



InPayTech

Integrated Payment Technologies Limited

ACN. 611 202 414

ASX Code IP1(one)



Quarterly Report - 31 December 2017

PayVu Premium Release

PayVu Premium is the product of InPayTech's extensive industry engagement with Bookkeepers and Accountants that manage more than 9,000 Australian SMEs. The product is underpinned by our patented payment technology to deliver ground breaking functionality to the bookkeeping and accounting community.

Stakeholder Management enables bidirectional communication between the bookkeeper and the business owner. The smart phone app includes payment authorisation/rejection, audit trail and a history of payments and receipts.

PayVu communication requires the use of an Apple or Android mobile phone to perform two factor authentication (TFA). The PayVu Android phone application has been approved by Google but Apple requires more functionality to be added before the iOS version can be listed on the App Store. We are working on an approach that is expected to enable PayVu to include iPhone users in the near term however the production release of PayVu Premium has been delayed while these issues are being resolved.

PayVu Premium Pilot Program

Online security and transaction fraud is frequently in the news and banks have increased the resilience of their internet payment processes with the addition of security questions and/or TFA. PayVu now supports all the big 4 bank's additional payment security processes while automating payment recommendations, authorisations and the making of payments.

A recent development has been the accounting software providers adding TFA to their login process. PayVu is currently being enhanced to support Xero's TFA functionality which is expected to extend the Pilot Programme to all Xero accounts.

ClickSuper and Single Touch Payroll (STP)

The Federal Government has legislated that all employers with 20 or more employees have to comply with STP by 30 June 2018.

The introduction of STP requires the ATO to be notified of Pay As You Go (PAYG) tax deductions and all pay details of every employee via encrypted messages sent to their application programming interface (API).

The ATO has been finalizing their requirements and in late December 2017 issued an Operational Framework for providers of taxation and superannuation related services (referred to as digital service providers or DSPs). The Framework covers 5 issues which could pose a level of risk to the ATO.



The ClickSuper STP solution is on target for release in April and is designed to significantly ease the security burden. The ATO will only accept STP messages from secure 'whitelisted' providers and whitelisting requires DSPs to commence their compliance testing in April 2018.

We believe these changes put ClickSuper in a strong position to increase our penetration with our payroll groups' clients. We estimate we have less than 5% of this market.

Financial Results for Quarter ending 31st December 2017 attached.

Cash on hand at 31st December 2017 was \$2,817,199.

DATED: 31 January 2018



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Consolidated Profit/(Loss) for the 3 months ending 31 December 2017

	Corporate Overheads	ClickSuper	Payment Adviser /PayVu	Consolidated
	\$	\$	\$	\$
Revenue		350,809	10,179	360,988
Less transaction costs		89,817	412	90,229
Gross profit		260,992	9,767	270,759
Interest and other income	14,297	1,088	38	15,423
	14,297	262,080	9,805	286,182
Corporate overheads				
Administration expenses	60,005	27,742	46,062	133,809
Consulting fees	31,435	18,750		50,185
Depreciation	536	4,397		4,933
Directors fees	33,750			33,750
Salary and employee benefits expense	61,227	220,796		282,023
Occupancy costs	6,989	18,420		25,409
R&D Expenses	20,195		6,328	26,523
Amortisation Expenses - PayVu			39,058	39,058
	214,137	290,105	91,448	595,690
Profit/(loss) from operations	(199,840)	(28,025)	(81,643)	(309,508)
Non-cash expenses				
Amortisations				
Customer relationships	256,180			256,180
Patents	4,735			4,735
Software	166,585			166,585
Cost of Employee Share Scheme	99,279			99,279
Total expenses	526,779			526,779
Profit/(loss) before Interest and tax	(726,619)	(28,025)	(81,643)	(836,287)
Finance costs		172		172
Tax (expense)/benefit	70,449			70,449
Profit/(Loss) for the period	(656,170)	(28,197)	(81,643)	(766,010)

The background features a dark blue grid pattern. A large, light blue arrow points upwards from the bottom center. A white dashed arrow also points upwards, following the path of the light blue arrow. At the bottom, a globe is shown with a grid overlay, surrounded by several concentric, semi-transparent circular rings that resemble a stylized globe or a data visualization.

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