

30 October 2015

ZipTel Quarterly Review – Q3 2015

Significant milestones met as Zipt exceeds expectations

ACTIVITY HIGHLIGHTS

- **Zipt achieved 2 million** user installations during its **first full quarter of operation** (current user installations over **3 million**)
- Whilst user growth remains the focus, revenue from **Zipt outperformed expectations** ending the September quarter at **\$210,000**
- **Average Daily Active Users (DAU) and Monthly Active Users (MAU) increased** each month reaching 157,847 and 2.19 million respectively in September 2015
- App usage continues to show strong growth with over **7 million calls placed** and **850,000 SMS's** sent by the end of September 2015
- New version and upgraded platform with further features to be rolled out in the coming quarter
- Revenue from AussieSim increased by 5% to \$101,875, driven by top ups
- Cash balance of \$4.75m to fund full-scale **global marketing commencing in the December quarter**, targeting rapid user growth

The Directors of ZipTel Limited ("**ZipTel**" or "the **Company**", ASX: ZIP) are pleased to report on the Company's performance for the quarter ended 30 September 2015.

COMPANY FINANCIAL OVERVIEW

During the September 2015 quarter, the Company received total cash receipts of \$312,000, an increase of 56% on the previous June quarter (\$200,000 Q2 2015) driven by the additional revenue stream from the Company's Zipt mobile based application ("**Zipt**").

The increase in revenue generated reflects the strong performance achieved by Zipt following its global launch. During the September 2015 quarter, Zipt contributed \$210,000 in revenue, ahead of expectations.

ZIPT KEY OPERATING METRICS

Metric	July	August	September
MAU*	771,227	1,255,370	2,195,290
% Growth MAUs	-	62%	75%
DAU average**	47,190	87,673	157,847
Calls Placed***	1.9 million	4.1 million	7.0 million
SMS sent***	350,000	550,000	850,000

*Monthly Average Users (MAU): calculated as the number of unique users for a thirty day period

** Daily Active users average in calendar month

***Cumulative

ZIPT OVERVIEW

User base growth accelerates

During the September 2015 quarter Zipt user growth continued to accelerate with 2 million installations reached during the quarter.

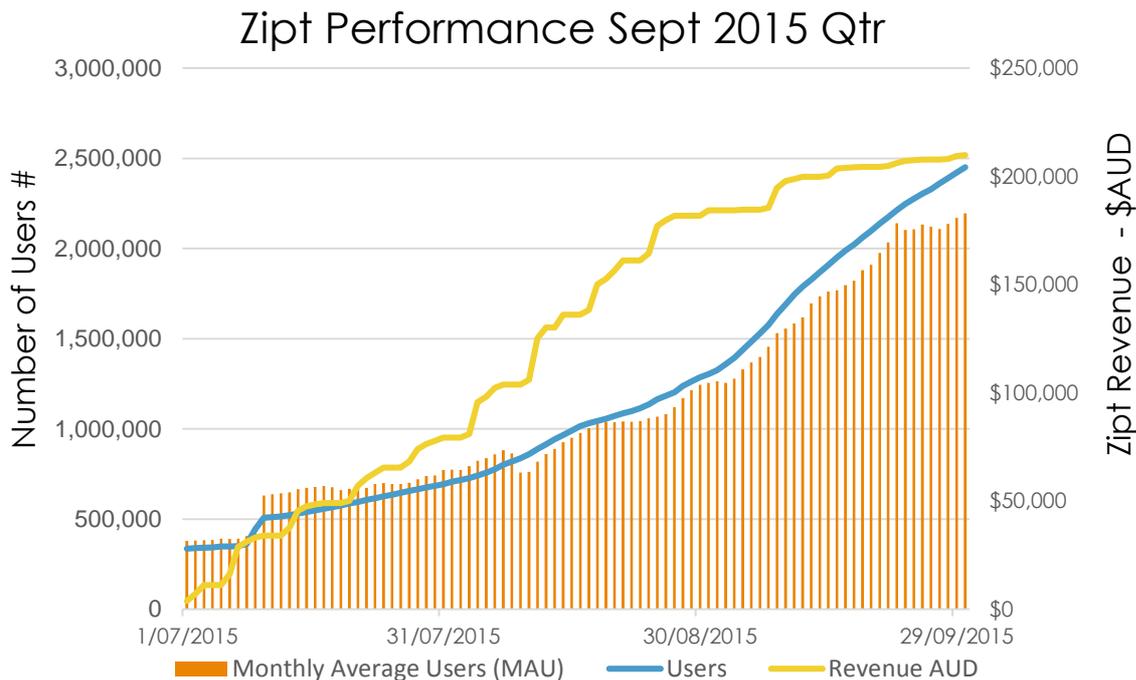
Post the quarter end, Zipt reached 3 million users, representing rapid take up of the technology; with the first 1 million installs achieved within an 8 week period, the subsequent 1 million installs occurring in the 6 following weeks and the last million in less than 4 weeks.

Whilst the Company remains focused on user growth and not monetisation in the early rollout stage, it was buoyed by the receipt of \$210,000 in revenue during the September 2015 quarter, well ahead of expectations.

Strong user engagement

Usage of Zipt continued to grow throughout the quarter, with the Daily Active Users (DAUs) in September reaching 157,847 and the Monthly Active Users (MAUs) totalling 2.19 million for the September 2015 month. To date, over 9 million calls have been placed and 1 million SMS's sent.

The performance of Zipt in terms of MAUs, users and revenue growth during the quarter is depicted below:



Significant growth was experienced in the Indian subcontinent due to Zipt's partnership with Brett Lee as a brand ambassador. Other key target regions, including Latin America, the Middle East and Africa, have also experienced substantial uptake for the product, demonstrating clear evidence of the Company's strategy to target countries which only have access to low bandwidth environments.

By the end of the quarter, 7 million calls were placed and over 850,000 SMS's sent. The continuous improvement in monthly usage and retention rates clearly signifies that Zipt is gaining strong market traction, providing further validation of the Company's core product offering.

Continued Product Development

During the quarter, Zipt launched its video calling ability, which has already demonstrated its market superiority over competitors with significantly lower data usage, whilst retaining high video quality compared to existing VOIP providers in the market.

On average Zipt demonstrated 34% less data usage than the same video call placed via Viber and 25% less than Skype. In a 2G environment, the App excelled with Zipt averaging 75% less data usage than Skype and 68% less than Viber. The video calling feature is showing high demand from users with over 60,000 calls made since its launch on 15 August 2015.

Zipt iOS

On 25 September 2015, the Company launched the Zipt iOS version alongside the release of the new iPhone 6S. Since launch, the Zipt iOS team having been implementing continuous improvements to the platform. In this regard, ZipTel is pleased to announce that the first major version update (which further improves the user experience, app performance and improvements to battery usage) has been submitted to Apple for imminent public release.

This first major update represents a key milestone for the Zipt iOS platform. Whilst the lead time of Apple's review process can be lengthy, the team is confident that the new release will shortly be available to iOS users.

AUSSIESIM OVERVIEW

Total revenue improved 5% to \$101,875 for the quarter (\$96,972 Q2 2015). This result maintains the significant gain (73%) from the previous quarter and largely stems from top-up revenues.

Although the Company is firmly focused on Zipt, the AussieSim business continues to make a meaningful contribution to the overall ZipTel value proposition.

CASH POSITION

The Company begins this quarter with a total cash balance of \$4.75 million and is well funded to drive its marketing and user acquisition campaign commencing in the Q4 2015 quarter.

OUTLOOK

ZipTel is focused on driving customer acquisition and user engagement in the coming quarter through the commencement of its full marketing and customer acquisition activities in December 2015 across both iOS and Android platforms. The campaign will continue to focus on key target regions of the Indian Subcontinent, Latin America, the Middle East and Africa, however through additional partnerships it will expand its reach to include a wider global audience, which will further reduce its cost per acquisition.

The Company is confident of substantial user growth in 2016 and is on track to achieving its target of 10 million users within 18 months from its launch in June 2015¹.

¹ Please note that in a previous announcement (dated 22 October 2015) this was incorrectly stated as 18 millions users. The Company wishes to advise that it has not yet revised its target and is still focusing on achieving 10 million users within 18 months.

-Ends-

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About ZipTel

ZipTel is an Australian owned and operated telecommunications business focused on providing international roaming and calling solutions to the consumer, using state of the art technologies developed and wholly owned by ZipTel Limited. ZipTel listed on the ASX in July 2014 with its core focus primarily on the distribution of three core communications products, both domestically and internationally.

About Zipt

Zipt is a mobile based international communication application that allows consumers to SMS and make international calls for free, App to App. The application is able to call any landline and mobiles at some of the world's lowest rates. Zipt has the ability to deliver crystal clear sound quality in lower bandwidth data environments and allows consumers to retain their existing phone number, service provider and SIM card, with no lock-in contracts. For more information please visit www.zipt.com.au.

About AussieSim

AussieSim is an international pre-paid travel sim card offering consumers up to 95% savings on talk, text and data whilst travelling overseas across more than 180 countries. AussieSim has developed infrastructure including SMS based top up technology, along with a call forwarding platform which enables customers to receive international calls on their Australian mobiles while travelling overseas. It has also developed an online trading platform which is scalable, can be rebranded, and is capable of being deployed offshore with domestic currency and different languages. For more information please visit www.aussiesim.com.au.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

ZIPTTEL LIMITED

ABN

41 108 042 593

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter (September 2015) \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	316	316
1.2 Payments for		
(a) staff costs	(140)	(140)
(b) advertising and marketing	(788)	(788)
(c) research and development	(28)	(28)
(d) leased assets	-	-
(e) other working capital	(955)	(955)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(1,579)	(1,579)

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	110
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Directors' fees and salaries paid to executive and non-executive directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	4,751	778
4.2 Deposits at call	-	5,500
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	4,751	6,278

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30/10/2015
(Director/Company secretary)

Print name: Umberto Mondello

Notes

+ See chapter 19 for defined terms.

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.