



ASX ANNOUNCEMENT

LETTER TO SHAREHOLDERS AND BUSINESS UPDATE

SYDNEY, Monday 30 April 2018: Attached is a letter to the shareholders of **Integrated Payment Technologies Limited (ASX: IP1)** providing an update on our recent activity and progress.

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Dear Investor,

I am pleased to provide you with the Integrated Payment Technologies (IP1) March 2018 Quarterly Business Update which was released to the market on 30 April 2018.

As we continue to progress on our journey we had a few key moments we wanted to share, please refer to the below:

- PayVu enjoyed a successful attendance at the recent Accounting Business Expo
- A pilot program for PayVu will commence in early May with accounting and bookkeeping industry users
- The system is compatible with accounting software provider Xero and will shortly include MYOB and QuickBooks
- PayVu automates internet banking payments via the four major banks*

* Over 80% of our existing SME customers hold accounts with the four major banks

I would like to thank you for your continued support of our company and if you have any queries please contact the Chief Executive Officer Robin Beauchamp on 0403 281 101 or at robin.beauchamp@inpaytech.com.au

Regards



Don Sharp
Executive Chairman

30 April 2018



InPayTech

Integrated Payment Technologies Limited

ACN. 611 202 414

ASX Code IP1(one)



Quarterly Report - 31 March 2018

Introducing PayVu

After significant internal discussion we have decided to consolidate the PayVu products to focus on a single offering for all clients. PayVu standard and premium have since been discontinued, and we introduce PayVu for the professional bookkeeper/accountant market.

PayVu is designed for Bookkeepers/Accountants with the expressed aim to reduce their time spent on administration, increase services to their clients and boost their profit margins.

PayVu features

- Instant display of all due payments from the client accounting system
- Payments are selected and sent to business owner via their smart phone for approval or rejection
- Approved payments are immediately sent to Internet Banking and paid
- PayVu links to the accounting system and alerts suppliers once payment has been received
- PayVu updates and reconciles payments in real time to allow both bookkeepers, their clients and suppliers to avoid any delays in payments
- Payments are processed with two factor authentication security along with full STP and SuperStream compliance

The product is underpinned by our patented payment technology to deliver ground-breaking functionality to the bookkeeping and accounting community.

The PayVu Pilot Programme and Pricing

The PayVu pilot program is being released in early May to a group of 15 bookkeepers for testing, prior to being released to the market.

We expect the PayVu product will be released in May when we will be offering a free trial for the first 30 days. In the June quarterly update we will report on the progress in signing up new clients.

The pricing for PayVu has also been reviewed after an increase in functionality. It begins at \$20 per month for small users reducing to \$15 per month for larger users, plus additional per payment transaction fees of 13c for small users reducing to 11c for larger users when 30 payments per month are exceeded.

These fees are higher than the original fees, to align with the consolidation of both the premium and standard PayVu capabilities.

To give an extrapolation of the fee base, were 10,000 users to use the lower fee pricing, annual income of \$1,800,000 plus any excess transactions would be generated (this is an illustration not a forecast).

Australian Business Expo (ABE)

In March the Company was invited to present at the Australian Business Expo (ABE) for bookkeepers and accountants, in Sydney. We also had a presentation stand at the Expo to discuss our product, the Company's vision and interact with our key target audience. Through this opportunity we proceeded to demonstrate PayVu to overwhelming positive feedback from those in attendance.

ClickSuper and Single Touch Payroll (STP) Update

We have previously advised that the Federal Government has legislated that all employers with 20 or more employees must 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, superannuation, pay details and employee personal details for every employee via encrypted messages sent to their application programming interface (API).

The ATO issued further changes to their Operational Framework on 9 January 2018 describing the security compliance requirements for all Digital Service Providers. Existing SuperStream products have until the end of 2018 to become compliant; new STP products must be compliant from 1 July 2018.

For InPayTech compliance means gaining ISO27001 certification which is generally a 1-2 years process. Fortunately, the ATO have a program that provides Interim STP Acceptance to existing providers that can meet prescribed security requirements. We have applied for interim acceptance.

All providers of STP services are required to gain ISO27001 compliance and we are in a more favourable position than some others to achieve it.

We believe the STP take up will be delayed by the various changes described above and the impact on the uptake on our STP services by our existing clients is unknown at this point in time.

Financial Results for Quarter ending 31st March 2018 attached.

Cash on hand at 31st March 2018 was \$2,399,458.

DATED: 30 April 2018



Donald Sharp
EXECUTIVE CHAIRMAN
0419 632 315
don.sharp@inpaytech.com.au



Robin Beauchamp
CHIEF EXECUTIVE OFFICER
0403 281 101
robin.beauchamp@inpaytech.com.au

Consolidated Profit/(Loss)

	Quarter End 30/09/2017	Quarter End 31/12/2017	Quarter End 31/03/2018	Year To Date
	\$	\$	\$	\$
Revenue	415,993	360,987	505,922*	1,282,902
Cost of sales	(127,396)	(90,229)	(90,087)	(307,712)
Gross profit	288,597	270,758	415,835	975,190
Operating expenses	(347,626)	(376,898)	(305,464)	(1,029,988)
Operating profit	(59,029)	(106,140)	110,371	(54,798)
Interest	17,174	15,251	10,654	43,079
Corporate overheads	(201,814)	(179,783)	(155,976)	(537,573)
	(184,640)	(164,532)	(144,922)	(494,494)
Net Loss before None Cash Expenses	(243,669)	(270,672)	(34,951)	(549,292)
Non-cash expenses				
Depreciations - Acquired Assets	(427,500)	(427,500)	(427,500)	(1,282,500)
- PayVu	(35,802)	(39,058)	(62,817)	(137,677)
Cost of Employee Options	(99,279)	(99,229)	(99,279)	(297,787)
Tax (expense)/benefit	70,449	298,417	70,450	439,316
	(492,132)	(267,370)	(519,146)	(1,278,648)
Net profit/(loss) for the period	\$(735,801)	\$(538,042)	\$(554,097)*	\$(1,827,940)

* Includes Facility fees not previously booked
for up to 24 Months of approximately \$111,000



InPayTech

Integrated Payment Technologies Limited
ACN. 611 202 414

Level 5, 28 Margaret Street
Sydney, NSW 2000

Telephone: 02 8090 1130

Fax: 02 8090 1139

Email: info@inpaytech.com.au

Website: www.inpaytech.com.au