ASX ANNOUNCEMENT

Appendix 4D (Half year report) and Half Year FY2021 Financial Report

Sydney, Thursday 25 February 2021

Integrated Payment Technologies Limited (ASX: IP1) releases its Appendix 4D and financial report for the half year ended 31 December 2020.

The attached Appendix 4D and half year financial report have been approved by the Board.

For queries:

Don Sharp
Executive Chairman
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Integrated Payment Technologies Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Integrated Payment Technologies Limited
ABN:	50 611 202 414
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	14.0%	to	664,817
Loss from ordinary activities after tax attributable to the owners of Integrated Payment Technologies Limited	down	28.7%	to	(1,068,650)
Loss for the half-year attributable to the owners of Integrated Payment Technologies Limited	down	28.7%	to	(1,068,650)

COVID-19 restrictions, other than the fall in interest rates have not had a material impact on the financial performance or financial position of the Group.

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

Comments
The loss for the Group after providing for income tax amounted to $1,068,650 (31 December 2019: $1,499,344).

Further commentary on the Group's operating performance and results from operations are set out in the attached Interim Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.15	(0.06)

The Group does not have rights-of-use assets and lease liabilities, thus these are not included in the calculations.

4. Control gained over entities

Name of entities (or group of entities)	TipsGo Pty Ltd
Date control gained	15 October 2020

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Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	-
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

5. Loss of control over entities

Not applicable.

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6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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11. Attachments

Details of attachments (if any):

The Interim Report of Integrated Payment Technologies Limited for the half-year ended 31 December 2020 is attached.

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12. Signed

Authorised by the Board of Directors

Signed ______________________________ Date: 25 February 2021

Don Sharp
Executive Chairman

Financial Report for the half-year ended 31 December 2020

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 half-year ended 31 December 2020.

Directors

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

Don Sharp - Executive Chairman
Paul Collins - Non-Executive Director
Randolf Clinton (appointed on 28 January 2021)
Trent Lund (appointed on 28 January 2021)
Emma Dobson (appointed on 1 February 2021)
Sandra Barns - Non-Executive Director (resigned on 28 January 2021)
Robin Beauchamp - Chief Technology Officer (ceased on 10 July 2020)

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 remittance data between the payer and payee using the patents granted or pending to Jagwood;

- PayVu which incorporates ClickSuper and Payment Adviser functionality and interfaces to cloud based accounting software to provide payments via internet banking;

- ClickVu which is designed to provide a transformative platform for the repurposing of quality data for worker financial wellbeing; and

- Jagwood which has patents granted in Asia (i.e. Japan, Hong Kong, Singapore and China) and the Western World (USA, Australia, South Africa and New Zealand) in addition to a patent pending in Canada.

Dividends

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

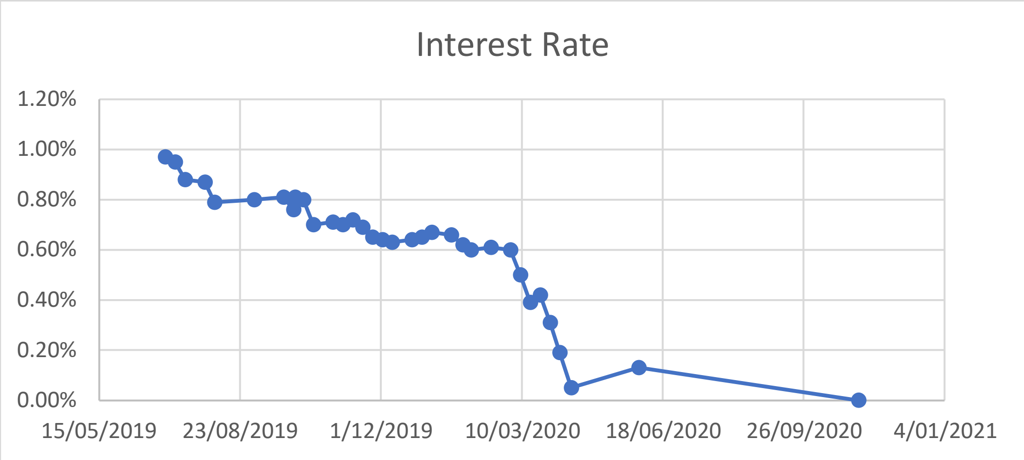
Review of operations

The loss for the Group after providing for income tax amounted to $1,068,650 (31 December 2019: $1,499,344).

COVID-19 restrictions, other than the fall in interest rates have not had a material impact on the financial performance or financial position of the Group.

The Earnings Before Interest, Taxes, Depreciation and Amortisation ('EBITDA') for half-year 31 December 2020, after adjusting for acquisition costs of $68,842, was a net loss of $523,646 compared to net loss for half-year 31 December 2019 of $869,328.

Interest rates that are earned on float income fell from 0.13% to 0.00% during the half-year 31 December 2020, which resulted in a significant loss of income. For half-year 31 December 2019, interest rates fell from 0.97% to 0.65%.



Historically float income made up to 33% of the Group's income from transactions. It is our goal to replace this lost income by providing new services and new fee structure to attract higher fees and more clients (see details below).

Group Overview

Inpaytech provides SuperStream and Single Touch Payroll (STP) compliance and payment solutions to payroll service providers and both large and small Australian employers. This includes disbursement services for superannuation, salaries and other payroll deductions via the ClickSuper clearing house and gateway solution. These core compliance and payment services are supplemented by other payment services PayVu and Payment Adviser, which utilise the Group's patented process for payment of creditors in other markets, primarily bookkeeping and accounting firms.

The merger with Comply Path on 28 January 2021 enables InPayTech to leverage Comply Path's, award-winning technology, Bond. Bond, delivers compliance and payment solutions for superannuation funds, employers, payroll providers, tax practices and HR services aiming to reduce the risks and costs of compliance for customers in target markets.

The merger allows ClickSuper to sell other services through over 50 existing distribution channel customers, primarily payroll providers, who service a large proportion of employees in Australia. The Group estimates that pre-merger, the Group only has 5% of the employer clients utilising the Group's services. The plan is to increase the Group's penetration to more clients by providing, onboarding services, more payment solutions and Single Touch Payroll (STP) phase 2 mandated by ATO. STP phase 2 has to be ready for commencement by 31 December 2021 for all Australian employers. This is an opportunity to provide further compliance and payment services for existing payroll customers and to target new payroll customers with the merged group's complete compliance and payment solutions.

With the addition of Comply Path's established customer base in superannuation, including customers in all key superannuation fund segments: industry, retail and government funds, the Group is well positioned to attract superannuation funds and administrators to the merged Group's proven and market tested compliance, engagement and payment solutions.

The launch of the engagement, compliance and payment platform which we call onboarding, ClickVu, will enable employees to frictionlessly share access to their validated personal data such as: Tax File Number (TFN), Police Checks, Credit Checks, Visa checks, ID details including validated licence and passport checks etc. Significantly, via ClickVu, these details are regularly updated along with employment details like: salary, superannuation fund details, contact and address details and date of termination all based on payroll data.

At its core, ClickVu enables employees to frictionlessly authorise service providers to access specific information, via an employee centric consent model, to simplify the process of accessing financial services for both employees and service providers. For example, financial service providers notably including: superannuation funds, credit lenders, between pay lenders, salary sacrifice services for cars, insurance providers, banks and other lenders Know Your Client (KYC) requirements could be provided on the ClickVu market place.

Corporate structure

ClickSuper
ClickSuper is an approved Gateway by the ATO and provides these services to over 50 distribution channels, primarily, payroll service providers and to their employer clients. They service a large proportion of employees in Australia.

During the first half of the year, ClickSuper continued to onboard new payroll customers, growing the payroll network, to provide automation and enhanced security for the transfer of financial and identity information and payments.

Payment Adviser
Payment Adviser (PA) provides a solution for non-payroll related payments e.g. invoice payments and loan repayments. For example, currently the PA solution is used by a disruptor in the business lending space who is growing and signing up for additional services with PA.

PayVu
PayVu provides advisers (bookkeepers, accountants, and other professional advisors) with a scalable account payable (AP) solution which removes double handling and rework and reduces the risks traditionally associated with payment bureau services. i.e. PayVu manages all accounts payable payments; salaries, Pay As You Go tax, superannuation, invoices, GST, and payroll tax. AP items are extracted from cloud-based accounting systems for review by an adviser. When items are recommended for payment the business owner receives a smart phone notification allowing them to review, reject/pay items via the PayVu phone app.

The service accesses the employers bank portal by using screen scaping to process payments. This method is not reliable as the Banks continue to change their portals. The Group is resolving this problem by building to more robust bank transfer services, while the Group investigates the new payments platform (NPP) solutions. Upon completion of this build, PayVu is expected to be rolled out to a broader group of potential users.

ClickVu
ClickVu is designed to deliver a transformative platform to enable workers to repurpose their data for their financial wellbeing

With significant customers and relationships in payroll and superannuation, the merged Group can effectively connect the hire to retire ecosystem to unlock value in payments, compliance and data for workers, employers, payroll providers, superannuation and other financial services.

ClickVu is currently in a proof of concept, benefiting from the insight and experience of payroll industry veterans and aggregators. The expert knowledge and a breadth of market exposure gained through the proof of concept is guiding the development and refinement of the platform.

ClickVu is currently testing with an initial service provider, to facilitate frictionless and fair lending, which is currently on track for release before June 2021.

Jagwood
The holds the IP for the Group including the patents in the USA, Australia, China, Japan, Singapore, Hong Kong, South Africa and New Zealand. The Group has a patent pending in Canada where we have patent protection up to the time the patent is allowed or disallowed. Jagwood also owns the IP for ClickVu.

Comply Path
Comply Path was acquired on 28 January 2021.

Comply Path’s Bond provides compliance solutions for worker onboarding, payroll compliance, business compliance, tax practice automation, superannuation compliance and e-invoicing.

Significant changes in the state of affairs
Acquisition of TipsGo Pty Ltd
On 15 October 2020, the Company issued 33,000,000 shares to complete the acquisition of 100% of the shares of TipsGo Pty Ltd ('TipsGo'). In addition to the issue of shares to acquire TipsGo, a sum of $30,000 was paid for advice for additional Software development. The acquisition will provide the Group full access to the intellectual property rights to TipsGo's open banking and marketplace platform.

Australian Patent
On 5 October 2020, the delegate of the Commissioner of Patents at IP Australia accepted the patent application. On 8 October 2020, the Australian patent was advertised in the Australian Official Journal of Patents. There is a standard opposition period of 3 months. On 29 January 2021, the Australian payment patent was granted.

This is the eighth patent for the Group across the globe. The Group's patents in the western world include the United States, South Africa and New Zealand. The Group has also patented its payments process in Asia including China, Japan, Hong Kong and Singapore. The Group also has a patent pending in Canada.

The Australian patent is a significant milestone for the Group. This unique and novel technology makes payment processing more efficient while simultaneously making it easier to meet increasing compliance obligations.

Capital raising
On 17 July 2020, the Company issued 154,420,149 ordinary shares as part of the 1 for 2 non-renounceable Entitlement Offer raising a total of $2,316,302.

Shareholder loans
On 15 July 2020, the Group paid all the shareholder loans totalling $750,000 and is now debt free.

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

Matters subsequent to the end of the financial half-year
The impact of COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 21 January 2021, the shareholders approved the issuance of 573,260,447 new shares of the Company to acquire 100% of the issued capital of Comply Path Holdings Pty Ltd ('Comply Path'). The acquisition was undertaken as a 100% scrip for scrip acquisition. The issue of the shares will result to the below:

- Comply Path will be a wholly owned subsidiary of the Company; and
- Comply Path shareholders will own 50% of the combined group and the Company's shareholders will own the remaining 50%.

On 28 January 2021, the merger agreement was completed and 573,260,447 new shares of the Company were issued.

On 29 January 2021, the Australian payment patent was granted.

On 23 February 2021, the Company requested a trading halt in the securities to make an announcement to the market in relation to a placement to sophisticated and institutional investors. Normal trading will resume on 25 February 2021.

No other matter or circumstance has arisen since 31 December 2020 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.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Don Sharp
Executive Chairman

25 February 2021
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 review of Integrated Payment Technologies Limited for the period ended 31 December 2020, 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 review; and

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

RJ Isbell

R J Isbell
Partner – Audit & Assurance

Sydney, 25 February 2021

Integrated Payment Technologies Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

	Note	Consolidated 31 Dec 2020 $	Consolidated 31 Dec 2019 $
Revenue			
Service fees	4	630,985	739,361
R&D income		33,832	33,832
		664,817	773,193
Less transaction costs		(212,705)	(211,353)
Gross margin		452,112	561,840
Government grants	5	100,000	-
Interest revenue calculated using the effective interest method		1,957	4,857
Expenses			
Employee benefits expense		(666,497)	(860,825)
Consulting fees		(225,304)	(139,270)
Depreciation and amortisation expense		(475,980)	(639,685)
Conference and marketing expense		(39,655)	(135,508)
Premises expense		(36,200)	(42,099)
Patents		(6,357)	(5,918)
Share-based payments	14	52,743	(65,275)
ASX listing costs		(19,588)	(14,131)
Other expenses		(203,742)	(168,142)
Finance costs		(2,139)	(1,033)
Loss before income tax benefit		(1,068,650)	(1,505,189)
Income tax benefit		-	5,845
Loss after income tax benefit for the half-year attributable to the owners of Integrated Payment Technologies Limited		(1,068,650)	(1,499,344)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Integrated Payment Technologies Limited		(1,068,650)	(1,499,344)
		Cents	Cents
Basic earnings per share	13	(0.195)	(0.485)
Diluted earnings per share	13	(0.195)	(0.485)

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

	Note	Consolidated 31 Dec 2020 $	Consolidated 30 Jun 2020 $
Assets			
Current assets			
Cash and cash equivalents		1,011,954	990,954
Trade and other receivables		381,019	245,869
Total current assets		1,392,973	1,236,823
Non-current assets			
Plant and equipment		21,530	23,356
Intangibles	6	3,406,567	2,611,156
Total non-current assets		3,428,097	2,634,512
Total assets		4,821,070	3,871,335
Liabilities			
Current liabilities			
Trade and other payables		252,126	488,497
Deferred R&D government grant		67,664	67,663
Borrowings	7	-	750,000
Employee benefits		173,283	186,966
Redundancy provision		-	179,125
Total current liabilities		493,073	1,672,251
Non-current liabilities			
Deferred R&D government grant		33,832	67,664
Total non-current liabilities		33,832	67,664
Total liabilities		526,905	1,739,915
Net assets		4,294,165	2,131,420
Equity			
Issued capital	8	25,974,546	22,690,408
Share option reserve		22,032	74,775
Accumulated losses		(21,702,413)	(20,633,763)
Total equity		4,294,165	2,131,420

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

Integrated Payment Technologies Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital $	Share option reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2019	21,600,708	674,952	(17,642,703)	4,632,957
Loss after income tax benefit for the half-year	-	-	(1,499,344)	(1,499,344)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,499,344)	(1,499,344)
Transactions with owners in their capacity as owners:				
Share-based payments (note 14)	-	65,275	-	65,275
Balance at 31 December 2019	21,600,708	740,227	(19,142,047)	3,198,888

Consolidated	Issued capital $	Share option reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2020	22,690,408	74,775	(20,633,763)	2,131,420
Loss after income tax expense for the half-year	-	-	(1,068,650)	(1,068,650)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,068,650)	(1,068,650)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 8)	3,284,138	-	-	3,284,138
Share-based payments (note 14)	-	(52,743)	-	(52,743)
Balance at 31 December 2020	25,974,546	22,032	(21,702,413)	4,294,165

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

	Note	Consolidated 31 Dec 2020 $	Consolidated 31 Dec 2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		649,791	690,136
Payments to suppliers and employees (inclusive of GST)		(1,759,448)	(1,539,839)
Acquisition related expenses		(132,792)	-
		(1,242,449)	(849,703)
Interest received		1,781	4,742
Interest and other finance costs paid		(2,139)	(1,033)
Net cash used in operating activities		(1,242,807)	(845,994)
Cash flows from investing activities			
Payments for property, plant and equipment		(3,544)	(3,105)
Payments for intangibles	6	(210,787)	(463,542)
Net cash used in investing activities		(214,331)	(466,647)
Cash flows from financing activities			
Proceeds from issue of shares		2,316,302	-
Share issue transaction costs		(88,164)	-
Proceeds from/(repayments of) shareholder loans		(750,000)	200,000
Net cash from financing activities		1,478,138	200,000
Net increase/(decrease) in cash and cash equivalents		21,000	(1,112,641)
Cash and cash equivalents at the beginning of the financial half-year		990,954	1,460,240
Cash and cash equivalents at the end of the financial half-year		1,011,954	347,599

The above consolidated 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 half-year (together 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 25 February 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements arising under Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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.

Going concern

The financial statements have 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 half-year ended 31 December 2020, the Group recorded a loss before income tax benefit of $1,068,650 (31 December 2019: loss of $1,505,189); showed net cash outflows from investing activities of $214,331 (31 December 2019: $466,647) and net cash outflows from operating activities of $1,242,807 (31 December 2019: $845,994). The net assets of the Group as of 31 December 2020 were $4,294,165 (30 June 2020: $2,131,420).

As at 31 December 2020, the Group had cash and cash equivalents of $1,011,954. COVID-19 restrictions, other than the fall in interest rates have not had a material impact on the financial performance or financial position of the Group.

Comply Path Pty Ltd results for the 6 months to 30 June 2020 were profitable and the Group expects that it will remain profitable for the rest of the financial year ending on 30 June 2021. These profits are expected to contribute to reduction of the loss of the Group.

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

Note 2. Significant accounting policies (continued)

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 31 December 2020. 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.

Intangible assets

Intellectual property
Intellectual property acquired as part of a business combination are initially measured at their fair value at the date of the acquisition and are subsequently measured at cost less amortisation and any impairment. Intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

Business combinations

The acquisition method of accounting is used to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. To determine whether a set of activities and assets constitutes a business, the Group has the choice to apply a 'concentration test', which is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. Alternatively, to determine if a business has been acquired, the Group assesses whether (as a minimum) an input and substantive process has been acquired and whether there is an ability to produce outputs from these.

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

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

Note 3. Operating segments

Identification of reportable 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 operating segment information is therefore the same as the financial statements.

Note 4. Revenue

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

	Consolidated	
	31 Dec 2020 $	31 Dec 2019 $
Major product lines		
ClickSuper	621,590	728,285
Payment Adviser	9,395	11,076
	630,985	739,361
Timing of revenue recognition		
Services transferred at a point in time	444,695	562,156
Services transferred over time	186,290	177,205
	630,985	739,361

Note 5. Government grants

	Consolidated	
	31 Dec 2020 $	31 Dec 2019 $
Government grants (COVID-19)	100,000	-

Government grants (COVID-19)
During the half-year, the Group received payments from the Australian Government amounting to $100,000 as part of its 'Boosting Cash Flow for Employers' scheme in response to the COVID-19 pandemic. Eligible employers with aggregated annual turnover of less than $50 million are eligible to receive payments of between $20,000 and $100,000 which are credited against amounts owed on an activity statement and based on PAYG withheld on employee's salary and wages for the period July to September 2020. Such amounts have been recognised as government grants in the financial statements, are non-taxable, and are recorded as income once there is reasonable assurance that the Group will comply with any required conditions which is practically at the time that a liability for PAYG withholding tax is incurred and salaries are paid.

InPayTech
Integrated Payment Technologies Limited

Note 6. Non-current assets - intangibles

	Consolidated	
	31 Dec 2020	30 Jun 2020
	$	$
Goodwill - at cost	6,755,549	6,755,549
Less: Impairment	(6,755,549)	(6,755,549)
	-	-
Intellectual property - at cost	1,055,234	-
Less: Accumulated amortisation	(43,968)	-
	1,011,266	-
Patents and trademarks - at cost	1,050,457	1,006,790
Less: Accumulated amortisation	(118,649)	(103,235)
Less: Impairment	(320,960)	(320,960)
	610,848	582,595
Software - at cost	7,107,291	6,940,171
Less: Accumulated amortisation	(3,655,705)	(3,244,477)
Less: Impairment	(1,667,133)	(1,667,133)
	1,784,453	2,028,561
Client relationships - at cost	5,123,600	5,123,600
Less: Accumulated amortisation	(4,199,548)	(4,199,548)
Less: Impairment	(924,052)	(924,052)
	-	-
	3,406,567	2,611,156

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

Consolidated	Intellectual property $	Patents and trademarks $	Software $	Total $
Balance at 1 July 2020	-	582,595	2,028,561	2,611,156
Additions	-	43,667	167,120	210,787
Additions through business combinations (note 12)	1,055,234	-	-	1,055,234
Amortisation expense	(43,968)	(15,414)	(411,228)	(470,610)
Balance at 31 December 2020	1,011,266	610,848	1,784,453	3,406,567

Note 7. Current liabilities - borrowings

	Consolidated	
	31 Dec 2020	30 Jun 2020
	$	$
Shareholder loans	-	750,000

Shareholder loans
Shareholder loans mature after 12 months from the date of issue (30 October 2019). Interest accrues at the rate of 8% per annum. These loans were paid on 15 July 2020 after completion of the entitlement offer on issue of new ordinary shares of the Company.

Note 8. Equity - issued capital

	Consolidated			
	31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 $	30 Jun 2020 $
Ordinary shares - fully paid	573,260,447	385,840,298	25,974,546	22,690,408

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2020	385,840,298		22,690,408
Issue of shares	8 July 2020	125,546,123	$0.015	1,883,192
Issue of shares	15 July 2020	28,874,026	$0.015	433,110
Issue of shares on business combination (note 12)	15 October 2020	33,000,000	$0.032	1,056,000
Share issue transaction costs		-	$0.000	(88,164)
Balance	31 December 2020	573,260,447		25,974,546

Note 9. Equity - dividends

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

Note 10. 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 11. Contingent liabilities

The Group had no material contingent liabilities at 31 December 2020 or 31 December 2019.

Note 12. Asset acquisition

On 15 October 2020, the Company issued 33,000,000 shares to complete the acquisition of 100% of the shares of TipsGo Pty Ltd ('TipsGo'). In addition to the issue of shares to aquire TipsGo, a sum of $30,000 was paid for additional software development. The acquisition was mainly to provide the Group full access to the intellectual property rights to TipsGo's open banking and marketplace platform. TipsGo is intended to be wound up after the acquisition. In accordance with the Group's accounting policy for business combinations, the 'concentration test' was applied and satisfied, as substantially all of the fair value of gross assets acquired is concentrated in intellectual property. Therefore, the transaction has been accounted for as an asset acquisition.

Note 12. Asset acquisition (continued)

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	255
Other receivables	623
Intellectual property	1,055,234
Other payables	(112)
Net assets acquired	1,056,000
Acquisition-date fair value of the total consideration transferred	1,056,000
Representing:	
Integrated Payment Technologies Limited shares issued to vendor	1,056,000
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,056,000
Less: cash and cash equivalents	(255)
Less: shares issued by Company as part of consideration	(1,056,000)
Net cash received	(255)

Note 13. Earnings per share

	Consolidated	
	31 Dec 2020 $	31 Dec 2019 $
Loss after income tax attributable to the owners of Integrated Payment Technologies Limited	(1,068,650)	(1,499,344)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	547,276,430	308,840,298
Weighted average number of ordinary shares used in calculating diluted earnings per share	547,276,430	308,840,298
	Cents	Cents
Basic earnings per share	(0.195)	(0.485)
Diluted earnings per share	(0.195)	(0.485)

15,000,000 share options in respect to share-based payments have been excluded from the above calculation for diluted earnings per share at 31 December 2020 (31 December 2019: 2,000,000) as their inclusion would be anti-dilutive due to the loss for the half-year.

Note 14. Share-based payments

On 3 November 2020, the Group has issued 15,000,000 new options under the Employee Share Option Plan Scheme.

Total reversals arising from share-based payment transactions recognised as of 31 December 2020 was $52,743 (31 December 2019: expense of $65,275).

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
03/11/2020	03/11/2023	$0.029	$0.035	245.70%	-	0.25%	$0.028

Note 15. Events after the reporting period

The impact of COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 21 January 2021, the shareholders approved the issuance of 573,260,447 new shares of the Company to acquire 100% of the issued capital of Comply Path Holdings Pty Ltd ('Comply Path'). The acquisition was undertaken as a 100% scrip for scrip acquisition. The issue of the shares will result to the below:

- Comply Path will be a wholly owned subsidiary of the Company; and
- Comply Path shareholders will own 50% of the combined group and the Company's shareholders will own the remaining 50%.

On 28 January 2021, the merger agreement was completed and 573,260,447 new shares of the Company were issued.

On 29 January 2021, the Australian payment patent was granted.

On 23 February 2021, the Company requested a trading halt in the securities to make an announcement to the market in relation to a placement to sophisticated and institutional investors. Normal trading will resume on 25 February 2021.

No other matter or circumstance has arisen since 31 December 2020 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, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Don Sharp
Executive Chairman

25 February 2021
Sydney

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Independent Auditor's Review Report

To the Members of Integrated Payment Technologies Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Integrated Payment Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Integrated Payment Technologies Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of Integrated Payment Technologies Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

RJ Isbell

R J Isbell
Partner – Audit & Assurance

Sydney, 25 February 2021

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