

31 July 2015

ZipTel Quarterly Update – Q2 2015

Global launch of Zipt; over 300,000 users achieved in the first two weeks; and revenue generation ahead of expectations

Activity Highlights

Zipt

- Successful global launch of Zipt Android App in the GooglePlay store
- Over 300,000 users acquired in the first two weeks of launch
- Further testing of the App prior to launch demonstrated improved data usage of 55% over longer calls and functionality in bandwidths as low as 2.5 kbps
- App experienced significant viral and organic growth of 3.5 x
- Signed Brett Lee, Australian and international renowned cricketer and sports icon as Global Brand Ambassador and launched marketing and monetisation campaign
- Revenues of c\$50,000 achieved, whilst the App was still in beta launch phase, a development, which was not expected until the App was live globally

AussieSim

- Total revenue for the quarter at \$96,972, up 73% on Q1 2015
- Initial sim card purchase revenues were up at \$20,057 (116%) whilst top-up revenue and call forwarding revenues were up at \$68,168 (56%) and \$8,747 (165%) respectively
- Activations also increased by 77% from Q1 2015 to 962 for the quarter
- Q2 2015 to focus on expanding the retail distribution and continuing to improve the product

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 June 2015.

Operational

Zipt

In the previous quarter the Company continued to focus on the final development stages of the Zipt App and the global roll out strategy. This quarter saw the App go live on 22 June 2015.

The Global launch of the App was much anticipated and received over 300,000 down-

loads within the first two-weeks of launch and has now reached over 500,000.

During Q2 2015 the Company signed Brett Lee, Australian and internationally renowned cricketer and sports icon as a Global Brand Ambassador for Zipt. Brett Lee's popularity in the global market is expected to boost awareness of the Zipt App and the Company intends to leverage his appeal and international presence. Brett Lee has over 4.2 million followers across his social media platforms and his popularity in India is particularly prominent, after his successes in Bollywood films and appearances in the Indian Premier League (IPL).

India is a key market for the Zipt App as it still operates predominantly on 2G coverage and low bandwidths. India had 123.3 million smartphone users in 2014 and this is predicted to reach 280 million by 2018. In 2016 it will have more smartphone users than the U.S, making it the world's second largest smartphone market (after China).

As part of the agreement Brett Lee has also taken an equity and royalty package with the Company, incentivising customer acquisition growth and aligning both parties to the Company's objectives.

AussieSim

Initial sim card purchase revenues for AussieSim totaled \$20,057 an increase of 116% compared to Q1 2015, whilst top ups increased by 56% to \$68,168 (\$43,594 in Q1 2015) and call forwarding revenues increased by 165% to \$8,747 (\$3,299 in Q1 2015).

As a result total revenue for the quarter totaled \$96,972, up 73% on Q1 2015 from \$56,165. Activations also increased by 77% during the quarter, reaching 962 for the quarter (activations in Q1 2015 totaled 543).

This quarter coincided with the high travel season (April – September) and the Company expects this momentum to continue into Q3 2015.

AussieSim DataCard launched in December 2014, adding another revenue stream to the business and has also been performing well to date.

The Company will continue to focus on improving the quality of its AussieSim products during the coming quarter and expanding its distribution channels, both online and in retail store locations.

Corporate

As with the previous quarter the Company begins this quarter with a strong balance sheet.

The Company had total cash receipts of \$200,000 during the quarter, an increase of 292% on the previous quarter (Q2 2015 totaled \$51,000).

ZipTel has in place a focused marketing and monetisation campaign with Brett Lee and this quarter will be focused on driving customer growth and monetising the App.

Cash position

At the end of the Quarter the Company had cash at bank of \$6.28 million (unaudited).

Outlook

The Directors are delighted with the performance of the Zipt App to date. The achievement of over 300,000 subscribers in the first two weeks of launch is an incredible achievement.

Ahead of the global launch the App was operating in Beta with over 130,000 users and during this six-week period the Company achieved revenues of c\$50,000 through user top-ups. This was not built into the Company's expectations and alongside the significant user growth provides significant encouragement for the potential up-take and monetisation of the App.

Through the partnership with Brett Lee, its distribution agreements with Mpire Network, Airloyal, Degordian and Jana and further Ambassadors to be signed the Company is confident of achieving its targeted 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 AussieSim

AussieSim is a wholly owned subsidiary of ZipTel (ASX: ZIP). 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.

Over the past two and a half years AussieSim has developed a fully integrated retail and online trading solution for the travel sim marketplace. This includes, infrastructure, such as 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. AussieSim has direct partnerships with a number of international telecommunications networks. It has also developed an online trading platform which is scalable, can be re-branded, and is capable of being deployed offshore with domestic currency and different languages. For more information please visit <http://www.aussiesim.com.au>.

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. Zipt does not require an AussieSim sim card and can be installed on any Smartphone. Zipt uses less data than similar products already available on the market, and is compatible with Wi-Fi or any other mobile network.

For more information visit www.zipt.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 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter (June 2015) \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from customers	200	535
1.2	Payments for		
	(a) staff costs	(179)	(719)
	(b) advertising and marketing	(380)	(743)
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(493)	(2,068)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	81	136
1.5	Interest and other costs of finance paid	-	(2)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net operating cash flows	(771)	(2,861)

+ See chapter 19 for defined terms.

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

		Current quarter (June 2015) \$A'000	Year to date (12 months) \$A'000
1.8	Net operating cash flows (carried forward)	(771)	(2,861)
1.9	Cash flows related to investing activities		
	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	(57)
	(d) physical non-current assets	-	-
	(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	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	-	-
1.14	Total operating and investing cash flows	(771)	(2,918)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	80	5,207
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	(160)
1.19	Dividends paid	-	-
1.20	Other (Capital raising costs)	-	(743)
	Net financing cash flows	80	4,304
	Net increase (decrease) in cash held	(691)	1,386
1.21	Cash at beginning of quarter/year to date	6,968	4,890
1.22	Exchange rate adjustments to item 1.20	1	2
1.23	Cash at end of quarter	6,278	6,278

+ 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	121
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	778	718
4.2	Deposits at call	5,500	6,250
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		6,278	6,968

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: 31/07/2015
 (Director/~~Company secretary~~)
 Print name:
 Umberto Mondello

+ See chapter 19 for defined terms.

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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