

31 July 2018

ZipTel Quarterly Review – Q4 FY2018

ACTIVITY HIGHLIGHTS

ZipTel Limited's ("ZipTel" or "the Company", ASX: ZIP) focus during the quarter was:

- Developing opportunities for the Company's platforms in particular the 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");
- Working with SDM to assist with the Convo App roll out across key markets;
- Reviewing other opportunities.

COMPANY FINANCIAL OVERVIEW

Cash at the end of the quarter was \$1.64M.

During the June 2018 quarter, the Company maintained its lean cost structure with a Net cash outflow from the Company's operating activities of ~\$112,000 (Q3 FY2018: \$115,000).

The Company banked its FY2017 claim of ~\$430,238 under the Australian Government's Research and Development (R&D) Tax Incentive Program.

The Company's quarterly financial performance is summarised below:

Financial headline	June Q4 FY2018	March Q3 FY2018	December Q2 FY2018	September Q1 FY2018	June Q4 FY2017
Receipts from customers	2,000	4,000	8,000	18,000	35,000
Research and development	-	(4,000)	-	(110,000)	(104,000)
Operating costs	(4,000)	(5,000)	(14,000)	(16,000)	(20,000)
Marketing	-	-	-	-	(83,000)
Staff costs	(49,000)	(55,000)	(53,000)	(381,000)	(50,000)
Admin and corporate costs	(67,000)	(62,000)	(173,000)	(93,000)	(62,000)
Operating Cash outflow*	(112,000)	(115,000)	(224,000)	(580,000)	(282,000)

* Without government grants and tax incentives or capital raisings

Minimal costs were incurred during the quarter as the Company again achieved its target to maintain a minimal monthly cash burn.

ZIPT CONVO AGREEMENT

On 8 May 2018, the Company provided a substantive update on the progress of its agreement with London-based Space Digital Media Limited (SDM) to launch a new ZipT technology based mobile application aimed at becoming a globally significant content driven communication/ social platform; the Convo App.

The Convo App (the "App") has had significant development over the past few months incorporating learnings from global soft launches on both the iOS and Android platforms.

The App now has:

- a content section where publishers can be followed by users;
- a personalised content feed where users can like, share and comment on content;
- chat functionality; and
- App to App free calling

The App now has a strong foundation for supported launches into the marketplace as well as secondary development phases which will continue (at no cost to ZipTel) over the coming months.

Launch Strategy

SDM's initial aim in the next quarter is to roll out the 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 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.

Upon achieving this initial new user base and implementing its feedback, SDM will look to fully roll out efforts to target a mass user base and expand globally over key regions.

The Convo App is intended to enable publishers to drive traffic to their pages and benefit from ongoing advertisement revenue splits. Refer to the announcement of 18 August 2017 for further details.

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 as it continues its global launch. The app development is materially complete and the Company expects to update the market as more information becomes available.

OUTLOOK

ZipTel continues to support SDM as it readies to ramp up marketing efforts for the Convo App. 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:

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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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2	32
1.2 Payments for		
(a) research and development	-	(115)
(b) product manufacturing and operating costs	(4)	(39)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(49)	(538)
(f) administration and corporate costs	(67)	(394)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	23
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	436	436
1.8 Other (provide details if material)	-	17
1.9 Net cash from / (used in) operating activities	324	(578)
2. Cash flows from investing activities		
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 (12 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	1,198
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	-	(133)
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)	-	-
3.10 Net cash from / (used in) financing activities	-	1,065

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,319	1,156
4.2 Net cash from / (used in) operating activities (item 1.9 above)	324	(578)
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)	-	1,065

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,643	1,643

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	631	313
5.2 Call deposits	1,012	1,006
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,643	1,319

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	43
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	

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	Current quarter \$A'000
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	

n/a

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(10)
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	(30)
9.6 Administration and corporate costs	(100)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(140)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
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: 31 July 2018
(Company secretary)

Print name: Derek Hall
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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 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.