



24 February 2015

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

Dear Sir/Madam

APPENDIX 4D AND HALF-YEAR REPORT 31 DECEMBER 2014

Please find attached Appendix 4D and Half-Year Report prepared for the period ended 31 December 2014.

Yours faithfully,
TZ LIMITED

A handwritten signature in black ink that reads 'Mark Bouris'.

Mark Bouris
Chairman

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1. Company details

Name of entity: TZ Limited
 ABN: 26 073 979 272
 Reporting period: For the half-year ended 31 December 2014
 Previous period: For the half-year ended 31 December 2013

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	129.2% to	7,635
Loss from ordinary activities after tax attributable to the owners of TZ Limited	down	26.9% to	(3,692)
Loss for the half-year attributable to the owners of TZ Limited	down	26.9% to	(3,692)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$3,692,000 (31 December 2013: \$5,052,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.93</u>	<u>(8.61)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The last date(s) for receipt of election notices for the dividend or distribution plans: Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. The independent auditors review report contains an emphasis of matter in relation to going concern.

11. Attachments

Details of attachments (if any):

The Interim Report of TZ Limited for the half-year ended 31 December 2014 is attached.

12. Signed



Signed _____

Date: 23 February 2015

Mark Bouris
Director
Sydney

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TZ Limited

ABN 26 073 979 272

Interim Report - 31 December 2014

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of TZ Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of TZ Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mark Bouris - Chairman
Kenneth Ting
Paul Casey

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of the development of intelligent devices and smart device systems that enable the commercialisation of hardware and software solutions for the management, control and monitoring of business assets and the provision of associated value added services through Telezygology Inc. and TZI Australia Pty Limited ('TZI').

All of the operations of the consolidated entity are based in Australia, the United States of America and Singapore.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$3,692,000 (31 December 2013: \$5,052,000).

Group overview

We are pleased to report that TZ, the leading smart lock technology provider, is extremely well placed to benefit from the global structural tailwinds of e-commerce, cloud computing and asset protection that are driving our large and timely market opportunities and new contract wins. After years of development and investment, TZ is beginning to demonstrate the characteristics of a true high growth, global technology business. The strong results for 1HFY15 verify our progress and highlight our momentum.

TZ Limited ("TZL" or the "Company") posted a half-year revenue of A\$7,635,000 at 31 December 2014 maintaining the strong growth momentum that the business exhibited in 2014. With the business more than doubling revenues for the same period last year, we are pleased to reaffirm the revenue guidance of A\$18,000,000 to A\$20,000,000 for FY15.

The PAD business continues to exceed expectations, more than 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. Many of these contracted relationships represent the potential for on-going and significant sales not just for the balance of this fiscal year but into 2016 and beyond, supporting continued substantial and sustainable business.

IXP sales are slightly down on the same period last year but this is primarily due to project timing issues, not from a reduction in demand or market potential. Several projects are anticipated to come on-stream in Q3 and Q4 which should boost sales over the second half of the fiscal year to deliver the anticipated year-on-year growth.

Operating costs have increased in line with the planned expansion of software development and resourcing of the technical services and implementation teams. Testimony to the robustness of the technology and the software, the Company has been able to leverage a small pool of resources to support the several hundred system deployments that we currently operate across the world. With our systems delivering greater than 99.5% uptime, the performance of our solutions continues to build confidence in our technology and lays the foundation for future roll-outs and expansion.

Travel expenses while tightly controlled, has increased as we have aggressively expanded our focus to pursue large and new global business opportunities in new geographies, particularly Europe and South America where our participation to date has been limited. The large IXP deployment in South America and the Parcel Locker deployment in Italy for Poste Italiane have raised our profile and opened the door to a steady flow of enquiries and new business development opportunities that we previously had not been considered for. While the Company remains selective on what opportunities it pursues, both markets represent areas for targeted growth.

Gross margins are in line with expectations considering the distortion to the cost of goods ratio due to the need to forward build inventory and to make raw materials purchases to service the pipeline of new business. The benefits of our manufacturing transition and supply chain initiatives should be felt in Q4, as Asian based sourcing start to make up a larger proportion of our proprietary and non-proprietary product inventory.

A focus of the Company over the half year has been the development of the next generation Locker System. Product development work undertaken by Infinity Design is at the final pilot phase with production availability scheduled for June. The new Locker System will deliver several of the benefits already realised in the current offering plus deliver improved maintainability but at a significantly reduced manufacturing cost. This initiative will support several of the Locker roll-out possibilities that the Company is currently exploring.

The Company has also focused this last six months on building strong strategic relationships with existing customers and leveraging the impressive track record of successful deployments in the pursuit of new opportunities that can fuel the Company's growth ambitions. The performance to date demonstrates successful execution of this strategy.

To meet working capital requirements in line with the increasing order activity from customers, the Company raised A\$1,000,000 from various institutional and sophisticated investors in early December. Cash requirements to support future orders are growing at a faster rate than the cash being generated by current deployment schedules and annuity revenue. The additional capital will not only provide some cash flow relief but will also strengthen the Company's balance sheet and enable the Company to explore debt funding options for the large product orders that the Company is starting to receive on a consistent basis.

Packaged asset delivery (PAD) business overview

With PAD Sales more than tripling over the previous half year performance, the Company remains excited and invigorated by the growth and potential of its PAD business. E-commerce is driving changes in first and last mile parcel delivery and as a result, the Parcel Locker market is exploding. TZ is extremely well-placed as the leading smart locker technology provider to gain significant market share in specific geographies such as the US, Asia and Australia where we have an exemplary track record of successful deployments with major corporations and market influencers.

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. The most recent example is a major US biotechnology corporation and one of the largest employers on the West Coast with around 10,000 employees on campus.

As these large corporations seek to employ agile work practices across their massive campuses and implement efficient mail and parcel delivery systems, our existing corporate clients offer huge potential for growth based solely on the scope for deployments across their campuses and other buildings. Additionally, the Company is also aggressively looking to broaden its engagement with other major corporations and accelerate product adoption by leveraging market trends, a track record of success and an established network of distribution and system integrator partners.

The US Residential sector has also presented itself as a tremendous growth opportunity for the Company. 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.

Our Postal Parcel Lockers continue to demonstrate reliable performance in our deployments in Asia, Europe and the USA. Of particular interest are the Parcel Lockers deployed in Chicago for a US Logistics and Transportation company. These Lockers have had to endure the extremes of a Chicago winter with snow, freezing rain and double digit negative temperatures, and are running extremely well, without incident. The robustness of our technology and the ability to not only survive the humid conditions of SE Asia but the freezing winters of the northern hemisphere validate we have a global solution capable of deployment across any market. Successful pilots for our US and European customers should lead to expansion of the Locker deployment.

As we celebrate the 100th POPStation Locker Bank delivery to Singapore, we are about to embark on the delivery of our first Locker Banks for Pos Malaysia following finalisation of contract negotiations. With the securement of this Pos Malaysia tender, coupled with our established business in Singapore and the pilot in Indonesia, TZ has established a solid foundation for growth in the region and to be part of an exciting Asian Parcel Locker regional business.

Winning a Postal organisation's business is a significant effort that follows a lengthy process of engagement which can take several months from RFI (request for information), RFP (request for purchase) and supply contract negotiations. The decision of a Postal Organisation to invest in a Parcel Locker Network is not an insignificant one due to the substantial investment in back-end systems integration, workflow development and implementation planning that is required for successful deployment. The potential business is also significant, when you consider the number of Parcel Lockers required to support a national network. The Company continues to be engaged with a number of Postal and Logistics organisations and maintains a level of confidence of being able to continue to win these contracts as they are awarded.

Day Locker business in Australia continues to grow strongly 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) business overview

The IXP business remains highly dependent on infrastructure expansion and building cycles. 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. Projects anticipated to come to fruition in Q3 and Q4 should boost sales levels and bring revenue back on target.

Our IXP products are well accepted in the markets we currently participate in and we have seen steady sales to our established customer base of Data Centre Operators and clients in the Financial Services and Government Infrastructure sectors. While new customer procurement is a long sales cycle, our existing account customers are provisioning TZ IXP Systems as their cabinet security solution of choice and we should experience organic sales growth simply through the expansion of these current deployments.

While drivers such as PCI-DSS and HIPAA are starting to have an influence on the market and will definitely migrate customer preference towards electronic security solutions, the tension for change is discretionary as opposed to one driven by mandatory compliance. We are however confident that this business will continue to grow steadily and has the potential for substantial growth in the event legislation mandates higher levels of security and real-time monitoring for IT assets.

The focus for the half year has been expansion of 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 new geographies as Government and Financial Services operators seek to upgrade their IT and data centre facilities. The market awareness around our IXP product offering certainly has helped to support the building of new distribution relationships evidenced by the relationships that have been formed recently in Asia and Africa.

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

Another priority for the Company has been to engage and secure direct relationships with OEMs and to this end, the Company has achieved its first OEM agreement for its TZ SwingHandle™ product. The agreement with U-Systems Limited, a leading UK manufacturer and recognised go-to supplier of world class cabinet, cooling and soundproof rack solutions, validates the SwingHandle™ value proposition. Our SwingHandle™ strategy is to offer a substitute mechanical cabinet lock with an electronic upgrade path that establishes an installed base for future electronic conversion.

Closing statement

The hard work of previous years has set the path for continued business success. TZ is a company with strong revenue growth, an impressive portfolio of AAA customers, improving gross margins through Asian based supply and an emerging and potentially significant annuity income stream through software maintenance and service contracts.

The new calendar year has started strongly for TZ. Supported by the significant new contracts that have been won and the large pipeline of new opportunities, we are pleased to reaffirm the revenue guidance of A\$18,000,000 to A\$20,000,000 for FY15, which was signalled at the AGM last November.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Bouris
Director

23 February 2015
Sydney



Grant Thornton

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

**Auditor's Independence Declaration
To The Directors of TZ Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of TZ Ltd for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M R Leivesley
Partner - Audit & Assurance

Sydney, 23 February 2015

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General information

The financial statements cover TZ Limited as a consolidated entity consisting of TZ Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is TZ Limited's functional and presentation currency.

TZ Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 11, 1 Chifley Square
Sydney NSW 2000
Australia

Principal place of business

TZ Limited and TZI Australia Pty Limited
Level 11, 1 Chifley Square
Sydney NSW 2000
Australia

Telezygology Inc.
1017 W. Washington Blvd, Unit 2C
Chicago IL 60607
USA

TZI Singapore Pte Limited
Centennial Business Suites, Suntec Tower 2
9 Temasek Boulevard #29-01
Singapore 038989
Singapore

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2015. The directors have the power to amend and reissue the financial statements.

TZ Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2014



		Consolidated	
	Note	31 Dec 2014	31 Dec 2013
		\$'000	\$'000
Revenue	3	7,635	3,331
Other income	4	114	195
Expenses			
Raw materials and consumables used		(4,773)	(2,381)
Employee benefits expense		(3,819)	(2,179)
Occupancy expense		(165)	(138)
Depreciation and amortisation expense	5	(666)	(550)
Communications expense		(73)	(52)
Professional and corporate services		(690)	(815)
Travel and accommodation expense		(466)	(305)
Development costs		(274)	(17)
Other expenses		(494)	(467)
Finance costs	5	-	(1,650)
Loss before income tax expense		(3,671)	(5,028)
Income tax expense		(21)	(24)
Loss after income tax expense for the half-year attributable to the owners of TZ Limited		(3,692)	(5,052)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		1,160	140
Other comprehensive income for the half-year, net of tax		1,160	140
Total comprehensive income for the half-year attributable to the owners of TZ Limited		(2,532)	(4,912)
		Cents	Cents
Basic earnings per share	13	(0.96)	(2.43)
Diluted earnings per share	13	(0.96)	(2.43)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

TZ Limited
Statement of financial position
As at 31 December 2014



		Consolidated	
	Note	31 Dec 2014	30 Jun 2014
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	6	1,309	2,646
Trade and other receivables		2,716	2,876
Work in progress		1,979	394
Other financial assets		281	208
Other		38	26
Total current assets		6,323	6,150
Non-current assets			
Other financial assets		100	191
Property, plant and equipment		1,215	1,232
Intangibles		7,696	7,253
Other		69	73
Total non-current assets		9,080	8,749
Total assets		15,403	14,899
Liabilities			
Current liabilities			
Trade and other payables		3,823	1,978
Provisions		149	154
Other		-	122
Total current liabilities		3,972	2,254
Non-current liabilities			
Deferred tax		119	129
Provisions		65	62
Total non-current liabilities		184	191
Total liabilities		4,156	2,445
Net assets		11,247	12,454
Equity			
Issued capital	7	193,278	192,278
Reserves		(3,973)	(5,133)
Accumulated losses		(178,058)	(174,691)
Total equity		11,247	12,454

The above statement of financial position should be read in conjunction with the accompanying notes

TZ Limited
Statement of changes in equity
For the half-year ended 31 December 2014



Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total deficiency \$'000
Balance at 1 July 2013	158,942	(4,844)	(163,666)	(9,568)
Loss after income tax expense for the half-year	-	-	(5,052)	(5,052)
Other comprehensive income for the half-year, net of tax	-	140	-	140
Total comprehensive income for the half-year	-	140	(5,052)	(4,912)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	3,161	-	-	3,161
Balance at 31 December 2013	<u>162,103</u>	<u>(4,704)</u>	<u>(168,718)</u>	<u>(11,319)</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2014	192,278	(5,133)	(174,691)	12,454
Loss after income tax expense for the half-year	-	-	(3,692)	(3,692)
Other comprehensive income for the half-year, net of tax	-	1,160	-	1,160
Total comprehensive income for the half-year	-	1,160	(3,692)	(2,532)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 7)	1,000	-	-	1,000
Share-based payments	-	-	325	325
Balance at 31 December 2014	<u>193,278</u>	<u>(3,973)</u>	<u>(178,058)</u>	<u>11,247</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

TZ Limited
Statement of cash flows
For the half-year ended 31 December 2014



Note	Consolidated	
	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Cash flows from operating activities		
	6,342	2,367
	(8,751)	(6,038)
	(2,409)	(3,671)
	18	17
	114	11
	(30)	(23)
	(2,307)	(3,666)
Cash flows from investing activities		
	-	(292)
	(20)	(292)
	(83)	(400)
	73	71
	(30)	(913)
Cash flows from financing activities		
7	1,000	3,151
	-	(189)
	1,000	2,962
	(1,337)	(1,617)
	2,646	4,146
	-	(16)
	1,309	2,513

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2014 and are not expected to have any significant impact for the full financial year ending 30 June 2015. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

These financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

In making the assessment of the applicability of the going concern assumption, the Directors conducted a comprehensive review of the consolidated entity's affairs including, but not limited to:

- The consolidated entity's financial position as at 31 December 2014;
- The cash flow forecast for the consolidated entity for the period of 12 months from the date of the issuance of these financial statements;
- Sales and profitability forecasts for the consolidated entity for not only the current financial year, but beyond 30 June 2016; and
- The continued support of the consolidated entity's shareholders.

While the consolidated entity incurred losses for the year, in assessing the appropriateness of the going concern concept the following factors have been taken into consideration by the Directors:

- The Directors are of the view the consolidated entity is on track to meet revenue targets for the 2014/15 financial year and that this is strongly supported by a substantial backlog of purchase orders and secured contracts. It is expected, as the monthly revenue levels increase, the consolidated entity's operating business units will be in a position to contribute positive cash to the bottom line; and
- The Directors maintain a positive outlook on achieving profitability in the 2015 financial year based upon forward orders and the strength of the sales pipeline.

In making their assessment, the Directors acknowledge that the ability of the consolidated entity to continue as a going concern is dependent on meeting sales and profitability forecasts, the generation of positive cash flows, the continued support of shareholders and the raising of additional share capital as and when required in the future.

The financial statements have been prepared on the going concern basis for the above reasons. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity's operating segment is based on the internal reports that are reviewed and used by the Board of Directors (being the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Following the discontinued operations of the PDT Holdings Inc. ('PDT') segment in the financial year ended 30 June 2013, the consolidated entity now operates in one segment being the development and commercialisation of hardware and software products primarily in the US, Australian and Asian markets.

The information reported to the CODM, on at least a monthly basis, is profit or loss and adjusted earnings before interest, tax, depreciation and amortisation and other one off-items ('Adjusted EBITDA').

Comparative information has been restated in line with the current operating segment.

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 Dec 2014 \$'000	31 Dec 2013 \$'000	31 Dec 2014 \$'000	30 Jun 2014 \$'000
Australia	3,165	690	1,905	1,843
United States of America	2,531	1,272	7,175	6,902
United Kingdom	149	103	-	-
Canada	1	43	-	-
Singapore	1,649	1,192	-	4
Mexico	-	1	-	-
Italy	59	-	-	-
Malaysia	56	-	-	-
	<u>7,610</u>	<u>3,301</u>	<u>9,080</u>	<u>8,749</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post employment benefits assets and rights under insurance contracts.

Adjusted earnings before, interest, tax, depreciation, amortisation, impairment, and head office income and expenses ('Adjusted EBITDA')

A reconciliation to loss after income tax expense is as follows:

	Consolidated	
	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Adjusted EBITDA	(1,784)	(1,450)
Interest income	20	16
Head office costs	(1,241)	(1,394)
Depreciation and amortisation	(666)	(550)
Interest expense	-	(1,650)
Income tax expense	(21)	(24)
Loss after income tax expense	<u>(3,692)</u>	<u>(5,052)</u>

Note 3. Revenue

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
<i>Sales revenue</i>		
Sales and services revenue	7,610	3,301
<i>Other revenue</i>		
Interest	20	16
Royalty	5	-
Other revenue	-	14
	<u>25</u>	<u>30</u>
Revenue	<u><u>7,635</u></u>	<u><u>3,331</u></u>

Note 4. Other income

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Net foreign exchange gain	-	18
Government grants	114	-
Net gain on movement in fair value of derivative liabilities	-	177
	<u>-</u>	<u>177</u>
Other income	<u>114</u>	<u>195</u>

Note 5. Expenses

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	4	11
Plant and equipment	23	41
Office equipment	13	25
	<u>40</u>	<u>77</u>
<i>Amortisation</i>		
Trade names	1	-
Re-acquired rights	364	352
Other intangibles	261	121
	<u>626</u>	<u>473</u>
Total depreciation and amortisation	<u>666</u>	<u>550</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	-	1,650
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	<u>45</u>	<u>-</u>

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2014 \$'000	30 Jun 2014 \$'000
Cash at bank	1,309	2,646

Note 7. Equity - issued capital

	Consolidated			
	31 Dec 2014 Shares	30 Jun 2014 Shares	31 Dec 2014 \$'000	30 Jun 2014 \$'000
Ordinary shares - fully paid	392,874,293	384,874,293	193,278	192,278

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2014	384,874,293		192,278
Issue of shares	3 December 2014	8,000,000	\$0.12	1,000
Balance	31 December 2014	<u>392,874,293</u>		<u>193,278</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 8. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Contingent assets

There are no contingent assets at 31 December 2014.

Note 10. Contingent liabilities

There are no contingent liabilities at 31 December 2014.

Note 11. Related party transactions

Parent entity

TZ Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$	\$
Payment for other expenses:		
Rent and serviced office expenditure paid to State Capital Property Pty Limited*	30,827	92,480
Professional fees paid to Yellow Brick Road Accounting and Wealth Management Pty Limited*	184,510	219,688
Brokerage fees charged for insurance policies arranged by Yellow Brick Road Wealth Management Pty Limited*	250	275
Administration fees, storage and office rent paid to YBR Services Pty Limited*	84,889	21,686
Marketing expenses paid to Yellow Brick Road Group Pty Limited*	60,000	60,000

* A commonly controlled entity in which Mark Bouris is a director

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$	\$
Current payables:		
Rent, serviced office expenditure and remaining rental bond payable to State Capital Property Pty Limited*	-	53,390
Professional fees payable to Yellow Brick Road Accounting and Wealth Management Pty Limited*	114,961	78,012
Administration fees, storage and office rent payable to YBR Services Pty Limited*	85,426	15,903
Marketing expenses payable to Yellow Brick Road Group Pty Limited*	33,000	44,000
Premium payable for insurance policies arranged by Yellow Brick Road Wealth Management Pty Limited*	-	11,776

* A commonly controlled entity in which Mark Bouris is a director

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 12. Events after the reporting period

On 4 February 2015, TZ Limited ('TZ') announced an offer ('Offer') to eligible shareholders to apply for up to \$15,000 worth of new ordinary shares in TZ under a Share Purchase Plan ('SPP'). The Offer opened on 6 February 2015 and remains open for subscription until 5.00 pm (Sydney time) on 27 February 2015.

Funds raised under the SPP will:

- enable TZ to fund the delivery of further contract wins in its PAD and IXP businesses;
- allow TZ to expand its tender team in order to execute in response to new tender requests;
- fund the costs of marketing the Company's Day Locker offering which has been successfully launched and deployed in Australia, to existing accountable mail customers in the USA; and
- provide additional working capital.

No other matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 13. Earnings per share

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Loss after income tax attributable to the owners of TZ Limited	<u>(3,692)</u>	<u>(5,052)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>386,135,163</u>	<u>207,625,541</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>386,135,163</u>	<u>207,625,541</u>
	Cents	Cents
Basic earnings per share	(0.96)	(2.43)
Diluted earnings per share	(0.96)	(2.43)

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Bouris
Director

23 February 2015
Sydney



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Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.granthornton.com.au

Independent Auditor's Review Report To the Members of TZ Limited

We have reviewed the accompanying half-year financial report of TZ Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of TZ Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the TZ Limited consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations

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Regulations 2001. As the auditor of TZ Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TZ Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Without qualification to the conclusion expressed above, we draw attention to Note 1 of the financial statements that describes conditions which may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The ability of the consolidated entity to continue as a going concern is dependent on it achieving sufficient profitability and operating cash flows to enable it to maintain working capital and the raising of additional share capital or borrowings in the future to support the working capital needs of the consolidated entity, when and if required.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M R Leivesley
Partner - Audit & Assurance

Sydney, 23 February 2015

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