Consolidated 2019 $	Consolidated 2018 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	3,211	3,932
Plant and equipment	6,093	4,373
Office equipment	420	516
Total depreciation	9,724	8,821
Amortisation		
Patents	24,952	24,954
Software	666,340	666,341
Client relationships	1,024,720	1,024,720
PayVu	344,668	208,276
Total amortisation	2,060,680	1,924,291
Total depreciation and amortisation	2,070,404	1,933,112
Finance costs		
Interest and finance charges paid/payable	665	551
Rental expense relating to operating leases		
Minimum lease payments	101,696	97,527
Superannuation expense		
Defined contribution superannuation expense	174,485	157,629

Note 7. Income tax expense/(benefit)

	Consolidated 2019 $	Consolidated 2018 $
Income tax expense/(benefit)		
Current tax expense	5,845	-
Deferred tax - origination and reversal of temporary differences	47,174	(532,827)
Aggregate income tax expense/(benefit)	53,019	(532,827)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 12)	328,972	(251,029)
Decrease in deferred tax liabilities (note 15)	(281,798)	(281,798)
Deferred tax - origination and reversal of temporary differences	47,174	(532,827)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit	(12,969,059)	(3,087,152)
Tax at the statutory tax rate of 27.5%	(3,566,491)	(848,967)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of intangibles	2,658,616	-
Permanent differences	391,737	198,921
Share-based payments	16,831	109,207
	(499,307)	(540,839)
Adjustment recognised for prior periods	552,326	8,012
Income tax expense/(benefit)	53,019	(532,827)

Note 8. Current assets - cash and cash equivalents

	Consolidated 2019 $	Consolidated 2018 $
Cash at bank	198,609	173,258
Cash on deposit	1,261,631	1,782,952
	1,460,240	1,956,210

Note 9. Current assets - trade and other receivables

	Consolidated 2019 $	Consolidated 2018 $
Trade receivables	154,585	122,380
Other receivables	2,170	1,759
Research and development receivables	-	352,793
Goods and services tax receivable	41,426	14,392
Prepayments	65,860	52,308
	264,041	543,632

Allowance for expected credit losses
The Group has recognised a loss of $nil (2018: $nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2019.

Note 10. Non-current assets - plant and equipment

	Consolidated 2019 $	Consolidated 2018 $
Leasehold improvements - at cost	25,081	25,081
Less: Accumulated depreciation	(11,525)	(8,314)
	13,556	16,767
Plant and equipment - at cost	33,036	18,862
Less: Accumulated depreciation	(16,622)	(10,529)
	16,414	8,333
Office equipment - at cost	3,173	3,173
Less: Accumulated depreciation	(1,396)	(976)
	1,777	2,197
	31,747	27,297

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 1 July 2017	20,699	8,506	2,713	31,918
Additions	-	4,200	-	4,200
Depreciation expense	(3,932)	(4,373)	(516)	(8,821)
Balance at 30 June 2018	16,767	8,333	2,197	27,297
Additions	-	14,174	-	14,174
Depreciation expense	(3,211)	(6,093)	(420)	(9,724)
Balance at 30 June 2019	13,556	16,414	1,777	31,747

Note 11. Non-current assets - intangibles

	Consolidated 2019 $	Consolidated 2018 $
Goodwill - at cost	6,755,549	6,755,549
Less: Impairment	(6,755,549)	-
	-	6,755,549
Patents and trademarks - at cost	792,349	682,362
Less: Accumulated amortisation	(80,497)	(55,545)
Less: Impairment	(320,960)	-
	390,892	626,817
Software - at cost	3,331,702	3,331,702
Less: Accumulated amortisation	(1,999,021)	(1,332,681)
Less: Impairment	(600,879)	-
	731,802	1,999,021
Client relationships - at cost	5,123,600	5,123,600
Less: Accumulated amortisation	(3,074,160)	(2,049,440)
Less: Impairment	(924,052)	-
	1,125,388	3,074,160
PayVu - at cost	1,723,337	1,723,337
Less: Accumulated amortisation	(559,222)	(214,554)
Less: Impairment	(524,876)	-
	639,239	1,508,783
Assets under development - at cost	1,200,714	108,487
Less: Impairment	(541,378)	-
	659,336	108,487
	3,546,657	14,072,817

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 1 July 2017	6,755,549	553,470	2,665,362	4,098,880	709,754	61,706	14,844,721
Additions	-	98,301	-	-	945,599	108,487	1,152,387
Transfers in/(out)	-	-	-	-	61,706	(61,706)	-
Amortisation expense	-	(24,954)	(666,341)	(1,024,720)	(208,276)	-	(1,924,291)
Balance at 30 June 2018	6,755,549	626,817	1,999,021	3,074,160	1,508,783	108,487	14,072,817
Additions	-	109,987	-	-	-	1,092,227	1,202,214
Impairment of assets	(6,755,549)	(320,960)	(600,879)	(924,052)	(524,876)	(541,378)	(9,667,694)
Amortisation expense	-	(24,952)	(666,340)	(1,024,720)	(344,668)	-	(2,060,680)
Balance at 30 June 2019	-	390,892	731,802	1,125,388	639,239	659,336	3,546,657

Note 11. Non-current assets - intangibles (continued)

Assets under development
PayVu stage 4 commenced on the 1 June 2018 and is the only costs under development in the current year (2018: PayVu stage 4 commenced on the 1 June 2018 and is the only costs under development 2018).

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

For the purpose of impairment testing of goodwill, 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.

Following that the release of the PayVu has been delayed, management has recalculated the recoverable amount of the intangibles as at 30 June 2019. An impairment loss of $9,667,694 was recognised. Firstly, reducing the carrying amount of goodwill to $nil in December 2018. Following the impairment of Goodwill, the Group recalculated the recoverable amount as at 30 June 2019, which resulted in reducing cllients relationships to $1,125,388, Computer Software to $731,802, and Patents to $390,879. Other intangible assets that were impaired as at 30 June 2019 are PayVu software stage 1, PayVu software stage 2, PayVu software stage 3 and PayVu Software stage 4. There carrying amount is reduced to $232,465, $205,897, $200,877 and $659,336 respectively.

In the light of AASB 136, para 104, impairment is to be apportioned first to any remaining goodwill, which was fully impaired in December 2018. Therefore, impairment was apportioned on pro-rata basis to the remaining assets.

In allocating the impairment loss, the Group has reduced the carrying amount of the CGU below the highest of:
- fair value less cost of disposal;
- value in use; and
- zero.

The standard notes that if it is not practicable to estimate the recoverable amount of each individual asset of a CGU, an arbitrary allocation of impairment loss must be used. Therefore, the Group has allocated the impairment as per the following table:

	Original value $	Allocation of impairment loss $	New carrying value as at 30 June 2019 $
Trademark	24	(11)	13
Patents	711,828	(320,949)	390,879
Computer Software:	1,332,681	(600,879)	731,802
Clients Relationships	2,049,440	(924,052)	1,125,388
Payvu stage 1	423,342	(190,876)	232,466
Payvu stage 2	374,957	(169,061)	205,896
Payvu stage 3	365,817	(164,939)	200,878
Payvu stage 4 (asset under development)	1,200,714	(541,378)	659,336
	6,458,803	(2,912,145)	3,546,658

The recoverable amount of the Payment CGU was determined based on a fair value less cost of disposal, consistent with the methods used as at 30 June 2018.

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.

Note 11. Non-current assets - intangibles (continued)

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 existing clients;
- Revenue growth from new service PayVu; and
- Discount rates.

Revenue growth is based on the forecast for half-year ending 31 December 2019 and Financial Year ending 30 June 2020 as well as management assessment over the forecast period to June 2023.

PayVu bookkeeper's service has forecast to have 1,000 users by December 2019 and 6,825 users by 2020.

For the years 2021 to 2023 the average annual revenue growth thereafter is assumed to average 10% p.a. with the exception of PayVu Bookkeepers which is budgeted to have 17,000 clients by 30 June 2023.

The PayVu pricing based on the number of users hasn't changed between periods.

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

Cost of Sales
Due to the 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 pre-tax discount rate of 17.66% p.a. (2018: 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.

The following table sets out the summary key assumptions for the Payment CGU:

Forecasts	30 Jun 2019	31 Dec 2018
Existing Clients	FY20 to FY23 is increased by 5% p.a.%	FY20 to FY23 is increased by 5% p.a.
PayVu – number of bookkeepers	Dec19 is 1,000 FY20 is 6,825 FY21 is increased by 12% FY22 to FY23 is increased by 10% p.a.	Dec19 is 1,600 FY20 is 12,000 FY21 is increased by 13% FY22 to FY23 is increased by 12% p.a.
Discount rates - weighted average cost of capital (WACC)	17%	17%

Note 11. Non-current assets - intangibles (continued)

Sensitivity to changes in assumptions

Management believes that any reasonable possible change in the key assumptions would result in further impairment. If there is a 2% reduction in key assumptions like Revenue Growth in existing clients or the PayVu Bookkeepers income this would result in $485,000 further impairment of CGU. Similarly, if there is a 2% change in WACC this will have a direct impact on the Carrying Value and the CGU will be impaired further by $158,000.

Note 12. Non-current assets - deferred tax asset

	Consolidated 2019 $	2018 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	425,961	800,477
Plant and equipment	(67,933)	(169,892)
Employee benefits	58,900	46,353
Accrued expenses	18,700	17,036
Costs of capital raising	58,977	89,061
Costs of Initial Public Offer	66,939	106,455
ASX listing and transaction costs	2,052	3,078
Deferred tax asset	563,596	892,568
Movements:		
Opening balance	892,568	641,539
Credited/(charged) to profit or loss (note 7)	(328,972)	251,029
Closing balance	563,596	892,568

Note 13. Current liabilities - trade and other payables

	Consolidated 2019 $	2018 $
Trade payables	117,330	56,479
Accrued expenses	50,980	61,950
Other payables	75,843	40,481
	244,153	158,910

Refer to note 18 for further information on financial instruments.

Note 14. Current liabilities - deferred government grant

	Consolidated 2019 $	2018 $
Deferred government grant	67,991	270,654

Note 15. Non-current liabilities - deferred tax liability

	Consolidated 2019 $	2018 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Client relationships	563,596	845,394
Deferred tax liability	563,596	845,394
Movements:		
Opening balance	845,394	1,127,192
Credited to profit or loss (note 7)	(281,798)	(281,798)
Closing balance	563,596	845,394

Note 16. Equity - issued capital

	Consolidated 2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	308,840,298	154,420,149	21,600,708	20,056,507

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2017	154,420,149		20,056,507
Balance	30 June 2018	154,420,149		20,056,507
Issue of shares - entitlement offer	18 April 2019	77,070,611	$0.010	770,706
Issue of shares - retail offer	22 May 2019	77,349,538	$0.010	773,495
Balance	30 June 2019	308,840,298		21,600,708

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

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

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

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.

Note 16. Equity - issued capital (continued)

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.

The capital risk management policy remains unchanged from the 2018 Annual Report.

Note 17. 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 18. 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 has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

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

The Group is not exposed to any significant credit risk.

Note 18. Financial instruments (continued)

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.

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 - 2019	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	-	117,330	-	-	-	117,330
Other payables	-	75,843	-	-	-	75,843
Total non-derivatives		193,173	-	-	-	193,173

Consolidated - 2018	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	-	56,479	-	-	-	56,479
Other payables	-	40,481	-	-	-	40,481
Total non-derivatives		96,960	-	-	-	96,960

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

Note 19. 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 20. 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 2019 $	Consolidated 2018 $
Short-term employee benefits	688,415	631,897
Post-employment benefits	69,527	58,654
Long-term benefits	16,742	9,132
Share-based payments	266,199	397,116
	1,040,883	1,096,799

Note 21. 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:

	Consolidated 2019 $	Consolidated 2018 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	80,275	81,595
Other services - Grant Thornton Audit Pty Ltd		
Non-audit services	5,000	-
	85,275	81,595

Note 22. Contingent liabilities

The Group had no material contingent liabilities at 30 June 2019 or 30 June 2018.

Note 23. Commitments

	Consolidated 2019 $	Consolidated 2018 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	26,675	24,525

Note 24. Related party transactions

Parent entity
Integrated Payment Technologies Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 26.

Note 24. Related party transactions (continued)

Key management personnel
Disclosures relating to key management personnel are set out in note 20 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
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

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

Note 25. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2019 $	2018 $
Loss after income tax	(10,543,717)	(2,182,091)
Total comprehensive income	(10,543,717)	(2,182,091)

Statement of financial position

	Parent	
	2019 $	2018 $
Total current assets	1,598,959	3,702,346
Total assets	5,605,325	17,462,806
Total current liabilities	273,772	423,881
Total liabilities	972,368	1,269,275
Equity		
Issued capital	21,600,708	20,056,507
Share option reserve	674,952	613,129
Accumulated losses	(17,642,703)	(4,476,105)
Total equity	4,632,957	16,193,531

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 2019 and 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Note 25. Parent entity information (continued)

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, 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 26. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
ClickSuper Pty Ltd	Australia	100.00%	100.00%
Jagwood Pty Ltd	Australia	100.00%	100.00%
Payment Adviser Pty Ltd	Australia	100.00%	100.00%

Note 27. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax (expense)/benefit for the year	(13,022,078)	(2,554,325)
Adjustments for:		
Depreciation and amortisation	2,070,404	1,933,112
Impairment of goodwill	9,667,694	-
Share-based payments	61,823	397,116
Non-cash income/(expenses)	-	(26,098)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	279,591	(307,026)
Decrease/(increase) in deferred tax assets	328,972	(251,029)
Increase in trade and other payables	85,243	234,263
Decrease in deferred government grant	(67,663)	-
Decrease in deferred tax liabilities	(281,798)	(281,798)
Increase in employee benefits	54,029	39,014
Net cash used in operating activities	(823,783)	(816,771)

Note 28. Earnings per share

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax attributable to the owners of Integrated Payment Technologies Limited	(13,022,078)	(2,554,325)

Note 28. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	178,522,085	154,420,149
Weighted average number of ordinary shares used in calculating diluted earnings per share	178,522,085	154,420,149

	Cents	Cents
Basic earnings per share	(7.294)	(1.654)
Diluted earnings per share	(7.294)	(1.654)

5,000,000 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 2019 and 30 June 2018 as their inclusion would be anti-dilutive due to the loss for the year.

Note 29. 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 full-time or part-time employees (including executive directors), non-executive directors and contractors and casual employees of the Group 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, unless otherwise determined by the Board, no payment is required for the grant of options under the Plan. An offer by the Board shall specify the terms and conditions of the grant at its discretion. An Eligible Person may renounce an offer under the Plan in favour of a permitted nominee. Options granted under the Plan may not otherwise be 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.

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 becomes owner of 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.

At its discretion, the Company will apply to ASX for official quotation of shares issued upon exercise of options granted under the Plan as 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 2001 and the ASX 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, vested options held by the participant will automatically lapse on the date of cessation, unless the Board determines otherwise. All unvested options will lapse at the date of cessation.

Note 29. Share-based payments (continued)

If a Participant ceases to be a director, an employee or a contractor of any member of the Group for any other reason or in any other circumstances determined by the Board, vested options may be exercised by that participant in the 6 month period following the date of cessation after which those vested options will immediately lapse. All unvested options will lapse at the date of cessation.

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 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, pro rata issue, or bonus issue of shares, the number of options to which each participant is entitled and/or the exercise price of those options (as relevant) will be adjusted accordingly pursuant to the Plan.

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. 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.

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

2019

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	-	-	(2,500,000)	5,000,000
			7,500,000	-	-	(2,500,000)	5,000,000

2018

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			$0.200	$0.000	$0.000	$0.000	$0.200

The weighted average share price during the financial year was $0.10 (2018: $0.13).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.5 years (2018: 2.5 years).

Note 29. Share-based payments (continued)

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:	14 December 2016 (the 'Grant Date').
Number of options:	(a) 5,000,000 options to Robin Beauchamp, the Chief Executive Officer, separated into three equal tranches; and
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.

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 30. Events after the reporting period

The Group has issued 15,000,000 options under the Employee Share Option Plan Scheme on 31 July 2019.

The proposed option terms are (subject to the Employee Share Option Plan rules):

- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is 3.5 centrs ($0.035) per option;
- option vests 12 months from the date of the grant of the options if:
  (i) the market price of the ordinary share in the Company is at least $0.035; and
  (ii) the relevant employee remains in employment with the Company or its subsidiaries; and
- exercise period ends 3 years after the date of grant of the options.

The Company's full Employee Share Option Plan rules were disclosed to the ASX on 16 December 2016.

No other matter or circumstance has arisen since 30 June 2019 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 2 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 2019 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

29 August 2019
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 2019, 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 2019 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 auditor 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.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of $13,022,078 and net operating cash flows were negative $823,783 during the year ended 30 June 2019. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of software development costs – refer to Note 11. Non-current assets – intangibles	
The Group has continued to capitalise development costs associated with the internally developed PayVu software. The Group's processes for calculating the value of internally developed software involves judgement as it includes estimating the time which staff spend developing software and determining the value attributable to that time. Due to the judgement involved in calculating whether costs can be capitalised under AASB 138 *Intangible Assets*, we have determined this as a Key Audit Matter.	Our procedures included, amongst others: • assessed the Group's accounting policy for software development costs for adherence to AASB 138; • agreed a sample of internal salary costs and external contractor invoices capitalised to supporting documentation and assessed those amounts against the recognition criteria of AASB 138; • assessed the consistency of the capitalisation methodology applied by the Group in comparison to the prior reporting period; • considered the reasonableness of useful lives applied to amortise intangible assets; and • assessed the adequacy of disclosures included in the financial report for adherence to AASB 138.
Impairment testing of goodwill & other intangible assets – refer to Note 11. Non-current assets – intangibles	
The Group has recognised goodwill and intangible assets from a prior business combination and continues to capitalise software development costs. All assets must be assessed at each reporting date for any indication of impairment. Goodwill and intangibles not yet available for use must be tested annually for impairment regardless of whether any indication of impairment exists. The Group has utilised the fair value less cost of disposal method to calculate the recoverable amount of intangible assets.	Our procedures included, amongst others: • reviewed management's valuation methodology; • assessed management's determination of the Group's Cash Generating Units (CGU) based on our understanding of how management monitors the entity's operations and makes decisions about groups of assets that generate independent cash flows; • reviewed the impairment model for compliance with AASB 136 *Impairment of Assets*;

Key audit matter	How our audit addressed the key audit matter
Due to the significant estimation involved in calculating the recoverable amount, we have determined this as a Key Audit Matter.	• verified the mathematical accuracy of the underlying model calculations and assessed the appropriateness of the methodologies; • evaluated the cash flow projections and the process by which they were developed; • performed sensitivity over key assumptions in the model; • evaluated for indicators of management bias throughout our evaluation of the key inputs and assumptions of the estimate; • consulted with our valuation expert to evaluate the model and key inputs; and • assessed the adequacy of financial report disclosures on the application of judgement in estimating future cash flows and the key methods and assumptions used in the impairment assessment.

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 2019, 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 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_responsibilities/ar1.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 the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Integrated Payment Technologies, for the year ended 30 June 2019 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 R Leivesley
Partner – Audit & Assurance

Sydney, 29 August 2019

The shareholder information set out below was applicable as at 13 August 2019.

Distribution of shareholders

	Total number securities	Number of security holders	%
1 to 1,000	4,903	12	2
1,001 to 5,000	16,682	6	1
5,001 to 10,000	33,676	6	1
10,001 to 100,000	10,560,058	282	55
100,001 and over	298,224,979	207	44
	308,840,298	513	103
Holding less than a marketable parcel	-	-	-

Distribution of optionholders

	Total number of securities	Number of security holders	%
100,001 and over	5,000,000	1	100.00%

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
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	40,306,390	13.05
VALEBARK PTY LTD (SCULLY INVESTMENT TRUST)	39,016,768	12.63
S & F FINANCIAL SERVICES PTY LTD	33,333,334	10.79
VALEBARK PTY LTD (THE SCULLY INVESTMENT TRUST)	11,316,668	3.66
STARMAY SUPERANNUATION PTY LTD	10,953,000	3.55
STARMAY SUPERANNUATION PTY LTD (STARMAY SFUND COLIN SCULLY AC)	10,953,000	3.55
ADELROSE PTY LTD (JUDD SUPER FUND A/C)	9,000,000	2.91
STARMAY SUPERANNUATION PTY LTD (STARMAY SFUND DON SHARP PENSION AC)	8,432,163	2.73
THE TONG FAMILY PTY LTD (TONG FAMILY SUPERFUND A/C)	7,203,572	2.33
PT MORAN PTY LTD (PT MORAN SUPERANNUATION FUND A/C)	6,900,000	2.23
YOLIN PTY LIMITED (HEADLAND ROAD SUPERANNUATION FUND)	5,300,000	1.72
DONALD FINANCIAL ENTERPRISES PTY LTD (THE ELYSUM TRUST)	5,142,854	1.67
MR RODNEY BRUCE EBSWORTH	4,500,000	1.46
GJB QLD PTY LTD	4,166,667	1.35
TWD CO PTY LIMITED (R & R SUPERANNUATION FUND)	4,085,200	1.32
MR BILAL AHMAD	3,050,000	0.99
MR COLIN WEEKES	2,968,000	0.96
MRS BROOKE LASHWOOD + MR DANIEL LASHWOOD + MRS LINDA SHARP (BMS SUPERANNUATION FUND A/C)	2,950,000	0.96
VALEBARK PTY LTD (SCULLY INVESTMENT A/C)	2,868,248	0.93
MR IAN CHAN	2,100,000	0.68
	214,545,864	69.47

Unquoted equity securities
There are no unquoted equity securities.

The following person holds 20% or more of unquoted equity securities:

Name	Class	Number held
Robin Beauchamp	Options	5,000,000

Substantial holders

Set out below are the names of substantial holders in the Company and the number of equity securities in which each substantial holder and the substantial holder's associates have a relevant interest, as disclosed in substantial holding notices given to the Company:

	Ordinary shares	
	Number held	% of total shares issued
Donald Sharp, Donald Financial Enterprises Pty Ltd and S&F Financial Services Pty Ltd	88,424,874	28.63
Colin Scully and Valebark Pty Ltd	99,686,290	32.28
Starmay Superannuation Pty Ltd	46,484,606	15.05
Xplore Wealth Limited (Investment Administration Services Pty Ltd)	32,508,702	10.53

In addition, 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 shareholder is 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 with voting rights.

The unquoted options do not have voting rights.

Use of cash

The Company was admitted under ASX Listing Rule 1.3.2(b).

The Company, during the reporting period, used the cash and assets in a form readily convertible to cash that it had at admission to the official list of the ASX in a way consistent with its business objectives.

General

There is no current on-market buy-back for the Company's securities.

There have been no issues of securities approved for the purposes of Item 7 of section 611 of the Corporations Act 2001 (Cth) which have not yet been completed.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Directors	Donald ('Don') Sharp - Executive Chairman Robin Beauchamp - Executive Director and Chief Technology Officer Paul Collins - Non-Executive Director
Company secretary	Jillian McGregor
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

Integrated Payment Technologies Limited

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