TZ Limited
ABN 26 073 979 272

27 August 2015

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

Dear Sir/Madam

SHAREHOLDER UPDATE & APPENDIX 4E PRELIMINARY FINAL REPORT

Please find attached the shareholder update and ASX Appendix 4E Preliminary Final Report for TZ Limited for the year ended 30 June 2015.

Yours faithfully

TZ LIMITED

Kenneth Ting
Director

TZ LIMITED – Preliminary Final Report for the year to June 2015

- **PAD business revenues up 130% driven by strong growth in US corporate and residential lockers, exceptional growth in Australian corporate day lockers and the ongoing momentum in Postal Locker roll outs.**
- **Operating expenses only up 14% highlighting the capital light scalability of the model. Investment in US sales to support expanding customer base and to drive growth.**
- **Positive outlook given growth in revenues, investment ahead of the growth curve and a strong order book.**

The Board of TZ Limited is pleased to announce the Preliminary Report for the year to 30 June 2015. The positive result shows the Company continue to maintain a strong revenue growth performance on the back of exponential sales growth in its PAD business.

Unaudited revenue for the year was A$15.2M up 79% from the previous year.

	2015 Preliminary	**2014 Audited**	**Change %**
Operating Revenue	$15,195	$8,476	79% ↑
Other Income	$233		
Gross Margin	$6,762	$4,176	62% ↑
Gross Margin %	**44%**	**49%**	
Employee Benefits	$6,976	$5,685	23% ↑
Occupancy	$356	$311	14% ↑
Communications	$242	$107	126% ↑
Professional Fees	$1,157	$1,528	24% ↓
Travel and Accommodation	$984	$845	16% ↑
Other Expenses	$1,466	$1,356	8% ↑
Total Expenses	**$11,181**	**$9,832**	14% ↑
EBITDA	**-$4,419**	**-$5,656**	22% ↑
Impairment	$401		
Depreciation and Amortisation	$1,563	$1,145	
Finance Costs		$2,112	
Other		$2,848	
Loss before income tax	**-$6,383**	**-$11,761**	46% ↑
Income Tax	**-$53**	**-$37**	
Loss after income tax	**-$6,436**	**-$11,798**	45% ↑

Corporate Highlights:

- The PAD business revenues continued to maintain an impressive growth performance with another year of exceptional growth – 130% on last year's result to close at A$12.4M. This 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. Note a strong backlog of purchase orders and contracts of around A$5M is already in hand.

- Despite a strong performance in Q4, IXP revenues fell 28% from last year's result to close at A$1.7M. This fall is not due to a reduction in demand or a lack of market potential but a result of the highly dependent nature of the business on infrastructure expansion and building cycles. Projects that were anticipated to come on-stream during the year were delayed several months thus impacting the timing of sales. With our solutions being specified as the product of choice on a number of pending projects, the Company should see IXP regain sales momentum in the new fiscal year.

- Infinity Design revenues remained constant at A$0.7M for the year consistent with the Company's limit on external development work to allow for support on internal product development programs.

- The Company also received A$233,000 from the Export Market Development Grant program.

- Overall gross margin declined by 5% to 44% due to a number of contributing factors. The key items include:

    - Impact of once off volume rebates triggered by high volume Postal production orders;

    - Lower margin pilot projects to support entry into new segments and geographies; and

    - Delays in the transitioning of proprietary component manufacture to lower cost suppliers. The on-going benefits of transition will now not be fully realised until Q3 FY2016.

- Total Operating Expenses grew 14% to A$11.2M, much slower than top line revenue growth. The largest impact was due to investment in staff, where costs increased 23% to A$7.0M from A$5.7M. This increase reflects:

    - Investment in additional sales and technical resources primarily in the US where we expect to see substantial growth;

    - Investment in software resources to meet demand by corporations for software customisations. The ability for the Company to offer discrete software customisations to enterprise customer offers a highly profitable business stream and also provides a significant source of sustainable competitive advantage; and

    - Appointment of senior administrative resources to significantly reduce the reliance on outsourced consultants and service providers.

- Overall, EBITDA improved 22% to a loss of A$4.4M reflecting the slower cost to revenue growth.

- The year also saw the Company invest heavily in its core technologies, in the development of PAD and to a lesser extent, IXP enhancements. Development costs exceeded A$1.6M for the full year. Development programs included:

    - Development of more cost effective, proprietary metal and MDF Parcel Locker designs to reduce dependency on any one Locker manufacturer;

- Significant software upgrades to the US PAD product suite to support customer requirements in the Accountable Mail, Residential and Educational Locker segments; and
- Investment in new smartphone technologies to support TZ's position as a differentiated technology provider in the competitive Postal sector.

- Also included in the accounts are asset impairment costs relating to two items – the settlement for the bulk of the outstanding payment due from the sale of the PDT business which was perceived to be under financial risk, and the establishment costs associated with the ADAM Parcel Locker Network.
- The full year loss after tax was A$6.4M an improvement of 46% on fiscal year 2014. Net cash outflows for the year totaled A$3.8M versus A$6.7M for the previous year. The Directors expect the coming 12 months to be categorised by continued revenue growth and disciplined cost control.
- The Company successfully raised $8.7M (net of fees) from various institutional and sophisticated investors during the year - $1.0M in December 2014 and $7.7M in February 2015.

Detailed Highlights:

US Business:

- Telezygology Inc., TZ's US subsidiary, delivered another year of exceptional growth bringing US revenues to around A$6M.
- The US PAD business surpassed delivery of its 200th Locker Bank to the corporate sector underpinning the Company's objective of being the Smart Locker solution provider of choice for US corporations. The Company has an impressive list of customers that represent the world's largest software, technology and financial services corporations. With many of these customers expanding their operations, building new facilities and/or relocating to new office premises, the outlook for sustained growth remains extremely positive.
- Corporate sector growth continues to lead US PAD sales with strong retained loyalty business as well as recent customer wins which include a major cloud computing company and a leading electronics hardware and major mobile phone supplier. The retained customer base and the expansion and refurbishment of their facilities presents the perfect timing and captive audience for TZ's Day Locker offering in the US and initial interest is extremely positive with initial pilot programs being considered. These US organisations have campuses that eclipse the scale of current Australian deployments.
- Supported by re-energized channel partners, the residential market grew from 6% to 15% of overall Locker sales volume. With new software enhancements and a segment specific offering under development, we expect further increases as we penetrate this sector and leverage the strong construction growth in US multi-family residential.
- The Locker program with a prominent US logistics provider is pending a decision at the end of October on whether the program will be expanded or modified. Through the implementation, TZ has demonstrated the robustness of its hardware and software technology and its reliability as a provider of support services to maintain the network.
- The foundations for significant US PAD business growth in FY2016 have been put in place starting with the recruitment of new sales and technical services resources across the US. With TZ's credibility well established in the market and a proven track record of impressive clients, enquiry

levels are growing strongly as is the value and volume of on-going sales to the retained customer base. With the additional resources and the planned expansion of channel partnerships to provide breadth of coverage, the US PAD business is set for a very strong FY2016.

- The US IXP business has had a steady year characterised by the provision of considerable engineering support to the large project wins from last calendar year to ensure successful deployment. In particular, substantial technical assistance, including on-site support and training was extended under a service agreement to the large data centre project in South America. This initial data centre build-out, the first of several, required 3,660 TZ SlideHandles™ to be installed and controlled by TZ Centurion Server. This represents the single largest site installation to date and is progressing well towards final commissioning in September 2015.

- The year also saw the Company initiate a number of encouraging new project wins in the Defence, Financial Services and Healthcare segments, support multinational technology OEM partners as they expand their deployments and undertake numerous promotional initiatives to build awareness of the Company's product advantages

- Our business with these multinational technology OEM partners is growing strongly and to date, we have delivered over 5,000 cabinet doors protected by TZ SlideHandles™. This momentum is expected to continue.

- In New York City, a 760 door initial phase TZ Praetorian installation is nearing completion in a new 600,000 square foot facility. When completed, this project will be an additional showcase example of TZ technology in this city, a follow on to the high profile NYC DOITT project that consolidated 40 City Agencies into a new single data centre with all IT cabinets protected by TZ products.

- Substantial projects are also in the pipeline with a major Telco provider in Columbia and a Financial Institution in Peru.

- Competition in the industry is increasing with several new entrants launching offerings to the market. To maintain a high industry profile, promotional activity was significantly increased to expand awareness with end users and security integrators. In total, TZ exhibited at six major trade shows last year. This activity successfully identified several large scale opportunities in the Financial Services, Healthcare and IT cabinet OEM markets for TZ. In aggregate, these opportunities potentially represent thousands of cabinet doors to be protected with TZ SMArt™ Devices.

- Heading into FY2016, the IXP business expects to continue to build on established relationships with multi-national OEMs as they develop new IT colocation facilities and deliver compliant physical security solutions to their client base. High level interfacing of TZ SMArt Locking Devices to the burgeoning Enterprise Access Control systems market and strategic partnering with a select group of national Security Systems Integrators servicing this segment are fundamental aspects of the FY2016 plan and strong points of product differentiation for the IXP business.

ANZ, ASIA and EMEA Business:

- Our Asian postal business contributed about 30% of the year's sales revenue primarily through sales to Singapore Post. Singapore Post is aggressively developing its network and has indicated it will expand POPStations to over 200 locations in Singapore. Purchase orders are in hand to take the current 100 Locker Banks to 150.

- Singapore Post also won the prestigious 2015 World Mail Award for their POPStation network in the Retail Customer Access category. Winning this award reinforces TZ's state-of-the-art technology and puts us on the map as being world's best practice.

- In line with an expanding Singapore Post supply relationship, the recent sale of the ADAM Parcel Locker assets to Couriers Please Pty Limited, a subsidiary of the Singapore Post Group, clearly signals exciting plans for the Australian market. The sale represents a first step towards what Directors expect to be a broader collaborative initiative between TZ and Couriers Please.

- Supply of Lockers is only just commencing in Malaysia under the Pos Malaysia tender award. The first Locker Bank was deployed at Pos Malaysia's Dayabumi Complex in Kuala Lumpur last month. Deployment has been much slower than originally anticipated due to delays in Pos Malaysia commissioning their new IT infrastructure. Work with Pos Indonesia and Poste Italiane continues to progress, albeit slowly, with TZ engaged in on-going discussions to explore a range of options for broader deployment.

- In Australia, TZ's Day Locker annual sales exceeded $4M on the back of sales to Westpac, KPMG and another major banking group. On-going Day Locker sales are continuing strongly as clients expand their deployments to new floors, new offices and new cities indicating another potentially strong year of growth. The high visibility at Westpac and KPMG has helped to broaden awareness to other multinationals, global corporations, and government agencies who are considering TZ Day Locker solutions in their enterprise wide plans for FY2016.

- The focus for FY2016 will be to leverage our current position with these valuable blue chip customers, and drive more revenue in the Activity Based Working environment. TZ is also targeting partnerships with corporate mail organisations that supply mailroom services to their corporate clients, as well as the university and tertiary education sectors.

- IXP sales in Australia were below expectations in FY2015 as major data centre customers such as NextDC and Macquarie Telecom slowed their deployment rates against original plan expectations. This business however is expected to increase again in FY2016 and should support a strong base line of sales in the new fiscal year. A number of new projects are also due to come on line this year after delays in 2015 including the opening of a new international data centre in Sydney scheduled in FY2016.

- Our IXP products are well accepted in the Australian market and while sales can be a long cycle, there are solid indicators on future business with the specification of our systems as the solution of choice. Our existing account customers are also provisioning TZ as their cabinet security product and provided our customers continue to expand their current deployments, we should continue to see steady, on-going sales growth.

- In the Asia region, TZ IXP product sales have been slow going, with some initial impetus early in the year with the announcement of new guidelines by the Monetary Authority of Singapore (MAS) and the subsequent sale to a European Multinational Banking and Financial Services Corporation. FY2016 however is looking very positive with a proof of concept currently running in Singapore for a large financial institution, and a large deployment schedule to happen early in the 2016 in Hong Kong for an Australian bank.

- In Europe TZ's IXP business continues to grow steadily from a low base supported by sales to new distribution partners such as Daxten for pan-EMEA coverage and Bytes in South Africa, who are starting to build some sales momentum with TZ products. A number of large project opportunities are also being directly progressed in Germany, the UK and the Nordic region.

In an important milestone, the first TZ SwingHandle full scale production units were shipped last month to U-Systems in the UK following successful pilot production runs. The purchase is in accordance with a signed distribution agreement and purchase commitment made in February of this year. Further shipments are scheduled in the coming months. Traction with other OEMs should gain traction now that the units are in full scale production

1. Company details

Name of entity:	TZ Limited
ABN:	26 073 979 272
Reporting period:	For the year ended 30 June 2015
Previous period:	For the year ended 30 June 2014

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	79.3%	to	15,195
Loss from ordinary activities after tax attributable to the owners of TZ Limited	down	45.4%	to	(6,436)
Loss for the year attributable to the owners of TZ Limited	down	45.4%	to	(6,436)

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 $6,436,000 (30 June 2014: $11,798,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.62	1.35

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.

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9. Foreign entities

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

Not applicable.

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10. Audit qualification or review

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

The accounts are in the process of being audited.

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11. Attachments

Details of attachments (if any):

The Preliminary Financial Report of TZ Limited for the year ended 30 June 2015 is attached.

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12. Signed

Signed ______________________________ Date: 27 August 2015

Mark Bouris
Director
Sydney

Limited

TZ Limited

ABN 26 073 979 272

Preliminary Financial Report - 30 June 2015

TZ Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	Consolidated 2015 (unaudited) $'000	Consolidated 2014 $'000
Revenue	1	15,195	8,476
Other income	2	233	1,508
Expenses			
Raw materials and consumables used		(8,666)	(4,300)
Employee benefits expense		(6,976)	(5,685)
Occupancy expense		(356)	(311)
Depreciation and amortisation expense		(1,563)	(1,145)
Impairment of assets		(401)	-
Communications expense		(242)	(107)
Professional and corporate services		(1,157)	(1,528)
Travel and accommodation expense		(984)	(845)
Loss on debt/equity conversion		-	(4,356)
Other expenses		(1,466)	(1,356)
Finance costs		-	(2,112)
Loss before income tax expense		(6,383)	(11,761)
Income tax expense		(53)	(37)
Loss after income tax expense for the year attributable to the owners of TZ Limited		(6,436)	(11,798)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		1,603	(289)
Other comprehensive income for the year, net of tax		1,603	(289)
Total comprehensive income for the year attributable to the owners of TZ Limited		(4,833)	(12,087)
		Cents	**Cents**
Basic earnings per share	10	(1.57)	(4.39)
Diluted earnings per share	10	(1.57)	(4.39)

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 30 June 2015

	Note	Consolidated 2015 (unaudited) $'000	2014 $'000
Assets			
Current assets			
Cash and cash equivalents		5,688	2,646
Trade and other receivables	3	5,007	3,045
Inventories		336	225
Other financial assets		-	208
Other		325	26
Total current assets		11,356	6,150
Non-current assets			
Other financial assets		-	191
Property, plant and equipment	4	794	1,232
Intangibles	5	9,310	7,253
Other		-	73
Total non-current assets		10,104	8,749
Total assets		21,460	14,899
Liabilities			
Current liabilities			
Trade and other payables	6	4,201	1,978
Provisions		266	154
Other		-	122
Total current liabilities		4,467	2,254
Non-current liabilities			
Deferred tax		110	129
Provisions		51	62
Total non-current liabilities		161	191
Total liabilities		4,628	2,445
Net assets		16,832	12,454
Equity			
Issued capital	7	200,998	192,278
Reserves		(3,530)	(5,133)
Accumulated losses		(180,636)	(174,691)
Total equity		16,832	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 year ended 30 June 2015

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2013	158,942	(4,844)	(163,666)	(9,568)
Loss after income tax expense for the year	-	-	(11,798)	(11,798)
Other comprehensive income for the year, net of tax	-	(289)	-	(289)
Total comprehensive income for the year	-	(289)	(11,798)	(12,087)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 7)	33,336	-	-	33,336
Share-based payments	-	-	773	773
Balance at 30 June 2014	192,278	(5,133)	(174,691)	12,454

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 year	-	-	(6,436)	(6,436)
Other comprehensive income for the year, net of tax	-	1,603	-	1,603
Total comprehensive income for the year	-	1,603	(6,436)	(4,833)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 7)	8,720	-	-	8,720
Share-based payments	-	-	491	491
Balance at 30 June 2015	200,998	(3,530)	(180,636)	16,832

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

TZ Limited
Statement of cash flows
For the year ended 30 June 2015

	Note	Consolidated 2015 (unaudited) $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		13,518	6,442
Payments to suppliers and employees (inclusive of GST)		(17,556)	(13,008)
		(4,038)	(6,566)
Grants received		233	-
Interest received		50	50
Other revenue		16	14
Interest and other finance costs paid		-	(185)
Income taxes paid		(71)	(53)
Net cash used in operating activities		(3,810)	(6,740)
Cash flows from investing activities			
Payment for purchase of business		-	(292)
Payments for property, plant and equipment		(259)	(845)
Payments for intangibles		(1,637)	(258)
Proceeds from release of security deposits		10	-
Proceeds from investment redemption		-	177
Net cash used in investing activities		(1,886)	(1,218)
Cash flows from financing activities			
Proceeds from issue of shares	7	9,000	6,712
Transaction costs on shares issued		(280)	(201)
Net cash from financing activities		8,720	6,511
Net increase/(decrease) in cash and cash equivalents		3,024	(1,447)
Cash and cash equivalents at the beginning of the financial year		2,646	4,146
Effects of exchange rate changes on cash and cash equivalents		18	(53)
Cash and cash equivalents at the end of the financial year		5,688	2,646

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

Note 1. Revenue

	Consolidated	
	2015 (unaudited) $'000	2014 $'000
Sales revenue		
Sales and services revenue	15,129	8,392
Other revenue		
Interest	50	48
Royalty	15	-
Other revenue	1	36
	66	84
Revenue	15,195	8,476

Note 2. Other income

	Consolidated	
	2015 (unaudited) $'000	2014 $'000
Government grants	233	-
Net gain on movement in fair value of derivative liabilities	-	1,508
Other income	233	1,508

Note 3. Current assets - trade and other receivables

	Consolidated	
	2015 (unaudited) $'000	2014 $'000
Trade receivables	3,239	2,860
Accrued revenue	1,728	169
Goods and services tax receivable	40	16
	5,007	3,045

Note 4. Non-current assets - property, plant and equipment

	Consolidated 2015 (unaudited) $'000	Consolidated 2014 $'000
Leasehold improvements - at cost	418	415
Less: Accumulated depreciation	(400)	(389)
	18	26
Plant and equipment - at cost	1,995	2,458
Less: Accumulated depreciation	(1,369)	(1,317)
	626	1,141
Office equipment - at cost	619	514
Less: Accumulated depreciation	(469)	(449)
	150	65
	794	1,232

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $'000	Plant and equipment $'000	Office equipment $'000	Total $'000
Balance at 1 July 2013	29	401	44	474
Additions	16	764	65	845
Additions through business combinations	-	48	-	48
Exchange differences	-	(1)	-	(1)
Depreciation expense	(19)	(71)	(44)	(134)
Balance at 30 June 2014	26	1,141	65	1,232
Additions	2	156	101	259
Exchange differences	1	2	4	7
Impairment of assets	-	(280)	-	(280)
Transfers in/(out)	-	(339)	-	(339)
Depreciation expense	(11)	(54)	(20)	(85)
Balance at 30 June 2015	18	626	150	794

Note 5. Non-current assets - intangibles

	Consolidated 2015 (unaudited) $'000	Consolidated 2014 $'000
Goodwill - at cost	4,155	4,155
Less: Impairment	(4,010)	(4,010)
	145	145
Trade names - at cost	13	11
Less: Accumulated amortisation	(13)	(1)
	-	10
Re-acquired right (Intevia Licence) - at cost	10,118	9,238
Less: Accumulated amortisation	(5,882)	(5,107)
	4,236	4,131
Other intangibles - at cost	6,868	4,202
Less: Accumulated amortisation	(1,939)	(1,235)
	4,929	2,967
	9,310	7,253

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Trade names $'000	Re-acquired right $'000	Other intangibles $'000	Total $'000
Balance at 1 July 2013	-	11	4,971	2,608	7,590
Additions	-	-	-	258	258
Additions through business combinations	145	-	-	484	629
Exchange differences	-	-	(133)	(80)	(213)
Amortisation expense	-	(1)	(707)	(303)	(1,011)
Balance at 30 June 2014	145	10	4,131	2,967	7,253
Additions	-	-	-	1,637	1,637
Exchange differences	-	1	880	678	1,559
Transfers in/(out)	-	-	-	339	339
Amortisation expense	-	(11)	(775)	(692)	(1,478)
Balance at 30 June 2015	145	-	4,236	4,929	9,310

* Other intangibles in the above reconciliation includes Patents and royalties, Development costs and Customer relationships.

Note 6. Current liabilities - trade and other payables

	Consolidated	
	2015 (unaudited) $'000	2014 $'000
Trade payables	3,175	1,453
Employee expense payables	143	80
Other payables	883	445
	4,201	1,978

Note 7. Equity - issued capital

	Consolidated			
	2015 (unaudited) Shares	2014 Shares	2015 (unaudited) $'000	2014 $'000
Ordinary shares - fully paid	465,601,566	384,874,293	200,998	192,278

Note 7. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2013	198,986,529		158,942
Issue of shares for the acquisition of business	1 August 2013	1,719,690	$0.12	200
Issue of shares on exercise of option	23 October 2013	89	$0.14	-
Issue of shares on exercise of option	29 October 2013	22,722	$0.14	3
Issue of shares on exercise of option	30 October 2013	315,900	$0.14	44
Issue of shares on exercise of option	31 October 2013	6,819,527	$0.14	955
Issue of shares on exercise of option	1 November 2013	5,731,452	$0.14	802
Issue of shares on exercise of option	4 November 2013	322,787	$0.14	45
Issue of shares on exercise of option	5 November 2013	7,329,592	$0.14	1,026
Issue of shares for shortfall units of options exercised	13 November 2013	1,962,571	$0.14	275
Issue of shares on conversion of convertible notes (Series I) *	18 February 2014	66,666,667	$0.19	13,000
Issue of shares on conversion of convertible notes (Series III) *	18 February 2014	9,522,222	$0.19	1,857
Issue of shares on conversion of convertible notes (Series IIIB) *	18 February 2014	23,750,000	$0.19	4,631
Issue of shares on conversion of convertible notes (Series IV) *	18 February 2014	9,994,444	$0.19	1,949
Issue of shares for interest accrued - 2012 calendar year *	18 February 2014	14,134,285	$0.19	2,756
Issue of shares for interest accrued - 2013 calendar year *	18 February 2014	10,993,333	$0.19	2,144
Issue of shares for interest accrued - 2014 calendar year to conversion date *	18 February 2014	1,475,817	$0.19	288
Issue of shares	28 April 2014	25,126,666	$0.15	3,769
Less: share issue costs		-	$0.00	(408)
Balance	30 June 2014	384,874,293		192,278
Issue of shares	3 December 2014	8,000,000	$0.12	1,000
Issue of shares	5 March 2015	14,840,780	$0.11	1,632
Issue of shares	18 March 2015	57,886,493	$0.11	6,368
Less: share issue costs		-	$0.00	(280)
Balance	30 June 2015	465,601,566		200,998

* a total number of 136,536,768 shares issued on 18 February 2014 as a result of converting all convertible notes and accrued interests to ordinary shares is taken to be issued at the market share price of $0.195 on the date of conversion.

Note 8. Contingent liabilities

The consolidated entity does not have any contingent liabilities at 30 June 2015 and 30 June 2014.

Note 9. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 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 10. Earnings per share

	Consolidated 2015 (unaudited) $'000	2014 $'000
Loss after income tax attributable to the owners of TZ Limited	(6,436)	(11,798)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	410,883,317	268,623,495
Weighted average number of ordinary shares used in calculating diluted earnings per share	410,883,317	268,623,495
	Cents	**Cents**
Basic earnings per share	(1.57)	(4.39)
Diluted earnings per share	(1.57)	(4.39)

For the purpose calculating the diluted earnings per share the denominator has excluded the number of options as the effect would be anti-dilutive.

Note 11. 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 30 June 2015;
- 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.

For the year ended 30 June 2015, the consolidated entity incurred losses after income tax of $6,436,000 and net cash outflows from operating activities of $3,810,000.

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

- the directors are of the view the consolidated entity is on track to meet revenue targets for the 2016 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 2016 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.