

ASX AND MEDIA RELEASE

31 August 2015

Successful Listing, Global Launch of Zipt app Strong User Growth Expected to Accelerate in 2016

Highlights

- Company listed on the ASX via a reverse takeover of Skywards Limited and successfully raised \$5 million in an oversubscribed equity raise
- Significant progress made towards the development of new revolutionary app Zipt, which culminated in the global launch on 22 June 2015
- Oversubscribed institutional placement in November raised a further \$5 million to accelerate the roll out of Zipt and aggressively increase marketing efforts
- Strong results from the launch of Zipt with over one million users to date and unexpected revenues of \$98k in FY2015
- Revenues from AussieSim were down 28% to \$401k as retail prices of the sim card were reduced and there was more focus on the Zipt app launch
- Loss after tax of \$5,687,639 due to increased investment in the development of Zipt and the roll out of marketing and sales activities to drive user acquisition
- Company well funded with \$6.28 million cash at bank to drive user acquisition of Zipt and accelerate revenue growth in 2016

ZipTel Limited ("ZipTel" or "the **Company**", ASX: ZIP) is pleased to report the Company's full year results for the year ended 30 June 2015. The results reflect a strong result since listing on the Australian Stock Exchange (ASX) in July 2015.

Successful Listing and Equity Raisings

On 4 July 2014 ZipTel successfully listed on the Australian Stock Exchange through its reverse takeover of Skywards Limited. The Company raised \$5 million in an oversubscribed equity raise, which received strong support from a number of prominent institutional investors.

Post the raising the Company was well funded to implement strategic growth initiatives focused on driving market awareness and increased market share of AussieSim along with building the infrastructure of its now launched Zipt application.

In November 2014 the Company raised a further \$5 million in an institutional placement to accelerate the roll out of Zipt and aggressively increase its marketing efforts to drive user acquisition upon launch.

Financial and Operational Results

Total revenue for the year were down by 10% to \$499k primarily driven by a slow down in revenues from AussieSim by 28% to \$401k. AussieSim revenues were down as retail prices of the sim card were reduced and there was more focus on the Zipt app launch.

In May the Company launched the Zipt app on Android in a pilot phase, which demonstrated exceptional results across the app's infrastructure and over 180,000 installs were achieved. The app's performance has been incredibly encouraging with \$98k worth of unexpected revenues generated by the end of the 30 June period through user top-ups, accounting for 15% of total revenues.

Loss before income tax for the full year to 30 June 2015, totalled \$5,687,639 a decrease of 133% due to an increased spend on marketing and sales activities to promote its flagship Zipt product.

Towards the end of the year on 22 June 2015 the Zipt app launched globally on Android and commenced marketing activities in initial target regions of South East Asia, the Indian Subcontinent, Latin America, Middle East and Africa.

The Company also signed internationally renowned cricketer, commentator and sports personality Brett Lee as an Ambassador for the Zipt app. Mr Lee took an equity position in the Company aligning the objectives of both parties and incentivising customer acquisition.

During the year the Company made significant progress increasing the distribution channels of its AussieSim product through agreements with Trafalgar Tours and 7-Eleven. ZipTel also added a new product to its portfolio; Global Data Sim Card, offering mobile data only services at significantly lower rates for overseas data usage.

Summary of Results for year ending 30 June 2015

	2015 Actual	2014	Growth yoy
Total revenues	\$498,981	\$555,714	(10.2%)
AussieSim revenues	\$400,590	\$555,714	(27.9%)
Zipt revenues	\$98,391	-	-
Loss from ordinary activities after tax	(\$5,687,639)	(\$2,444,621)	(132.7%)

Outlook

With the iOS version of the Zipt app launching on 14 September 2015 the Company expects its user acquisition to significantly accelerate into 2016 as it expands its marketing campaign into Australia, the U.K, U.S and China.

Whilst Android captures a larger share of the smartphone market (80%), iOS users (16%) tend to have higher incomes and more disposable funds and are expected to spend more on top-ups and in-app purchases, driving revenues higher for Zipt.

Revenues from Zipt are expected to increase as users continue to opt for top ups and take advantage of the in-app purchases available. The agreement with Brett Lee as Ambassador for Zipt is also expected to significantly drive user acquisitions globally and particularly in Australia and the Subcontinent.

With over one million users announced post the year-end the Company is on track to achieve its projected 10 million users within 18 months of launch.

Bert Mondello, CEO, ZipTel Limited commented:

"The results this financial year reflect the shift in our business to focus on the global VOIP market with the launch of Zipt. Since our successful listing in July we have been investing in the technology development and marketing strategy of the Zipt app and on 22 June 2015 we successfully launched the Android version globally.

"We expect to continually drive user acquisition and revenues across Zipt and we have in place a targeted marketing strategy for rapid expansion in our chosen markets.

"The investment into the business over the year provided us with a solid base to roll out our app and the results so far have been very encouraging, with unexpected revenues of \$98k generated for the period ended 30 June 2015 and users of over one million reached in August."

– 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.

Appendix 4E Preliminary Final Report

Name of entity

ZIPTTEL LIMITED

ABN or equivalent company reference:

41 108 042 593

1. Reporting period

Preliminary report for the financial year ended	30 June 2015
Previous corresponding period is the financial year ended	30 June 2014

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities (<i>item 2.1</i>)	down	10.2%	to	499
Profit from ordinary activities after tax attributable to members (<i>item 2.2</i>)	down	132.7%	to	(5,688)
Net profit for the period attributable to members (<i>item 2.3</i>)	down	132.7%	to	(5,688)

Dividends (<i>item 2.4</i>)	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Final dividend	Nil	Nil
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	Not Applicable	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>): Refer to item 12.		

3. Income Statement

Refer to attached unaudited Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015.

4. Balance Sheet

Refer to attached unaudited Preliminary Consolidated Statement of Financial Position as at 30 June 2015.

5. Statement of Cash Flows

Refer to attached unaudited Preliminary Consolidated Statement of Cashflows for the year ended 30 June 2015.

6. Dividends

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2015	N/A	N/A
Final dividend – year ended 30 June 2015	N/A	N/A

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	N/A	N/A	N/A
Previous year	N/A	N/A	N/A

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	N/A	N/A
Preference securities (each class separately)	N/A	N/A
Other equity instruments (each class separately)	N/A	N/A
Total	N/A	N/A

7. Details of dividend or distribution reinvestment plans in operation are described below:

N/A
<div> <div>The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan</div> <div>N/A</div> </div>

8. Statement of retained earnings

	Consolidated	
	2015 \$'000	2014 \$'000
Balance at the beginning of year	(3,369)	(924)
Lost attributable to members of the parent entity	(5,687)	(2,445)
Balance at end of year	(9,056)	(3,369)

9. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.077	\$0.063

10. Details of entities over which control has been gained or lost during the period:

Control gained over entities

Name of entities (<i>item 10.1</i>)	N/A
Date(s) of gain of control (<i>item 10.2</i>)	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (<i>item 10.3</i>)	

Loss of control of entities

Name of entities (<i>item 10.4</i>)	N/A
Date(s) of loss of control (<i>item 10.5</i>)	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (<i>item 10.6</i>).	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (<i>item 10.7</i>)	

11. Details of associates and joint venture entities

Name of associate or joint venture entity (*item 11.1*) **% Securities held (*item 11.2*)**

N/A	N/A
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Aggregate share of profits (losses) of associates and joint venture entities (*item 11.3*)

	2015 \$	2014 \$
Group's share of associates' and joint venture entities':		
Profit (loss) from ordinary activities before tax	N/A	N/A
Income tax on ordinary activities		
Net profit (loss) from ordinary activities after tax	N/A	N/A
Adjustments		
Share of net profit (loss) of associates and JV entities	N/A	N/A

12. Significant information relating to the entity's financial performance and financial position.

The Company recommenced trading on the ASX under ZipTel Limited on 4 July 2014 following a successful \$5 million capital raising. The Company started the year fully funded for further product development of the ZipT application and continued growth of AussieSim. On 11 November 2014, the Company announced that it had successfully completed a subsequent \$5 million placement to domestic and international institutions providing a strong balance sheet to continue to drive customer growth.

The ZipT Android application was officially launched on 22 June 2015 following the successful pilot launch. During the year, the Company signed agreements with leading marketing and media businesses including Degordian, Mpire Media and Ladoo. Australian and internationally renowned cricketer, commentator and sports icon, Brett Lee, was also appointed as Global Brand Ambassador.

The AussieSim DataCard was launched in December 2014 and was the second product to be launched under the AussieSim brand. A landmark agreement with 7-Eleven was also announced in December 2014 which will see AussieSim products go on the shelves in 450 7-Eleven stores.

13. The financial information provided in the Appendix 4E is based on the preliminary financial report (attached), which has been prepared in accordance with Australian accounting standards.

14. Commentary on the results for the period.

Refer to explanation item 12.

15. Information on Audit.

This report is based on financial statements which are currently in the process of being audited by BDO Audit (WA) Pty Ltd.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
Revenue		
Sale of goods and services	498,981	555,714
Other income	152,426	14,567
Expenses		
Cost of sales	(623,026)	(250,872)
Other expenses from ordinary activities		
Administration	(668,057)	(163,535)
Employee benefits	(811,392)	(333,729)
Marketing and distribution	(930,556)	(345,653)
Consulting	(322,369)	(416,013)
Depreciation and amortisation	(55,853)	(55,709)
Occupancy	(77,415)	(53,693)
Provision for doubtful debtors	-	(47,481)
Write off of inventories	(40,473)	(2,458)
Share-based payments	(2,809,080)	(843,360)
Net liabilities assumed from backdoor listing	-	(384,121)
Other backdoor listing expenses	-	(107,844)
Finance costs	(2,729)	(11,157)
Exchange gain	1,904	723
Total Expenses	(6,339,046)	(3,014,902)
Loss before income tax	(5,687,639)	(2,444,621)
Income tax expense	-	-
Loss for the year	(5,687,639)	(2,444,621)
Other comprehensive income	-	-
Total comprehensive expense for the year	(5,687,639)	(2,444,621)
Loss attributable to owners of the Company	(5,687,639)	(2,444,621)
Total comprehensive expense attributable to owners of the Company	(5,687,639)	(2,444,621)
Basic and diluted loss per share attributable to the ordinary equity holders of the Company (cents per share)	(8.21)	(8.80)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	2015 \$	2014 \$
Current Assets		
Cash and bank balances	6,278,031	4,976,277
Trade and other receivables	97,374	164,187
Prepayments	-	5,852
Inventories	24,005	20,646
Total Current Assets	6,399,410	5,166,962
Non-current Assets		
Receivables	-	5,308
Plant and equipment	24,731	42,929
Intangible assets	162,614	200,268
Total Non-current Assets	187,345	248,505
Total Assets	6,586,755	5,415,467
Current Liabilities		
Bank overdraft	-	87,246
Trade and other payables	426,815	1,240,268
Provision for advance billings	11,940	14,357
Borrowings	-	8,066
Total Current Liabilities	438,755	1,349,937
Non-current Liabilities		
Provisions	84,400	29,620
Total Non-current Liabilities	84,400	29,620
Total Liabilities	523,155	1,379,557
Net Assets	6,063,600	4,035,910
Equity		
Issued capital	12,130,765	7,224,516
Reserves	2,989,266	180,186
Accumulated losses	(9,056,431)	(3,368,792)
Capital and reserves attributable to owners of the Company	6,063,600	4,035,910
Total equity	6,063,600	4,035,910

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

Attributable to Owners of the Company

	Issued Capital \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2013	1,225,000	-	(924,171)	300,829
Loss for the year	-	-	(2,444,621)	(2,444,621)
Total comprehensive expense for the year	-	-	(2,444,621)	(2,444,621)
Contribution of equity, net of transaction costs	5,999,516	-	-	5,999,516
Recognition of share-based payments	-	180,186	-	180,186
Balance at 30 June 2014	7,224,516	180,186	(3,368,792)	4,035,910
Loss for the year	-	-	(5,687,639)	(5,687,639)
Total comprehensive expense for the year	-	-	(5,687,639)	(5,687,639)
Contribution of equity, net of transaction costs	4,906,249	-	-	4,906,249
Recognition of share-based payments	-	2,809,080	-	2,809,080
Balance at 30 June 2015	12,130,765	2,989,266	(9,056,431)	6,063,600

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
Cash flows from operating activities		
Receipts from customers	522,246	372,860
Payments to suppliers and employees	(4,016,842)	(1,335,198)
Finance costs	(1,009)	(11,157)
Other income	136,235	19,438
Net cash provided by / (used in) operating activities	(3,359,370)	(954,057)
Cash flows from investing activities		
Payments of plant and equipment	-	(2,312)
Payments of intangible assets	-	(80,000)
Proceeds from sale of plant and equipment	-	12,727
Net cash used in investing activities	-	(69,585)
Cash flows from financing activities		
Proceeds from issue of shares	5,206,250	5,148,000
Proceeds from convertible loans	-	496,000
Proceeds from loan by related parties	-	150,535
Proceeds from borrowings	-	8,066
Share issue transaction costs	(300,000)	(45,706)
Repayment of borrowings	(158,601)	(12,470)
Net cash provided by financing activities	4,747,649	5,744,425
Net increase/(decrease) in cash and cash equivalents	1,388,279	166,406
Cash and cash equivalents at the beginning of the year	4,889,031	-
Effects of exchange rate changes	721	723
Cash and cash equivalents at the end of the year	6,278,031	4,889,031