



ASX Announcement  
ASX Code: DUB

31<sup>ST</sup> July 2016

## Dubber Quarterly Activities Report Period Ending 30 June 2016

### Highlights:

- Scaling of users from initial telco deals demonstrated through 21% **increase of recurring revenue from SaaS applications**
- Highly positive engagement with telco sector continues with Dubber confident of meeting calendar-end 2016 targets of 20 telcos
- Dubber Cisco connector successfully completed with first customers contracted
- ‘Dubber Playback’ introduced to market
- First distribution partner signed in North America
- New website launched

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 30 June 2016.

Throughout the final quarter of FY2016 the Company made significant progress on a number of commercial fronts. As a result, it is expected such efforts and engagement of the June quarter will crystallise during the September quarter in the form of announcements of Master Service Agreements (MSA) and the signings of new telcos.

Dubber is looking forward to the second half of 2016, as it is an important period for the Company’s development with a number of significant targets well progressed.

The Company is pleased to provide an update of its progress with the existing telco channels which have relevance to the quarter.

### BroadCloud Japan

During the quarter, Dubber announced it had been chosen by BroadSoft to provide its recording platform for BroadCloud customers in Japan.

BroadSoft is the world’s leading Unified Communications platform with more than 600 telcos as customers.

The significance of BroadCloud Japan’s selection of Dubber as the platform for all call recording is that any Japanese telco using BroadCloud will be able to offer their own branded call recording service instantly on a ‘tick and pick’ basis. The Japanese telco’s call recording platform will, in fact, be BroadCloud’s embedded recording service which, in turn, that service is Dubber.

This is significant as it allows Dubber to enter the Japan telco market with very light touch, removing the requirement to engage directly with the Japanese telco sector, as any eventual Dubber customer will be a customer of BroadCloud.

Dubber anticipates this initiative will yield significant results in what is an important market with first customers expected to be connected this year.

## **AVC One**

As announced to the ASX on June 6, Dubber was selected by UK telecommunication and IT service provider, AVC One, to provide call recording services.

AVC operates a Broadsoft platform and Dubber is now available instantly to any of the customers in the AVC channel due to the way Dubber has been engineered to integrate seamlessly.

Dubber's unique platform enables AVC One to tailor user cases for its downstream users. During the quarter, AVC One identified and launched its first Enterprise customer on its call recording platform. This first AVC One Enterprise customer has begun recording immediately and gone live with approximately 800 users. AVC are expecting to increase the amount of users to more than 5000 in the current financial year.

AVC One is the first customer brought to Dubber by **Siphon Networks**, a distribution partner of Dubber in UK and Europe. During the quarter Siphon have built a considerable pipeline for Dubber consisting of telcos with which they have already engaged on a professional and/or managed service basis.

## **Singapore Telco**

Dubber announced an MOU with a Singapore telco on 9 March 2016 with the intention of signing a Master Services Agreement (MSA) during Q3 CY2016. During the past quarter, Dubber and the telco have been working through this documentation and it is progressing as expected. The Company is confident of finalising the MSA with the telco in Q3 as reported.

The details of the MSA have been reflected in the previously reported announcement regarding the MOU, and Dubber wishes to advise that the commencement of a deal of this nature will be the most significant commercial landmark signed to date, pushing the Company well towards profitability in 2017.

## **The Voice Factory**

The Voice Factory has continued putting on new users during the quarter and remain on track to reach their 12-month target of 5,000 users.

## **BlueIP**

After delays due to network configuration, the BlueIP agreement commenced towards the end of the quarter and Dubber has issued the first invoice in June (note cash has not been received as it was not due before 30 June).

## **MyNetFone**

The MyNetFone MOU provides for a solution which opens up call recording to PSTN/ ISDN customers for the first time without the requirement of changing hardware or telecommunications supplier.

This solution enables Dubber and its resellers to engage directly with the Australian market and will provide consistent organic retail growth. MyNetFone manages its own proprietary network infrastructure and as result technical configuration between Dubber and MyNetFone has been required.

During the quarter technical work and the commercial agreements were progressed and it is anticipated that the service will be operational with first customers connected during the September quarter.

## **Macquarie Telecom**

Dubber announced in February that it had entered into a MOU with Macquarie Telecom with the intention of finalising a MSA within 60 days. The finalising of this MSA has been delayed with the Dubber deployment being a part of Macquarie's larger network management process. It is anticipated that the initial users will be connected prior to Dubber being fully 'productised' into Macquarie's systems.

Revenues for Dubber will commence once the customers are connected.

Michael Davis, Chief Operating Officer, Macquarie Telecom commented “We are excited to be commencing in August , initially connecting customers, effectively on a POC (proof of concept) basis while we move to fully productise thereafter,”

Dubber wishes to clarify that in the case of substantial telcos, the timeframe from commercial agreement to technical deployment is determined by the overall network management provisioning process and this can vary depending on the cycles and existing technical road map imperatives of such significant organisations.

As a service embedded at a technical level into the telco’s network infrastructure, it illustrates the long-term position of the Dubber technology within a telco’s infrastructure, not just for its own innate value, but as a conduit for tying together other processes and systems as part of a holistically more valuable network offering for the telco and its customers. Therefore, in the event of delays of deployment and billing, such technical integrations and efforts create a higher value attachment and a form of stickiness to Dubber’s ultimate offering.

## **Other Telco Activity**

Dubber continues to engage with the telco sector in APAC, Europe and is laying the foundation for engagement in North America. The Company provides an update of each geography below.

### **APAC**

Dubber is confident that it is close to reaching commercial agreement with other service providers and telcos in APAC.

Dubber is currently in production with an APAC subsidiary of a multi-national telco with initial customers already added to the platform. There is a commercial confidentiality requirement regarding the nature of this deployment and Dubber aims to be able to provide details as and when the agreement is deemed material.

### **Europe**

Since Dubber opened its European office in London this year, it has received significant interest and identified a number of opportunities from telcos and service providers across all levels. Dubber is initially focused on telcos that run a Broadsoft Unified Communications platform since it is deemed that this will provide speed to market.

Dubber is operating directly and through channel partners such as Siphon Networks and is confident that it is close to reaching commercial agreements with some of these customers and is deeply engaged with many more that are connected to the Dubber Labs – often the first stage of the procurement process.

### **North America**

Dubber is pleased to announce that it has signed an agreement with Oxilio Inc of Canada, as a distributor/ reseller of Dubber. Oxilio was introduced by one of its telco customers, as Oxilio is an approved supplier to that telco to assist in accelerating the procurement of Dubber.

Oxilio is an expert provider of call recording and capture technology to major Telcos in both Canada and the USA, Oxilio has previously provided traditional call recording services as part of its IT consultancy services suite and has made the move of switching to Dubber for its industry disruptive capabilities.

## **Sales Pipeline and Target**

As stated previously, Dubber has a target of a minimum of 20 telco agreements in CY2016, a figure which, if achieved, will underpin the financial goals for 2017 and beyond.

Following activity in the quarter Dubber maintains its target based on the outlook provided by the current qualified pipeline.

## **Big 4 Bank Project**

During November 2015, Dubber signed an agreement with one of Australia’s “Big 4” banks to provide a bespoke, tailored solution. Due to a strict confidentiality agreement regarding the project, there has been, unfortunately limited information flow right from the outset and it continues. Dubber has successfully completed the initial piece of the project, however the project has been subject to complexities attributable to its sensitivities and beyond Dubber’s control. Accordingly, during the quarter no further activity took place.

## Cisco Connector

During the quarter Dubber completed the development of its Cisco integration connector and, with its partner Gateway ICT, is currently deploying its first customer, Australia Post. This is a small deployment into a section of the Head Office environment but Dubber expects to engage both directly and via its partners, with continuing Cisco-based opportunities.

## Dubber Playback

In May Dubber revealed its 'Dubber Playback' service which it believes has the capacity to transform the way in which telephony calls, including mobile are conducted.

'Dubber Playback' enables the user to manage telephone calls retrospectively and 'on the fly', including, but not limited to, replay/rewind, fast forward/scrolling with a comparison being the methodology used to manage live TV via set top box currently deployed with services such as Foxtel IQ.

The customer will be able to access the details of a phone conversation like never before with substantial benefits. This requires the capture of data across a broad base of customers and illustrates the philosophy behind Dubber's core design.

The 'Dubber Playback' functionality is already supported by the Dubber Platform within the Dubber API and is currently being productised further, specifically, the user interface in the existing Web App and the forthcoming mobile applications. The complete 'Dubber Playback' service will be made available, commercially, to partners in the September quarter.

This service opens up markets which have never been addressed before, as noted, across the entire user spectrum and will have revenue modeling and opportunities which add substantially to Dubber's 'reserved user' model.

## Notes to the Appendix 4C quarterly cash flow report

### Operating cash flow receipts

Whilst Dubber SaaS sales are continuing to grow, this is not reflected in the operating cash flow receipts particularly as the previous two quarters included receipts from the 'Big 4 Bank project.'

The telco billing for the month of June has risen to approximately \$78,000, a figure that does not include any billing from newly announced telco partners i.e, AVC one.

Based on Dubber's current contracted agreements, the Company will scale up to revenue of ~\$350,000+ per month by the end of FY2017.

### Operating expenses and AusIndustry Research and Development Incentive

The operating expenses represent the current operations with the completion of personnel required in the development team, sales and support and the European base.

There are two extraordinary requirements, namely;

1. circa \$200k towards industry events and associated costs including travel etc. Other than Broadsoft Connections in November, this quarter comprises the entirety of such events for the year.
2. Consulting and IT contractors in relation to the development of the 'Dubber Playback' service.

Dubber expects the 2016 AusIndustry incentive to be remitted in coming months with current expectations being an amount in the order of in excess of \$1.5m as an addition to the current cash position which is \$2.567m at 30 June 2016.

# 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")

**30 June 2016**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	158	510
1.2 Payments for		
(a) staff costs	(524)	(2,366)
(b) advertising and marketing	(39)	(142)
(c) research and development	(178)	(784)
(d) leased assets	-	-
(e) other working capital	(1,139)	(3,494)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	21
1.5 Interest and other costs of finance paid	(2)	(29)
1.6 Income taxes – R&D tax offset received	-	1,372
1.7 Other	-	-
<b>Net operating cash flows</b>	<b>(1,717)</b>	<b>(4,912)</b>

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,717)	(4,912)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(19)	(44)
(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)	106	16
<b>Net investing cash flows</b>	<b>87</b>	<b>(63)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,630)</b>	<b>(4,975)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	15	6,146
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)
<b>Net financing cash flows</b>	<b>15</b>	<b>5,845</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,615)</b>	<b>870</b>
1.21 Cash at beginning of quarter/year to date	4,182	1,697
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	<b>2,567</b>	<b>2,567</b>

+ 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	105
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	-	-

+ See chapter 19 for defined terms.

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

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**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	2,567	4,182
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	<b>2,567</b>	<b>4,182</b>

**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 July 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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