



ASX Announcement
ASX Code: DUB

29th April 2016

Dubber Quarterly Activities Report Period Ending 31 March 2016

Highlights:

- **Continued revenue growth up 40% in quarter**
- **Significant product development with Dubber Playback and video recording**
- **Commercial agreements formed with Macquarie Telecom, MyNetFone and Leading Singapore Telco and Siphon Networks**
- **Expansion of existing telco partnerships proving successful validation**
- **Key personnel appointments made to ensure scaling of growth of telcos towards targeted 20 by calendar year 2016 end.**

Cloud-based call recording technology provider, Dubber Corporation Limited (ASX: DUB) ("Dubber" and "Company") is pleased to provide a report of its activities for the quarter ending 31 March 2016.

During the first quarter of 2016, the Company is pleased to advise it made substantial steps forward on both product and commercial fronts.

Dubber has completed an evolution throughout the past 12 months since listing on the ASX, through originally being introduced to market as a transformative call recording solution and since developing towards the Company's true vision of 'capturing voice data' and the provision of subsequent value added applications.

Product Development: The Evolution

Dubber enters the telecommunications roadshow season with two key product releases, both of which demonstrate the opportunities provided by Dubber's 'Total Scale' proposition:

- Dubber 'Playback' and;
- Dubber video recording capability

Dubber Playback

Commencing with the BroadSoft telco roadshows in Melbourne, Hong Kong and Mexico during May, Dubber will introduce a world first network feature, working name, 'Dubber Playback.'

This product is truly disruptive and can revolutionise the telephony experience for all phone users, on any device and any network.

Dubber Playback works in the background, allowing any user to communicate and then retrospectively rewind to previous calls made. It opens up user cases for capturing calls for a significant volume of users, which is only possible because of Dubber's 'Total Scale' platform.

As an example, a mobile phone user can manage their calls from a 'recent' call log, which then enables 'fast forward, rewind, pause' of calls the user has previously made/received.

Whether used to confirm information in a business sales call, recall details of a discussed project or, for example, dissecting a shopping list request on the way home from work, Dubber believes that the feature has applications to the mass market on a large scale.

Implicit in this feature is Dubber's strategy in 2016 to capture, not just fixed line business telephony, which is the traditional application for limited solutions, but **Mobile Voice Recording (MVR)** on a mass scale.

It is anticipated that mobile telecommunications carriers will choose to route their mobile traffic through call management infrastructure such as BroadWorks or Session Border Controllers in order to 'pick up' value added services such as Dubber.

'Playback' is not designed as a general recording product, but more focus on allowing the User to manage and get more out of their own calls, in a similar vein to TV viewers, using live pause and rewind for their TV programs.

In order to provide this product, however, the supporting platform requires the capabilities which reflect Dubber's core design.

Video Recording

When Dubber undertook its capital raising in November, it was off the back of commercial discussions with network providers with video requirements as part of a Unified Communications suite.

Dubber has been able to successfully release its video recording capability, with productisation initially being on a bespoke 'integration' basis.

The Company anticipates that video recording interaction will become an increasingly important component of Unified Communications (UC) in the near term future, initially for business and enterprise.

Go-To-Market Offerings: Telecommunications sector

Dubber's transformative call recording platform offers a true native cloud option for traditional recording requirements with enhanced capabilities derived from the ability to maintain all recordings live and available on a mass scale.

This model is referred to as a '**Reserved User**' whereby all calls are recorded and maintained for a monthly SaaS subscription.

At BroadSoft Connections 2015 in late October, Dubber revealed its '**On Demand**' proposition whereby a telco can offer user-initiated recording across its entire user base.

In order for a telco to provide this, it needs the capacity to '**enable**' its entire customer base on a network, e.g. BroadWorks which, in turn, requires scale beyond the capability of traditional recording solutions.

An example of a typical potential user case for 'On Demand' might be found in the financial services sector in Australia. In a market where there is an absence of strict regulation, there is a reluctance in some quarters to have all calls recorded. It is likely, however, that there would be widespread enthusiasm in the financial services sector to subscribe to a service whereby an advisor could record a call **when** they wanted to, in this case, where they may have experienced communication barriers with a particular client in the past.

Dubber is able to provide this recording service on a transactional basis, i.e. pay per recording which, in turn affords the product managers of telcos, the opportunity to create tailored plans and bundles to suit their customer base.

During May, Dubber will introduce the first of its enhanced features, '**Playback**' (working title) which will illustrate the benefits of activating the Dubber platform across a network's customer base, including mobile.

As per '**On Demand**' Dubber is able to offer a pricing model which relates to recordings as opposed to an 'always on' subscription model.

The current business presentation highlights a potential model with an Asian telco partner whereby a minimum figure of 20,000 '**Reserved Users**' has already been committed with the telco's forecasts for, potentially large volumes of both 'On Demand' and 'Playback' users added accordingly.

Go-To-Market Offerings: Developer Community

Dubber's core design features 'productised' Application Programming Interfaces (APIs). As well as contributing significantly to the way a telco can manage its recording capabilities, the native cloud capability enables unique opportunities for developers to build 3rd party applications which use Dubber's capability via API.

The true impact of the API strategy will materialise when Dubber's vision of 'capturing the data' via telco networks on mass scale starts to gain momentum over the next couple of years.

Whilst most 'written' communication shared over the internet is analysed by Google, LinkedIn, Facebook and others, the largest and most content rich data, the content of telephone communication, is not.

The ultimate extension of the Dubber vision is to use the 'total scale' attributes to capture this data and have the metadata available for such analytics.

In this area, the API structure provides for a true 'Big Data' play.

The revenue model consists of API charges on a usage basis.

Commercial Agreements in the Quarter

Macquarie Telecom

Dubber completed an MoU with Macquarie Telecom whereby the parties would fast track the deployment of the Dubber service into Macquarie Telecom's network whilst confirming the commercial terms of a wholesale agreement which will see Macquarie provide recording services to its customers.

Macquarie Telecom's customer base comprises mid-tier business and government.

The agreement is in the final stages of completion with the first customer already engaged.

Dubber will provide confirmation of this completion as soon as possible with Macquarie Telecom aiming to publicise the launch through its own PR channels.

MyNetFone

Dubber signed an MoU with MyNetFone/Symbio Networks whereby the two companies will provide a unique recording capability removing the need for updated infrastructure or change in telco service and equipment provider.

Customers will be able to record any or all calls as required with those call routed, for the purpose of being recorded, via the MyNetFone/Symbio network.

This opens up the mass market in Australia, to the potential for recording of calls for the first time.

Typically, call recording is provided with significant alterations to either infrastructure, or telephone carrier, or both.

The Dubber/ MyNetFone solution removes that sizeable barrier. MyNetFone are currently deploying network enhancements prior to launch with an already identified 'blue chip' brand customer.

Leading Singapore Telco

Dubber signed an MoU with a Singapore-based telco in March, to provide business call recording, Mobile Voice Recording and 'On Demand' Services under a Master Services Agreement (MSA) which is currently being finalised.

The MSA will reflect a minimum guarantee of users in the order of 20,000 subscriptions per month over 12 months from deployment.

Deployment is scheduled for Q3 2016 in line with a network upgrade at the telco's end. The telco has requested brand confidentiality for commercial, brand and product launch reasons, though Dubber expects to be able to identify the partner as part of the MSA completion which is expected during Q2 2016. The telco intends to deploy the service immediately into its banking customers.

Dubber expects this agreement, once finalised, to contribute substantially to the Company's goal for cash flow break even within the next 12 months.

Siphon Networks

During the quarter, Dubber announced a distribution agreement with Siphon Networks in the UK. Whilst this is, prima facie, a re-seller agreement, the profile of Siphon underlines its importance.

Siphon Networks is a leading deployment partner for BroadSoft and has been the driving force behind the design, delivery and support of numerous UK and European BroadWorks deployments for telcos.

Siphon's relationship with the telco extends much further than the initial deployment and provides ongoing 'managed services' for some. A number of Siphon telco clients have existing, yet traditional recording solutions which Siphon are actively working to replace with Dubber.

Siphon is also a distribution partner of the BroadSoft - BroadCloud PBX service in the UK, whereby service providers can use Unified Communications without deploying network infrastructure.

Finally, Siphon Networks is a major partner of Polycom. Siphon configures handsets on behalf of the telcos and distributes those handsets directly to end users throughout UK and Europe. There is a significant opportunity for Dubber to seamlessly onboard new users with Dubber recording as they receive the new handsets.

Dubber is engaged with Siphon's far reaching sales channel and is currently participating in joint marketing initiatives, which includes Siphon's upcoming customer event in June. As a result of these efforts there are significant 'near term' opportunities in UK and Europe via this channel.

Current Engagement

During the quarter, the Company announced a target of 20 telco partnerships by the end of calendar year 2016.

In its latest business presentation (refer below), Dubber has provided an outline of prospective profiles of those telcos currently engaged in either lab testing or commercial procurement processes whereby 'qualification' for the profile is pricing which reflects a minimum of 5000 'reserved users' within 12 months of deployment.

By way of example, Dubber announced an agreement with UK Telco Service provider The Voice Factory which included 5000 user pricing with a minimum guarantee. There are currently 2300 users of this service within the first quarter of deployment.

Banking tailored solution update

During November 2015, Dubber signed an agreement with one of Australia's "Big 4" banks to provide a tailored solution.

Due to a strict confidentiality agreement regarding the project, there has been, unfortunately limited information flow right from the outset and that continues.

The current status lies in that the Company has received some payments from the Big 4 bank and has successfully proven its technology suite can solve the specific requirement for the tailored solution.

The project requires some input from the Big 4 bank regarding data, which has not happened in line with our original timing expectations, due to a regulatory reason, the basis of which cannot be disclosed.

Although Dubber's core strategy lies in the telco sector, the Company acknowledges the importance of this engagement. Whilst there are some current complexities, Dubber's management team is continuing to progress the project and will provide updates as soon as this happens.

Other distribution channels

Dubber has continued to develop channels to market in Australia targeting Australian businesses.

Gateway ICT has been chosen by Dubber to facilitate the first Dubber deployment via Cisco infrastructure, a small deployment (35 seats) into a 'Head Office' division of Australia Post.

The Dubber solution has been presented to AusPost by Telstra who will also bill the service under its managed service agreement. In turn, Telstra has taken the service via Inference Solutions, a Dubber re-seller.

Dubber expects this channel to grow significantly in 2016 and underpin the local component of the larger global telco strategy.

Personnel appointments have positioned Dubber to capitalise on significant growth opportunities with global telcos.

During November 2015, Dubber outlined it was establishing an operational basis for commercial growth opportunities in Europe to taking advantage of network integration opportunities in which it was engaged.

In late January, Dubber formalised the launch of its UK base of which is anticipated will be the center for commercial growth in 2016.

Dubber's intention was to establish a base quickly and prior to the telecommunications roadshow circuit which starts in May 2016 and goes through to November at the BroadSoft Connections 2016.

Dubber has successfully filled all the requisite personnel positions in both Melbourne and London with the addition of:

- **Sales Director EMEA**, Ben Dooley
- **Product Engineer**, Simon Raynor
- **Head of Marketing - UK**, Amir Jirbandey
- Three additions to the product development team.

Notes to the Appendix 4c quarterly cash and activity statement

Operating cash flow receipts

Quarterly cash receipts have risen from circa \$129,000 on 31st December to \$179,000. This includes an initial payment from the 'Big 4 bank' agreement which has been received in equal amounts across the two quarters.

Operating expenses and AusIndustry Research and Development Incentive

The AusIndustry Research and Development grant was received in the first week of January in the order of \$1.38m.

Cash receipts from this amount were circa \$1m after satisfaction of outstanding ATO obligations which have been reported continuously in our balance sheet and this has contributed to a 'once only' increase in cash expenditure relating to Staff costs in the quarter.

Dubber expects the 2016 AusIndustry incentive to be remitted in the first two quarters of FYE 2016/17 and current expectations reflect an amount in the order of in excess of \$1.5m as an addition to the current cash position which is \$4.18m at 31 March 2016.

As noted above, cash operating costs increased significantly during the quarter, in part as a result of establishing the UK office, but also relating substantially, to balance sheet items related to the Australian Tax Office.

It is not anticipated that this event will re-occur since this related directly to delayed receipt of the 2015 AusIndustry Research and Development Incentive, as above.

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

DUBBER CORPORATION LIMITED

ABN

64 089 145 424

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	179	352
1.2 Payments for		
(a) staff costs	(984)	(1,842)
(b) advertising and marketing	(51)	(103)
(c) research and development	(183)	(606)
(d) leased assets	-	-
(e) other working capital	(762)	(2,355)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	14
1.5 Interest and other costs of finance paid	(27)	(27)
1.6 Income taxes – R&D tax offset received	1,372	1,372
1.7 Other	-	-
Net operating cash flows	(448)	(3,195)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(448)	(3,195)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(21)	(25)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	(35)
1.12 Loans repaid by other entities	-	-
1.13 Other (Bond deposit)	20	(90)
Net investing cash flows	(1)	(150)
1.14 Total operating and investing cash flows	(449)	(3,345)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	392	6,131
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (share issue costs)	-	(301)
Net financing cash flows	392	5,830
Net increase (decrease) in cash held	(57)	2,485
1.21 Cash at beginning of quarter/year to date	4,239	1,697
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	4,182	4,182

+ 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	148
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

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

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

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	-	-

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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	4,182	4,239
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		4,182	4,239

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: 29 April 2016
 (Company secretary)

Print name: Ian Hobson

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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 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.

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