



30 January 2015

Lodged by ASX Online

The Manager
Company Announcement Office
ASX Ltd
Level 4, 20 Bridge Street
Sydney, NSW 2000

Dear Sir/Madam

SHAREHOLDER UPDATE & APPENDIX 4C – DECEMBER QUARTER 2014

Please find attached the shareholder update and ASX Appendix 4C (unaudited) – Quarterly Report for entities admitted on the basis of commitments for TZ Limited for the quarter ended 31 December 2014.

Yours faithfully
TZ LIMITED

A handwritten signature in black ink, appearing to read 'Ken Ting', with a large, stylized flourish above the name.

Kenneth Ting
Director

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TZ LIMITED – SHAREHOLDER UPDATE

December Quarter 2014

UPGRADED REVENUE GUIDANCE REAFFIRMED

TZL has enjoyed a positive start to FY15. Our intellectual property and technology continue to lead the market. Our system solutions are gaining wider market acceptance and sales are growing strongly. The upgraded revenue guidance that the Company gave at the AGM is reaffirmed.

- Consolidated sales for 1HFY15 of around A\$7M (unaudited), more than doubling the revenue record for the same period last year.
- As anticipated in the commentary of the previous quarterly results, the revenue run rate for this quarter increased to A\$5M (unaudited) from A\$2M in the previous quarter.
- With a backlog of approximately \$4M and a solid pipeline of secured business, the Company is on track towards achieving its stated guidance of A\$18M for the full year subject to schedules and deliveries prior to the 30th June year end date.
- The PAD business continues to exceed expectations, almost tripling the revenues for the same period last year. Growth is being fuelled by strong traction in all geographies with penetration of the US Corporate and Residential sectors, the rapidly emerging and substantial Australian Day Locker business and the on-going Postal Locker roll-outs underway in Asia. We expect continued substantial and sustainable business through the foreseeable future.
- IXP sales remain steady. Several projects are anticipated to come on-stream in Q3 and Q4 which should boost sales over the second half of the year.
- Pilot production of TZ SMARt Devices is well underway in Asia. Initial production units are very promising in terms of meeting manufacturing, quality and performance standards as well as delivering on the manufactured cost gains anticipated by the Company. Once endurance and final testing programs are completed, the Company will move to full scale production, which is likely to proceed by early Q4.
- The cash receipts for the quarter have remained steady at just over \$3M. Operating costs have continued as expected at the current run rate. Net operating cash flow however has been impacted by heavier working capital requirements due to advance component purchases to support supply to major projects such as Westpac Barangaroo and Singapore Post. Cash at the end of the quarter decreased by approximately A\$0.7M to A\$1.3M. However, strong cash flows from major projects such as Westpac Barangaroo and Singapore Post will greatly add to cash reserves in the coming months.
- On 3 December 2014, the Company raised \$1M from various institutional and sophisticated investors.

Packaged Asset Delivery (PAD):

The PAD business has seen rapid growth across all application sectors and in all geographies, already exceeding last year's sales numbers. Over 90% of the current backlog of purchase orders is for TZ SMART Lockers and with the US, Asia and Australia all showing substantial demand, the potential for the Company is significant.

In the US, sales to the Corporate sector remain very strong with a number of new customers joining the impressive list of respectable technology and financial services clients. A leading San Francisco based social media company is the latest to embrace TZ Intelligent Lockers as an effective means of parcel distribution and inventory management in an agile work environment.

The US Residential sector has not disappointed in its tremendous growth opportunities. An aggressive engagement program has enabled the Company to secure supply relationships with six prominent property management companies who have an aggregated total of over US\$10B of properties under management. This sector should continue to grow strongly as Parcel Lockers become a standard utility for high density housing. The current accounts have a portfolio of hundreds of properties and are primed for Locker deployments over the next 24 months.

The pilot Parcel Locker program deployed in Chicago late last year by a US Logistics and Transportation Corporation has been running well. Reliable Locker performance through snow, freezing rain and double digit negative temperatures has proven the robustness of the technology and our ability to not only survive the humid conditions of SE Asia but the freezing winters of the northern hemisphere. We understand that the Parcel Locker initiative has been well received by the target customer base with overall feedback being positive. A successful pilot should lead to expansion of the Locker deployment in other US cities.

The 100th POPStation Locker Bank has been delivered to Singapore. This milestone represents over 170 tonnes of steel lockers deployed in the Singapore market since the first POPStation in February 2013. Discussions are currently underway with Singapore Post regarding their 2015 requirements. The Company is anticipating that Singapore Post will continue to expand its current network.

The Poste Italiane Locker Banks have been operational for more than three months without incident. We are awaiting further advice on the potential for a broader roll-out beyond the initial pilot.

In Asia, although progress has been slow, the Company is waiting for approval from Pos Malaysia to announce the status of the contractual negotiations. It is expected that approval will be received shortly. The Company has also been engaged in a number of new postal tenders and RFI opportunities and is hopeful that these may also come to a successful conclusion this calendar year.

In Australia, Day Locker sales continue to expand exponentially on the back of large supply contracts with Westpac and another large financial institution. The potential for growth is significant not only through the broader roll-out within the established client base but through engagement with other corporations who are also considering their agile workplace practices. Westpac's use of Day Lockers at the three new iconic towers, International Towers Sydney (ITS), at Barangaroo, represents a high profile deployment for TZ. The ITS properties have been benchmarked against the best office developments in New York, London, Hong Kong, Singapore and Shanghai and are designed to demonstrate the latest thinking in workplace design and sustainability. TZ is pleased to be part of this landmark project.

Infrastructure Protection (IXP):

Our IXP products are now well accepted and being embraced by large organisations as the solution of choice for their cabinet security. The business has maintained steady growth, albeit below the rate of growth that was enjoyed last year. This is primarily due to project timing issues, not from a reduction in demand or market potential.

We are however confident that this business will continue to grow steadily. We are expanding our distribution networks in most markets but particularly in the EMEA region with the appointment of a number of new distribution partners. As we expand the network, this will assist TZ to achieve greater coverage across all geographies.

A revamp of marketing collateral, planned attendance at a number of high profile tradeshows and a reinvigorated direct marketing program slated for Q3 should help to drive awareness and continue to raise TZ's profile as the leading micro-security solution in the market.

The Company is close to finalising its first OEM agreement for its TZ SwingHandle™ product. Although we were hoping to conclude the agreement before the end of the calendar year, contractual negotiations are being finalised. The Company will make announcements to the market when appropriate.

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005

Name of entity

TZ Limited

ABN

26 073 979 272

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	3,282	6,341
1.2 Payments for		
(a) staff costs	(1,590)	(3,189)
(b) advertising and marketing	(186)	(264)
(c) research and development	-	-
(d) leased assets	(81)	(161)
(e) other working capital	(3,086)	(5,143)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	18
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund/(paid)	(8)	(30)
1.7 Other Income	-	114
Net operating cash flows	(1,666)	(2,314)

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,666)	(2,314)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	(29)	(82)
(d) physical non-current assets	(12)	(20)
(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 - Investment in cash trust	-	-
Net investing cash flows	(41)	(102)
1.14 Total operating and investing cash flows	(1,707)	(2,416)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, notes, etc.	1,000	1,000
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Proceeds from investment redemption	19	73
1.20 Other - Share issue costs	-	-
Net financing cash flows	1,019	1,073
Net increase (decrease) in cash held	(688)	(1,343)
1.21 Cash at beginning of quarter/year to date	2,015	2,646
1.22 Exchange rate adjustments to item 1.21	(18)	6
1.23 Cash at end of quarter/year to date	1,309	1,309

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Payments to directors of the entity and associates of the directors

Payments to related entities and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	301
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Being directors' fees & allowances, office rent, accounting fees, administration and marketing costs paid to the directors and their related entities during the period.	

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. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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Reconciliation of cash

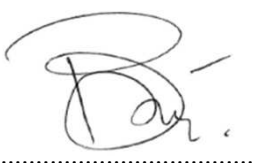
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,175	1,849
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other – Foreign currencies held overseas	134	166
Total: cash at end of quarter (item 1.23)	1,309	2,015

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity/business	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

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 ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 30 January 2015

Print name: Kenneth Ting

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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 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
- 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
- 3 **Accounting Standards.** ASX will accept, for example, the use of International Accounting 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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