



**ASX AND MEDIA RELEASE**

29 April 2019

**ZipTel Quarterly Review – Q3 FY2019**

**ACTIVITY HIGHLIGHTS**

ZipTel Limited's ("ZipTel" or "the Company", ASX: ZIP) focus during the quarter was developing opportunities for the Company's platforms, putting plans in place to extend the Company's software development capabilities and reviewing other opportunities.

**COMPANY FINANCIAL OVERVIEW**

Cash at the end of the quarter was ~\$1.3M.

During the quarter, the Company maintained its lean cost structure with a Net cash outflow from the Company's operating activities of ~\$101,000 (Q2 FY2019: \$145,000).

The Company is in the process of completing a claim under the Australian Government's Research and Development (R&D) Tax Incentive Program for FY2018 R&D activities.

Post period end, the Company announced that it had completed a placement to sophisticated and professional investors to raise \$334,000 before costs. Proceeds of the placement will be used to extend the Company's software development capabilities

The Company's quarterly financial performance is summarised below:

Financial headline	March Q3 FY2019	December Q2 FY2019	September Q1 FY2019	June Q4 FY2018	March Q3 FY2018
Operating costs	-	(5,000)	(1,000)	(4,000)	(5,000)
Staff costs	(52,000)	(79,000)	(68,000)	(49,000)	(55,000)
Admin and corporate costs	(49,000)	(61,000)	(59,000)	(67,000)	(62,000)
Operating Cash outflow*	(101,000)	(145,000)	(127,000)	(112,000)	(115,000)

\* Without government grants and tax incentives or capital raisings

The Company maintained its lean cost structure during the quarter.

**ZIPT CONVO AGREEMENT**

The Company has an agreement with Space Digital Media Limited (SDM) whereby ZipT IP is being integrated into a new global content/social platform – the Convo Mobile Application ("Convo App").

ZipTel continues to support and advise SDM on software development for the Convo App. The Convo App has been refined over the past quarter incorporating learnings from global soft launches on both the iOS and Android platforms. These refinements have been targeted at improving UI/UX to encourage user acquisition and retention.

The Convo App is live and available on most App stores globally. SDM and ZipTel continue to develop the Convo App with a view to a supported launch into the marketplace. In this regard, SDM has been active in signing publishers onto the platform to drive content within the Convo App – content will be the significant driver for future user acquisitions.

SDM's initial aim is to roll out the Convo App via social ambassadors and digital marketing activities such as Google/Facebook advertisements.

SDM is targeting to build a new user base of 100,000 which it can leverage to: refine any user experience or other issues in real time; monitor user behaviour patterns to further optimise the Convo App and its content; and gauge which marketing activities are the most effective. SDM's initial primary target audience will be located in London, UK and Mumbai, India.

Since executing the Agreement, the Convo App has had soft launches on both the iOS and Android platforms. The Company continues to work with SDM to refine the Convo App prior to its supported global launch. The Company expects to update the market on the launch of the Convo App in due course.

## **SOFTWARE DEVELOPMENT CAPABILITIES AND OUTLOOK**

Funds raised from the placement will be used to extend the Company's software development capabilities as it supports Space Digital Media Limited in launching their white-label of the Zipt product. In tandem with this existing engagement, the Company is intending to expand its software development offering to prospective customers, leveraging the Company's strong app, software development and telephony experience. Concurrently, ZipTel continues to review opportunities both for its current platforms and otherwise. The Board is committed to assessing each of these opportunities in an efficient and cost-effective manner.

**-Ends-**

For more information please contact:

**ZipTel Limited**

T: +61 8 6380 2555

W: [www.ziptel.com.au](http://www.ziptel.com.au)

### **About ZipTel**

ZipTel is an Australian owned and operated telecommunications business focused on providing international roaming and calling solutions to consumers and businesses, using state of the art technologies developed and wholly owned by ZipTel Limited.



## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

ZIPTTEL LIMITED

**ABN**

41 108 042 593

**Quarter ended ("current quarter")**

31 March 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	1
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	(6)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(52)	(199)
(f) administration and corporate costs	(49)	(169)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	8
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(96)</b>	<b>(348)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2</b> Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b> <b>Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	-	-

<b>4.</b> <b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,391	1,643
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(96)	(348)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,295</b>	<b>1,295</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	271	367
5.2	Call deposits	1,024	1,024
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,295</b>	<b>1,391</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
38
-

Directors' fees and salaries paid to non-executive directors. All payments are on normal commercial terms.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-

n/a

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

n/a

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(10)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	(50)
9.6 Administration and corporate costs	(60)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(120)</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  ..... Date: 29 April 2019  
(Company secretary)

Print name: Derek Hall  
.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.