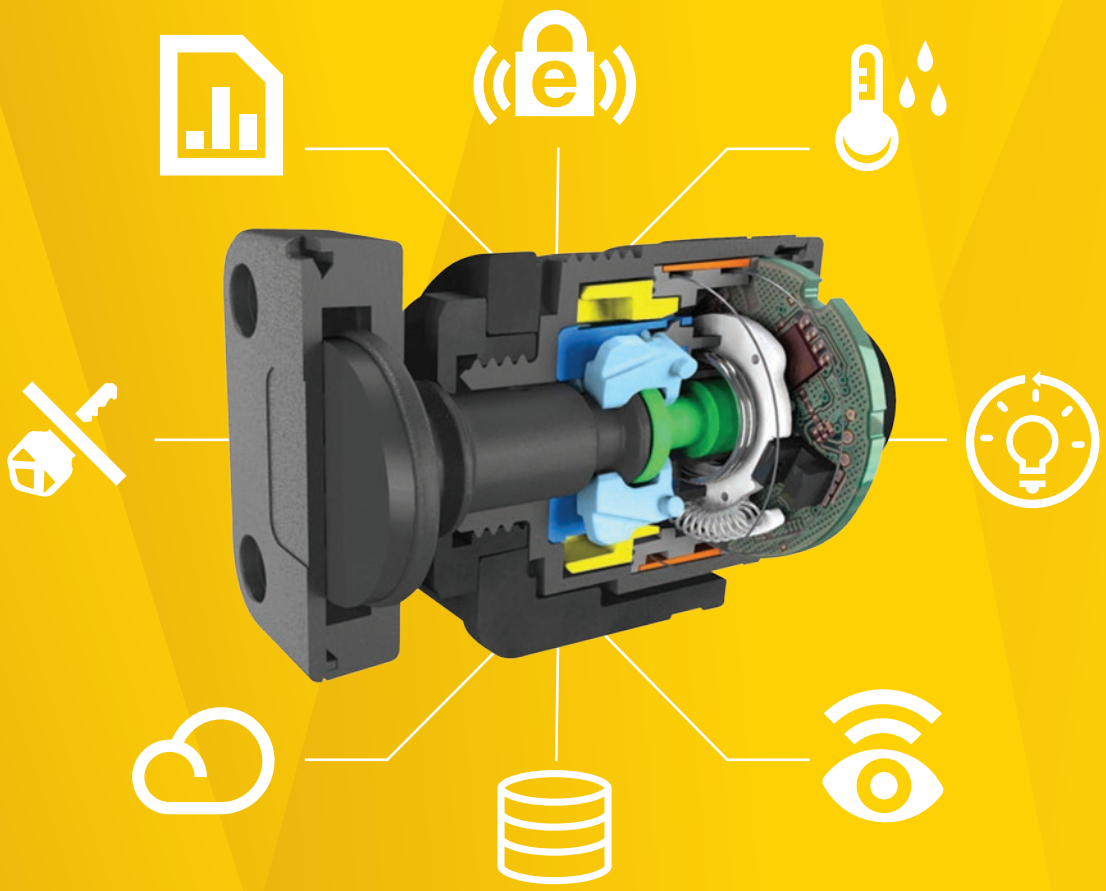
2015 Annual Report

TZ® Limited

Think SMArt Locking. Think TZ.

Lightweight. Remotely Activated. Intelligent.



TZ® Limited

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Chairman's Letter

"This Company has had a rich history in innovation. Over the last five years we have launched over 15 new products or enhancements to complement and strengthen our offering to the market."

TZ® Limited

Dear Shareholders,

As I reflect on the results of this past year, I am immensely proud of our team and grateful for the dedication and collective effort that has been so instrumental in underpinning our achievements. We have certainly come a long way.

Today, TZ is a smart locking device technology leader servicing a range of blue chip corporate customers globally with innovative and proprietary hardware, software and service offerings. We have delivered year-on-year growth, improved bottom line business performance, started to build a strong annuity revenue stream through software maintenance and service packages and remain sharply focused on maintaining this momentum.

In numbers, our top line revenue hit $15.2M up 79% and our net loss this year reduced to $6.4M, an improvement of some 45% on last year. While we are not quite across the break-even line, the signals for this year and a turn to profitability are positive. While our revenue was short of our upgraded guidance, we finished the year with a significant backlog of secured orders, imminent contracts and a pipeline of high probability business.

The volatility of the current share market has impacted our share price but the underlying fitness of our business remains unquestionable and focus should not be detracted from the significant progress that has been made.

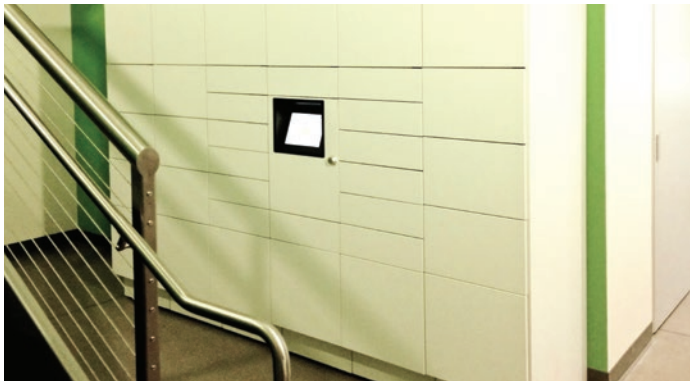
The Highlights are Notable:

- Our PAD business continues to maintain an impressive growth performance with yet another year of exceptional growth – 130% on last year's result to close at A$12.4M.
- Our US business is growing strongly as we continue to penetrate the US corporate sector and add to the already impressive list of retained corporate customers.
- We are winning in our targeted high growth sectors in the US such as in high density residential and in the educational sector. We have laid the foundations for future growth with a strongly differentiated offering as an integrated system solution provider.
- Our Day Locker business grew to an impressive $4M from launch in the Australian market to be our most profitable and high growth segment with A grade customers such as Westpac and KPMG. With a pipeline of strong sales and the launching of the offer to the US market, the outlook for our Day Lockers is exceptional.
- With our Postal Locker System taking out the award for the Best Retail Access Point for Singapore Post, our Postal business continues to gain momentum particularly as we tender for new business and our existing customers like Singapore Post move forward to expand their networks. Patience is the key, these large postal and logistics organisations typically move cautiously but we are confident we are well placed for future roll-outs.
- Our IXP business continues to maintain a normalised growth rate of 20% to 30% despite a year end fall of 28% from our previous period. This is nothing to do with a drop off in demand but rather a distortion of our run rate due to last year's major project sale of US$800,000. Market potential and demand remain positive, our products are specified on a number of new data centre projects and we are being sought out by major OEMs as their solution of choice. It's a good high margin contributing business but we do depend heavily on infrastructure expansion and building cycles.

> Post Expo 2014, Stockholm Sweden

> Locker Install, Sydney Australia

> TZ Limited, Sydney Australia



> LinkedIn Accountable Mail Lockers, Silicone Valley USA

/ We have expanded our engagement teams across the US, Asia and in Australia. In Australia alone, it's hard to believe that we have now over 40 employees from a base three years ago of only 5 people. As we've grown, we've worked hard to maintain our service levels and pride ourselves on delivering the value that our customers expect from a high end premium technology solution. To our technical teams across engineering, software and technical services who consistently work tirelessly to implement our solutions, thank you for your strong commitment to our customers and to the Company.

/ This Company has had a rich history in innovation and this last year has been no different with over $1.6M invested in new product development. In context, over the last five years we have launched over 15 new products or enhancements to complement and strengthen our offering to the market. From a very limited product starting point, we have built a comprehensive portfolio of proprietary hardware and software solutions which to our customers is world class and market leading. This investment underpins our future and allows us to stay ahead of the curve and maintain a technology edge that differentiates us from the competition.

TZ continues to be a journey for management and staff – it has not been an easy journey. While perseverance and patience has been tested, consider the growth, our customer base, our large market opportunities and the progress that has been made. Today, the future is far more tangible and the outlook is extraordinarily bright.

To our long standing Shareholders, I thank you for maintaining the belief and your on-going support for this Company.

Mark Bouris
Executive Chairman

> TZ Praetorian™ Junction Installation

TZ® Limited

Director's Report

Review of Operations

"2015 was an important, productive and successful year for TZ. In reviewing the Company's operations this year, let's start by discussing the key foundations we have put in place to underpin and drive growth and to support our pathway to profitability."

Improving Our Operational Fitness

First, we have developed a scalable operational structure. This structure can drive activities across three regional geographies, a diverse range of customer needs and requirements, and aligns priorities to ensure the delivery of our core objectives. As part of this structure, we have established a strong team of functional leaders. These leaders share in the Company's core values of commitment, drive, entrepreneurialism, integrity and teamwork. Moreover, they are empowered to make smart decisions for the Company.
This management team works collaboratively to improve business processes, and ensure we learn from our mistakes and successes to enable the organisation to continually improve. To support our team leaders, we've also implemented more disciplined business planning, cross functional operational reviews and put in place a clear framework of roles and responsibilities, 30/60/90 day work plans and granular reporting systems that provide high visibility on the key business and individual performance drivers.

> Westpac Barangaroo Day Lockers, Sydney Australia

> POSLaju Parcel Lockers Mobile App

Building Our Sales Capability

Second, over the course of the year, we have expanded our sales capability. We have recruited high calibre sales and technical services resources to support our businesses in each of the key regional markets. To complement our investment in resources, we have also invested in dedicated product sales training programs and the development of new marketing collaterals and sales tools to improve our selling effectiveness. We have institutionalised standard operating procedures across the Company that support successful commercial delivery of our products to the market and the servicing of those products. We have particularly focused on the customer experience and to addressing external facing activities such as customer relationship management, lead generation and sales procurement to ensure we set the right expectation at all customer touch points.

Improving Our Offerings

Third, we continue to maintain a strong commitment to product development. Importantly, we have proactively listened to the voice of our customers and driven our development to ensure our market offerings are the right trade-off between benefit and price. We continue to enhance and improve our various hardware and software offerings and deliver solutions that stand out amongst the competition. The large list of major corporate customers that have endorsed and adopted our technology and who continue to purchase our products is testimony to our strongly differentiated competitive position.

As we cement our position as a technology and market leader, the next year signals a new horizon for TZ. We expect to invest and focus our development efforts on building the next generation of smart locking devices embracing the advancements in smartphone technologies, energy harvesting and wireless connectivity.

Improving Bottom Line Performance

The fourth part of strengthening TZ for growth and profitability is cash and cost controls. Expense control has always been a focus for the Company but a significant challenge in terms of balancing working capital needs given our infrastructure intensive business and the requirements to invest ahead of the growth curve. Over the year we have proactively sought to improve cash flow by implementing upfront payments on placement of order. This has only become more regular as our stature as a reliable and strategic supply partner has evolved.

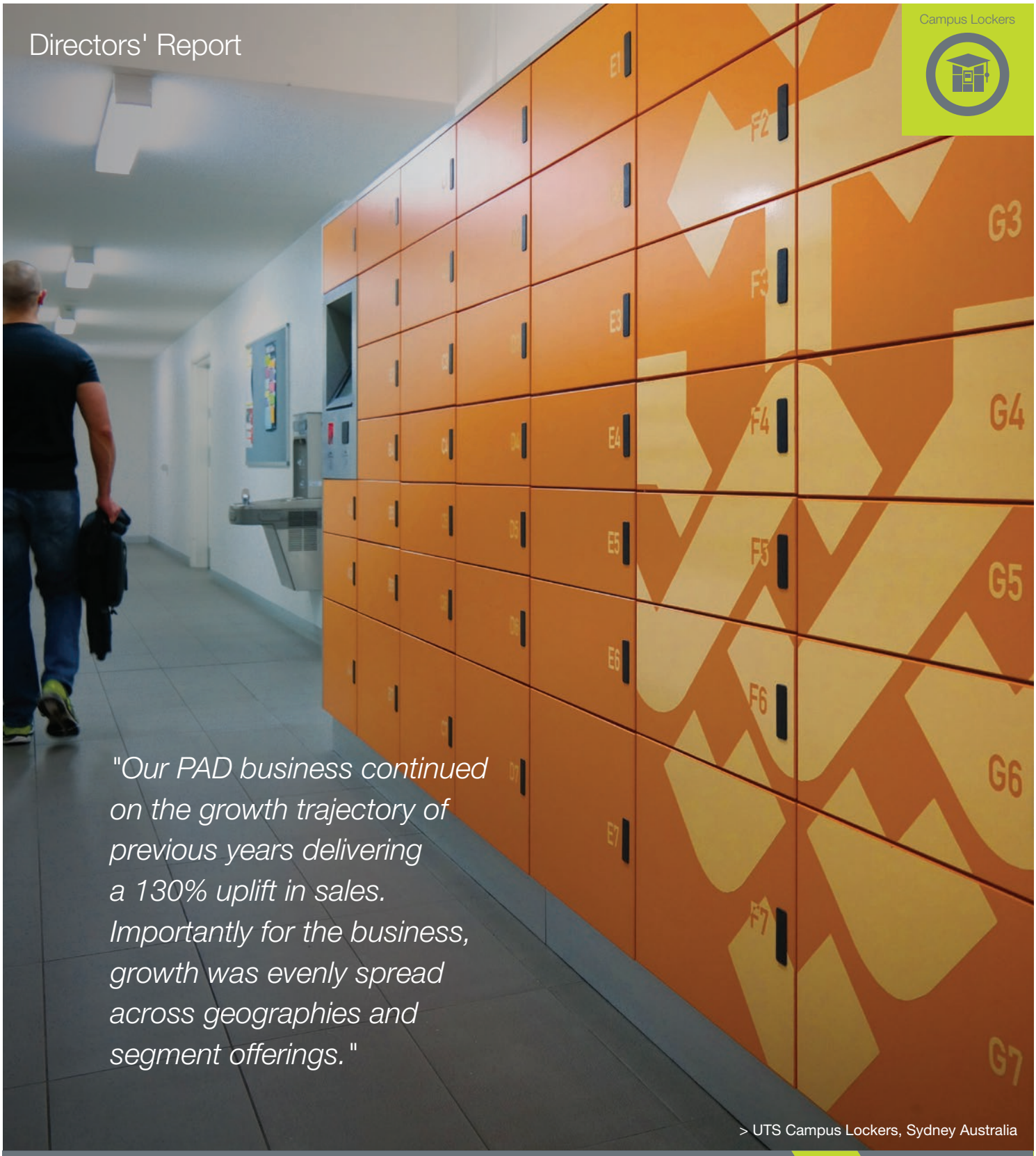
With our track record of high quality installations and corporate customer base, we have also been very selective on the business we now pursue. We strongly believe in the value we provide and we have vigorously protected our margins and focused on business that is highly profitable or strategically important for the future of the Company.

Finally, our transition of manufacturing and sourcing to Asia has been a significant undertaking and investment of resources for the Company but the result promises to be a significant improvement to our cost base. While this major initiative has not been without its challenges with quality and production delays, this initiative will ultimately deliver a production platform that is scalable for the future.

FY2015 Operations

With these foundations in place, let's turn to business performance. The 2015 fiscal year ending 30th June 2015 has been another year of tremendous growth. >

Campus Lockers



"Our PAD business continued on the growth trajectory of previous years delivering a 130% uplift in sales. Importantly for the business, growth was evenly spread across geographies and segment offerings."

> UTS Campus Lockers, Sydney Australia

TZ®

packaged asset
delivery

> Singapore Post POPStation Parcel Lockers, Singapore

The PAD sales momentum can be categorised by a number of significant trends that have delivered the growth this year and are expected to sustain growth in the coming years:

> The expansion of the POPStation network beyond the original expectation of 100 Locker Banks to over 200 locations was announced by Singapore Post earlier in the year. These sales provide a consistent base flow of business that should underpin on-going sales through 2016. More importantly, Singapore Post's aggressive growth plans, categorised by a number of major acquisitions and investments in the Asia Pacific region including Couriers Please in Australia, highlight the regional ambitions of this postal organisation and signal an exciting potential for future regional Locker deployments. The acquisition of the ADAM Parcel Locker network by Couriers Please is the first step and enabling foundations for on-going collaboration and a cooperative participation strategy for the Australian market.

> Couriers Please Parcel Lockers, Sydney Australia

Day Lockers

> Westpac Barangaroo Day Lockers, Sydney Australia

> Westpac Barangaroo Day Lockers, Sydney Australia

> KPMG Day Lockers, Parramatta Australia

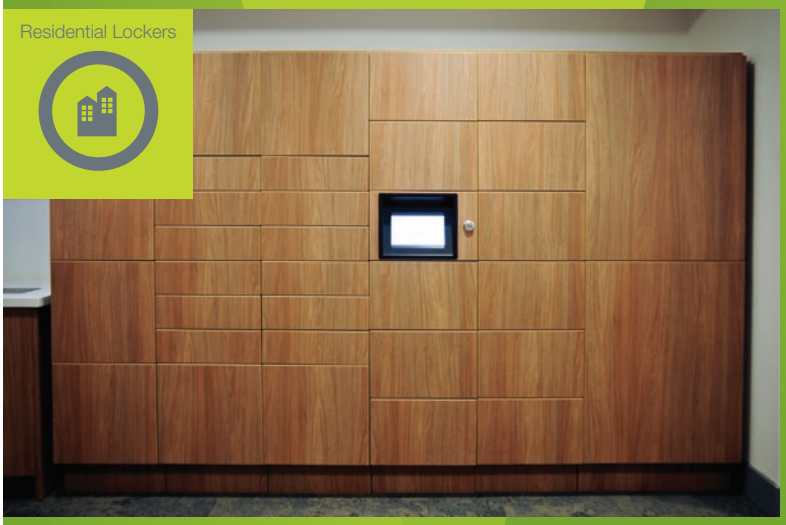
> The impressive growth in Day Locker sales experienced through initial deployments with Westpac, KPMG and one other banking corporation heralds an exciting opportunity for the Company that should see on-going sales through 2016 and even 2017. The Day Locker offering is an example of being able to develop the right product at the right time and has flourished on the back of a significant number of Day Lockers being deployed into the three new commercial towers at Barangaroo.

The expansion across multiple locations within these enterprise customers and the pipeline of new customers seeking a similar solution firmly puts our Day Locker business as an exciting corner stone to future growth. The expansion of our offering to new markets such as the USA, where we can leverage the already established corporate customer base, further fuels the potential for this business and the significance it could play in the coming years.

Campus Lockers

> Vanderbilt University Campus Lockers, Nashville Tennessee USA

Residential Lockers



> Hearth North Residential Lockers, Santa Clara USA

Accountable Mail

> Genentech Accountable Mail Lockers, San Francisco USA

> Our US PAD business continued to grow solidly and is a growth priority for the Company. Although we have only started to scratch the surface in terms of US business opportunity, we have been able to establish leading positions in the Corporate Accountable Mail sector, High Density Residential sector and the Educational sector. Internal estimates put the overall addressable opportunity as over US $30M from our established customers alone, based purely on the number of buildings within their portfolio and the potential for Lockers. With an active direct customer engagement program and plans afoot for a substantial and strategic multinational distribution network, the US business is well positioned to deliver on its promise.

> In the postal sector, although progress has been measured to date, we cannot ignore the significant potential of our existing customers. Pos Malaysia, Pos Indonesia, Poste Italiane and a major US logistics organisation all have embarked on first stage initiatives and have all invested in building back-end systems and integration services with our software platform. Each of these customers are currently contemplating the merits of a Parcel Locker network and working through the business case to justify expansion of the initial deployments. While we have limited influence on their internal investment hurdles and business case deliberations, we are well placed in the event they commit to a further roll-out.

Each of these trends should continue to deliver strong revenue growth for the foreseeable future.

"TZ PushLock™ is an intelligent locking device offering easy installation as a secondary electronic locking mechanism."

> TZ PushLock™

infrastructure
protection

> TZ SlideHandle™ Test Rig

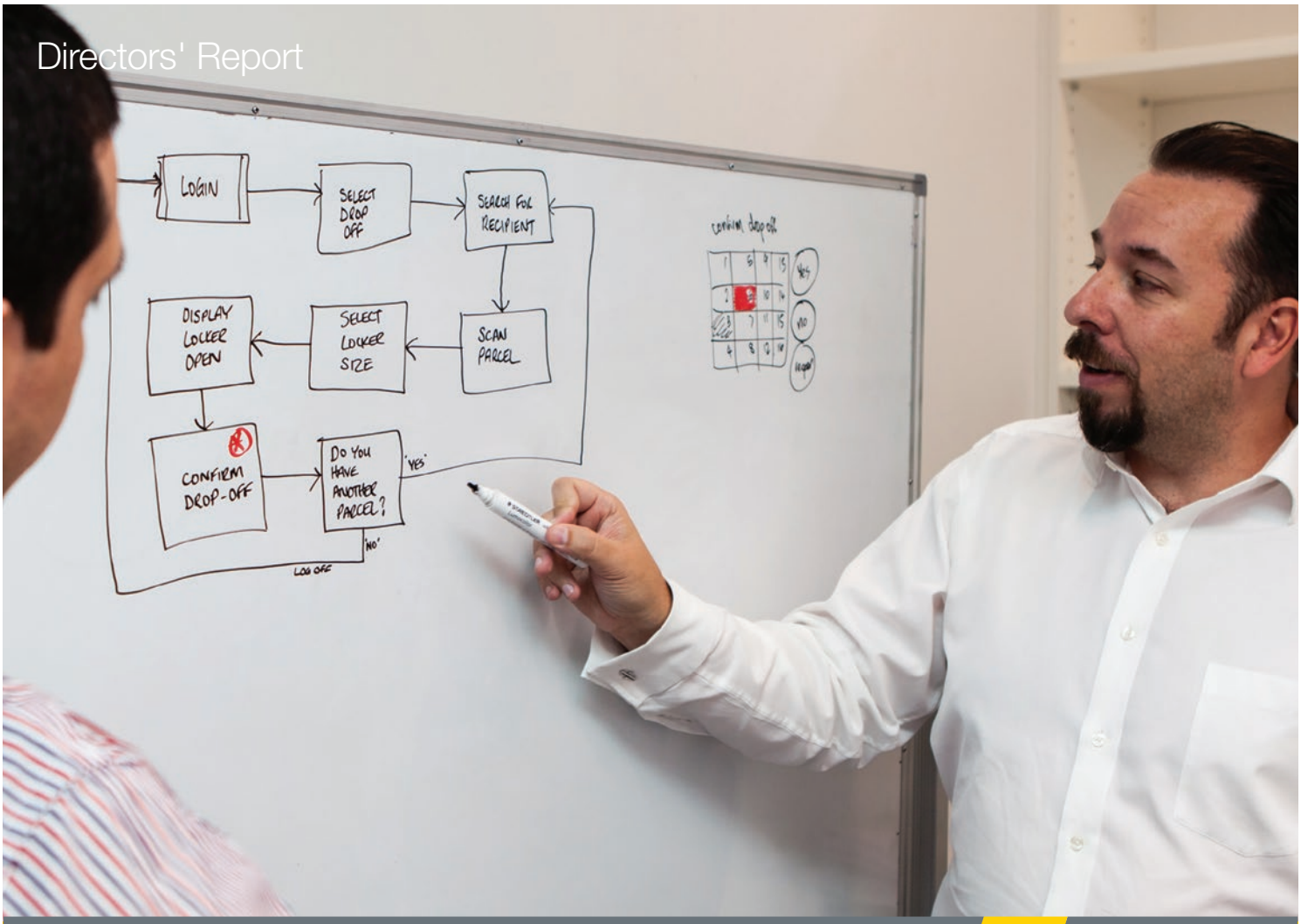
> Macquarie Telecom Data Centre, Sydney Australia

> DCW Las Vegas 2015, Las Vegas USA

Our IXP business continues to grow as well. Despite being impacted by the schedules of major infrastructure projects, the business reliably delivers a normalised year-on-year growth of at least 20% to 30% at healthy margins with resource light requirements supported by a distribution and system integrator network in the US, Europe, Africa, Asia and Australia. All markets are exhibiting solid sales momentum with South America and Asia anticipated to come through with major project sales in the 2016 fiscal year. As anticipated, we are starting to see our established OEM customer base develop existing deployments and take our products into new data centres and into geographies on the back of their expansion plans.

New product initiatives such as SwingHandle™ are starting to gain momentum as positive feedback from initial production orders should drive new orders for larger volume production. Additional complementary products such as our new PushLock™, which is due for release in November, will round out the current range of Smart Locking Devices and ensure device compatibility across a large range of data cabinets, one our differentiated features.

A planned upgrade of our Centurion™ Server platform will also help to solidify our integrated offering and maintain a competitive and differentiated edge over the increasing number of data centre cabinet solenoid locking options.



TZ® Limited

Looking Forward

The last few years has seen a determined focus and commitment to successfully grow and build our IXP and PAD businesses. From a limited starting point when the first IXP and PAD products were launched in 2011, we have now established a solid base of high margin sustainable business and achieved a strong leadership position in our chosen areas of participation. Moving forward, our focus must be to leverage these foundations and track record, and aggressively broaden our areas of participation.

Pursuing strategic partnerships and licensing relationships with larger organisations will enable us to achieve far greater customer engagement, explore applications outside the current scope of participation and most importantly eliminate the tight coupling of revenue generation with increasing cost base.

The Board and staff are excited and motivated to see the years of hard work translate to tangible results and to look forward to 2016 with confidence and optimism.

2015 Financial Statements

Limited

TZ Limited
Corporate directory
30 June 2015

Directors	Mark Bouris - Chairman Kenneth Ting Paul Casey
Company secretary	Kenneth Ting
Registered office	Level 11, 1 Chifley Square Sydney NSW 2000 Head office Tel: +61 2 9222 8890
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
Share register	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Tel: 1300 787 272 Fax: +61 3 9473 2500
Auditor	Grant Thornton Audit Pty Ltd Level 17, 383 Kent Street Sydney NSW 2000
Solicitors	Landerer & Company Level 31, 133 Castlereagh Street Sydney NSW 2000
Bankers	St George Bank Limited Level 3, 1 Chifley Square Sydney NSW 2000
Stock exchange listing	TZ Limited shares are listed on the Australian Securities Exchange (ASX code: TZL)
Website	www.tz.net TZ Limited's public website contains information regarding its products and the company, including an investor services section E-mail: info@tz.net
Corporate Governance Statement	The Corporate governance statement which was approved at the same time as the annual report can be found at http://tz.net/investors/corporate-governance/

TZ Limited
Directors' report
30 June 2015

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 year ended 30 June 2015.

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

Mark Bouris - Chairman
Kenneth Ting
Paul Casey

Principal activities
During the financial 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.

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

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $6,436,000 (30 June 2014: $11,798,000).

Further information on the review of operations, financial position and future strategies is detailed in Section One of the Annual Report.

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

Matters subsequent to the end of the financial year
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.

Likely developments and expected results of operations
Further information on the future strategies is detailed in Section One of the Annual Report.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Mark Bouris
Title:	Executive Chairman
Qualifications:	BCom (UNSW), MCom (UNSW), HonDBus (UNSW), HonDLitt (UWS), FCA
Experience and expertise:	Mark Bouris is the Executive Chairman of TZ Limited and has over 26 years' experience in the finance and property sectors. Mark is also the Executive Chairman of Yellow Brick Road, Non-Executive Chairman of Anteo Diagnostics Limited and a board member of the Sydney Roosters. He is an Adjunct Professor at the University of New South Wales Australian School of Business and he sits on boards for the University of NSW Business Advisory Council and the University of Western Sydney Foundation Council. Mark is also the author of three business and finance books.
Other current directorships:	Executive Chairman of Yellow Brick Road Holdings Limited (ASX: YBR) and Non-Executive Chairman of Anteo Diagnostics Limited (ASX: ADO).
Former directorships (last 3 years):	Non-Executive Chairman of Serena Resources Limited.
Special responsibilities:	None
Interests in shares:	2,968,314 ordinary shares
Interests in options:	10,500,000 options over ordinary shares

Name:	Kenneth Ting
Title:	Executive Director and Company Secretary
Qualifications:	BCom, BLaw, CA
Experience and expertise:	Kenneth Ting has a background in accounting, law and investment banking with a focus on the commercialisation of technology and public and private equity raisings. Kenneth joined Deutsche Bank in 1997 after 4 years at PricewaterhouseCoopers Corporate Finance and Tax division. He was Vice President of Technology Investment Banking at Deutsche Bank and worked in Deutsche Bank's Sydney, San Francisco and London offices. Kenneth has a passion for technology and has worked with technology companies throughout his career. He has been involved in the completion of over $5 billion in M&A, private equity and IPO assignments in Australia, USA and Europe. His industry specialisation is in the electronics manufacturing, software, IT services, telecommunication and internet sectors.
Other current directorships:	None
Former directorships (last 3 years):	Non-Executive Director of Serena Resources Limited.
Special responsibilities:	None
Interests in shares:	3,527,809 ordinary shares
Interests in options:	9,750,000 options over ordinary shares

Name:	Paul Casey
Title:	Non-Executive Director
Experience and expertise:	Paul Casey brings over 31 years' experience in international travel and tourism and early stage investing. Paul was President and Chief Executive Officer ('CEO') of Hawaiian Airlines, a New York Stock Exchange ('NYSE') listed company, from 1997 until 2002. Prior to that he led the Hawaii Visitors and Convention Bureau ('HVCB') as President and CEO and he held a succession of senior management positions with Continental Airlines and Thomas Cook. Paul has run a travel software start-up in Bangkok, was the CEO of an investment firm focussed on rolling up travel-related businesses in China and was involved in restructuring a number of travel and tourism projects. He is also an investor and adviser to several Hawaii early stage companies and since 2011 has been on the board of PDT.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	236,363 ordinary shares
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

TZ Limited
Directors' report
30 June 2015

Company secretary
Kenneth Ting is the company secretary and also a director of the company. See 'Information on directors'.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mark Bouris	12	12
Kenneth Ting	12	12
Paul Casey	12	12

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the director and key management personnel remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate demanding performance hurdles for variable executive remuneration.

The Board reviews and is responsible for the consolidated entity’s remuneration policies, procedures and practices.

The consolidated entity established a Director and Executive Equity Plan in 2009 to attract, retain, motivate and reward senior executives and directors (including non-executive directors) of the company (collectively the 'Participants') by issuing either or both rights and options to the Participants to allow the Participants to acquire fully paid ordinary class shares in the company upon exercising the rights or options, as the case may be. The exercise of each right or option entitles the holder of that right or option, as the case may be, to acquire one fully paid ordinary class share in the capital of the company.

Under the Director and Executive Equity Plan, the number of rights and options that may be issued to a Participant and the performance criteria and hurdles to be met prior to the issue or exercise of such Rights and Options is to be set by the board of directors of the company.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board considers advice from shareholders, and takes into account the fees paid to non–executive directors of comparable companies, when undertaking the annual review process. Non-executive directors do not receive share options or other incentives.

ASX listing rules require that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The most recent determination was at the AGM held on 30 November 2006, where the shareholders approved an aggregate remuneration of $500,000.

Executive remuneration
The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value for the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI’s include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') includes long service leave and share-based payments. As noted above, a Director and Executive Equity Plan has been set up to reward executives based on long term incentive measures in the form of options and rights. These include increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. Executives and other employees can be issued with options and rights to acquire shares in the company. The number and the terms of the options and rights issued are determined by the directors after consideration of the employee's performance and their ability to contribute to the achievement of the consolidated entity's objectives. Refer to the additional information section of the remuneration report for details of the last five years earnings and total shareholders return ('TSR').

Use of remuneration consultants
During the financial year ended 30 June 2015, the company did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the short-term incentives ('STI') and long-term incentives ('LTI') programs.

Voting and comments made at the company's 2014 Annual General Meeting ('AGM')
At the last AGM 89% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2014. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

TZ Limited
Directors' report
30 June 2015

Details of remuneration

Amounts of remuneration
The key management personnel of the consolidated entity consisted of the directors of TZ Limited and the following persons:

- William Leong - Chief Operating Officer of Telezygology Inc.
- Benjamin Ford - Regional Technical Manager of TZI Australia Pty Limited (resigned on 28 August 2015)
- Craig Holden - Chief Financial Officer TZ Limited (appointed as CFO on 26 March 2015)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2015	Cash salary and fees $	Other $	Non-monetary $	Super-annuation $	Employee leave $	Options $	Total $
Non-Executive Directors:							
P Casey	89,616	-	-	-	-	-	89,616
Executive Directors:							
M Bouris	440,917	10,200	-	-	-	245,653	696,770
K Ting	346,435	6,000	-	-	-	245,653	598,088
Other Key Management Personnel:							
W Leong	195,165	11,949	24,078	4,879	-	-	236,071
B Ford	160,000	5,000	-	15,200	-	-	180,200
C Holden	58,385	-	-	5,547	-	-	63,932
	1,290,518	33,149	24,078	25,626	-	491,306	1,864,677

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2014	Cash salary and fees $	Other $	Non-monetary $	Super-annuation $	Employee leave $	Options $	Total $
Non-Executive Directors:							
P Casey	81,708	-	-	-	-	-	81,708
Executive Directors:							
M Bouris	440,917	10,200	-	-	-	386,703	837,820
K Ting	346,435	6,000	-	-	-	386,703	739,138
Other Key Management Personnel:							
W Leong	163,417	-	12,161	4,085	-	-	179,663
B Ford	160,000	-	-	14,800	-	-	174,800
	1,192,477	16,200	12,161	18,885	-	773,406	2,013,129

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2015	2014	2015	2014	2015	2014
Non-Executive Directors:						
P Casey	100%	100%	-%	-%	-%	-%
Executive Directors:						
M Bouris	65%	54%	-%	-%	35%	46%
K Ting	59%	48%	-%	-%	41%	52%
Other Key Management Personnel:						
W Leong	95%	100%	5%	-%	-%	-%
B Ford	97%	100%	3%	-%	-%	-%
C Holden	100%	-%	-%	-%	-%	-%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Paul Casey
Title:	Non-Executive Director
Agreement commenced:	1 June 2013
Term of agreement:	No fixed term
Details:	Base salary of US$75,000 and notice period by negotiation.

Name:	William Leong
Title:	Chief Operating Officer of Telezygology Inc.
Agreement commenced:	1 October 2010
Term of agreement:	No fixed term
Details:	Base salary of US$170,000 and notice period by negotiation.

Name:	Benjamin Ford
Title:	Regional Technical Manager of TZI Australia Pty Limited
Agreement commenced:	4 January 2013
Term of agreement:	2 years and annual renewal
Details:	Base salary of AU$160,000 and notice period by negotiation.

Name:	Craig Holden
Title:	Chief Financial Officer
Agreement commenced:	26 March 2015
Term of agreement:	No fixed term
Details:	Base salary of AU$ 220,000 and four week notice's period

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2015.

TZ Limited
Directors' report
30 June 2015

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date *	Expiry date	Exercise price	Fair value per option at grant date
15 January 2014	18 February 2014	30 June 2018	$0.25	$0.096
15 January 2014	18 February 2015	30 June 2019	$0.40	$0.093
15 January 2014	18 February 2016	30 June 2020	$0.60	$0.092

* Not all options have vested.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2015 are set out below:

Name	Number of options granted during the year 2015	Number of options granted during the year 2014	Number of options vested during the year 2015	Number of options vested during the year 2014
Mark Bouris	-	7,500,000	2,500,000	2,500,000
Kenneth Ting	-	7,500,000	2,500,000	2,500,000

Vesting conditions for options granted as compensation during the year ended 30 June 2014
The options are separated into three tranches and exercise periods:

(a) The first tranche of 5,000,000 options (2,500,000 Mark Bouris and 2,500,000 Kenneth Ting) is exercisable in the period from 18 February 2014 to and including 30 June 2018, at an exercise price of $0.25 per option.
(b) The second tranche of 5,000,000 options (2,500,000 Mark Bouris and 2,500,000 Kenneth Ting) will be exercisable in the period from 18 February 2015 to and including 30 June 2019, at an exercise price of $0.40 per option.
(c) The third tranche of 5,000,000 options (2,500,000 Mark Bouris and 2,500,000 Kenneth Ting) will be exercisable in the period from 18 February 2016 to and including 30 June 2020, at an exercise price of $0.60 per option.

The options granted are not subject to the satisfaction of performance conditions. The grants were made under the Director and Executive Equity Plan to attract, retain, motivate and reward senior executives and Directors (including non-executive directors) of the company. The options will lapse if not exercised by the respective expiry date or if employment ceases (apart from if due to death, incapacity or redundancy). There are no other vesting conditions in respect of these options.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2015 are summarised below:

	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000
Sales revenue	22,399	21,178	20,116	8,392	15,129
Adjusted EBITDA *	(3,094)	(5,837)	(16,735)	(8,552)	(4,469)
Loss after income tax	(8,784)	(12,361)	(23,204)	(11,798)	(6,436)

* Earnings before interest, tax, depreciation, amortisation and other one-off non-operating items

Prior to 2014, the results of the consolidated entity included those of subsidiary, Product Development Technologies Inc. which was disposed of in May 2013.

The factors that are considered to affect TSR are summarised below:

	2011	2012	2013	2014	2015
Share price at financial year end ($)	0.24	0.10	0.12	0.14	0.09
Basic earnings per share (cents per share)	(9.01)	(9.60)	(13.57)	(4.39)	(1.57)

Additional disclosures relating to key management personnel
In accordance with Class Order 14/632, issued by the Australian Securities and Investments Commission, relating to 'Key management personnel equity instrument disclosures', the following disclosure relates only to equity instruments in the company or its subsidiaries.

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mark Bouris	2,831,951	-	136,363	-	2,968,314
Kenneth Ting	3,391,446	-	136,363	-	3,527,809
Paul Casey	90,000	-	146,363	-	236,363
Benjamin Ford	250,000	-	-	-	250,000
	6,563,397	-	419,089	-	6,982,486

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mark Bouris	10,500,000	-	-	-	10,500,000
Kenneth Ting	9,750,000	-	-	-	9,750,000
	20,250,000	-	-	-	20,250,000

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
Options over ordinary shares			
Mark Bouris	8,000,000	-	8,000,000
Kenneth Ting	7,250,000	-	7,250,000
	15,250,000	-	15,250,000

This concludes the remuneration report, which has been audited.

TZ Limited
Directors' report
30 June 2015

Shares under option
Unissued ordinary shares of TZ Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
26 February 2010	30 June 2016	$1.00	1,750,000
26 February 2010	30 June 2017	$2.00	1,750,000
26 February 2010	30 June 2018	$3.00	1,750,000
15 January 2014	30 June 2018	$0.25	5,000,000
15 January 2014	30 June 2019	$0.40	5,000,000
15 January 2014	30 June 2020	$0.60	5,000,000
			20,250,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of TZ Limited issued on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

TZ Limited
Directors' report
30 June 2015

Officers of the company who are former partners of Grant Thornton Audit Pty Ltd
There are no officers of the company who are former partners of Grant Thornton Audit Pty Ltd.

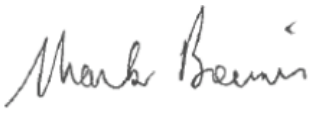
Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases,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

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Bouris
Director

29 September 2015
Sydney

Grant Thornton

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 audit of TZ Limited for the year ended 30 June 2015, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M R Leivesley

M R Leivesley
Partner - Audit & Assurance

Sydney, 29 September 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
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TZ Limited
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30 June 2015

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General information

The financial statements cover TZ Limited as a consolidated entity consisting of TZ Limited and the entities it controlled at the end of, or during, the year. 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

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

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 24 September 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 year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Revenue	4	15,195	8,476
Other income	5	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	6	(1,563)	(1,145)
Impairment of assets	6	(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	6	-	(2,112)
Loss before income tax expense		(6,383)	(11,761)
Income tax expense	7	(53)	(37)
Loss after income tax expense for the year attributable to the owners of TZ Limited	24	(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	37	(1.57)	(4.39)
Diluted earnings per share	37	(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 $'000	Consolidated 2014 $'000
Assets			
Current assets			
Cash and cash equivalents	8	5,688	2,646
Trade and other receivables	9	5,007	3,045
Inventories	10	336	225
Other financial assets	11	-	208
Other	12	325	26
Total current assets		11,356	6,150
Non-current assets			
Other financial assets	13	-	191
Property, plant and equipment	14	794	1,232
Intangibles	15	9,310	7,253
Other	16	-	73
Total non-current assets		10,104	8,749
Total assets		21,460	14,899
Liabilities			
Current liabilities			
Trade and other payables	17	4,201	1,978
Provisions	18	266	154
Other	19	-	122
Total current liabilities		4,467	2,254
Non-current liabilities			
Deferred tax	20	110	129
Provisions	21	51	62
Total non-current liabilities		161	191
Total liabilities		4,628	2,445
Net assets		16,832	12,454
Equity			
Issued capital	22	200,998	192,278
Reserves	23	(3,530)	(5,133)
Accumulated losses	24	(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 22)	33,336	-	-	33,336
Share-based payments (note 38)	-	-	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 22)	8,720	-	-	8,720
Share-based payments (note 38)	-	-	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 $'000	Consolidated 2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		13,518	6,442
Payments to suppliers (inclusive of GST)		(17,556)	(13,008)
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	36	(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	22	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	8	5,688	2,646

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

TZ Limited
Notes to the financial statements
30 June 2015

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:
- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
- AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
- Interpretation 21 Levies

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.

Note 1. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for derivative financial instruments at fair value.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of TZ Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. TZ Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Special purpose entities ('SPEs') are those entities where the consolidated entity, in substance, controls the SPE so as to obtain the majority of benefits without having any ownership interest.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is TZ Limited's functional and presentation currency.

TZ Limited
Notes to the financial statements
30 June 2015

Note 1. Significant accounting policies (continued)

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Project revenue
Project revenues are recognised by reference to the stage of completion of the contracts.

Stage of completion is measured by reference to costs incurred to date as a percentage of costs for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 1. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Reclassification
Comparative figures in the statement of profit or loss and other comprehensive income and in the statement of financial position have been reclassified to conform to the current year presentation.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

TZ Limited
Notes to the financial statements
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Note 1. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	20 - 33%
Plant and equipment	20%
Office equipment	15 - 35%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity.

Leases
Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Where assets are acquired by means of finance leases, the present value of minimum lease payments is established as an asset at the beginning of the lease term and amortised on a straight line basis over the expected economic life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense.

Note 1. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents
Expenditure directly attributable to the registration of patents is capitalised at cost and is amortised over the useful life of 15 years.

Royalties
Royalties acquired through a business combination which have future economic benefits or service potential other than their heritage value are capitalised and are amortised over their expected useful life.

Customer relationships
Customer relationships acquired as part of a business combination are recognised separately from goodwill and are carried at their fair value at date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on a straight line basis over the estimated useful life of between 10 to 15 years.

Research and development costs
Research costs are expensed as incurred. Development expenditure incurred on an individual project is capitalised if the product or service is technically feasible, adequate resources are available to complete the project, it is probable that future economic benefits will be generated and expenditure attributable to the project can be measured reliably. Expenditure capitalised comprises costs of materials, services, direct labour and an appropriate portion of overheads.

Capitalised development expenditure is stated at cost less accumulated amortisation and any impairment losses, and are amortised over the period of expected future sales from the related projects which vary from 5 to 11 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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Notes to the financial statements
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Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries and other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
Employee benefits not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 1. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

TZ Limited
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Note 1. Significant accounting policies (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of TZ Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’. AASB 9 introduces new classification and measurement models for financial assets. New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an ‘expected credit loss’ (‘ECL’) model to recognise an allowance. The consolidated entity will adopt this standard from 1 July 2018 and expects the impact to be immaterial.

Note 1. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
This standard is currently applicable to annual reporting periods beginning on or after 1 January 2017 (however Exposure Draft 263 'Effective Date of AASB 15' proposes to defer the application date by one year to 1 January 2018). The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services). It is expected that the consolidated entity will adopt this standard from 1 July 2018 (presuming ED 263 is passed) and expects that adoption will be immaterial.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Impairment testing has been performed on definite life intangible assets. The key assumptions used in the testing model were as follows:
● Discount rate – 16.58% (2014: 15.20%)
● Gross margins – budgeted gross profit margins are between 42% and 44%, historical gross margins ranged between 46% to 47%
● Revenue growth rates – 2016 (85%), 2017 (41%), 2018 (19%), 2019 (8%), 2020 (7%), 2021 (4%), 2022 (5%), 2023 (3%) and 2024 (3%)

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity operates in one segment being the development and commercialisation of hardware and software products primarily in the US, Australian and Asian markets. This 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.

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').

Major customers
During the year ended 30 June 2015 approximately 20% (2014: 30%) of the consolidated entity's external revenue was derived from sales to one customer.

Geographical information

	Sales to external customers		Geographical non-current assets	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Australia	5,525	2,042	1,270	1,843
United States of America	5,681	3,439	8,832	6,902
United Kingdom	475	244	-	-
Canada	-	41	-	-
Singapore	3,131	2,502	2	4
Other *	317	124	-	-
	15,129	8,392	10,104	8,749

* Other relates to Italy and Malaysia

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 but include the PDT Holdings business for the period held.

A reconciliation of the loss after income tax expense to adjusted EBITDA is as follows:

	Consolidated	
	2015 $'000	2014 $'000
Loss after income tax expense	(6,436)	(11,798)
Add: Loss on debt/equity conversion	-	4,356
Less: Movements in fair value of derivatives	-	(1,508)
Add: Impairment of assets	401	-
Less: Interest income	(50)	(48)
Add: Interest expense	-	2,112
Add: Depreciation and amortisation	1,563	1,145
Add: Income tax expense	53	37
Adjusted EBITDA	(4,469)	(5,704)

Note 4. Revenue

	Consolidated 2015 $'000	Consolidated 2014 $'000
Sales revenue		
Sale of goods and project revenue	15,129	8,392
Other revenue		
Interest	50	48
Royalty	15	-
Other revenue	1	36
	66	84
Revenue	15,195	8,476

Note 5. Other income

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

TZ Limited
Notes to the financial statements
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Note 6. Expenses

	Consolidated 2015 $'000	Consolidated 2014 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	11	19
Plant and equipment	54	71
Office equipment	20	44
Total depreciation	85	134
Amortisation		
Trade names	11	1
Re-acquired right (Intevia Licence)	775	707
Other intangible assets	692	303
Total amortisation	1,478	1,011
Total depreciation and amortisation	1,563	1,145
Impairment		
Plant and equipment	280	-
Settlement of promissory note	121	-
Total impairment	401	-
Finance costs		
Interest and finance charges paid/payable	-	2,112
Net foreign exchange loss	92	65
Minimum lease payments	271	214
Defined contribution superannuation expense	332	180
Share-based payments expense	491	773

Note 7. Income tax expense

	Consolidated 2015 $'000	Consolidated 2014 $'000
Income tax expense		
Current tax	72	53
Deferred tax - origination and reversal of temporary differences	(19)	(16)
Aggregate income tax expense	53	37
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax liabilities (note 20)	(19)	(16)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(6,383)	(11,761)
Tax at the statutory tax rate of 30%	(1,915)	(3,528)
Current year tax losses not recognised	2,034	3,680
Difference in overseas tax rates	(66)	(115)
Income tax expense	53	37

The consolidated entity is in the process of determining its tax loss position to carry forward.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2015 $'000	Consolidated 2014 $'000
Cash and cash equivalents	5,688	2,646

Note 9. Current assets - trade and other receivables

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

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $675,000 as at 30 June 2015 ($256,000 as at 30 June 2014).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

TZ Limited
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Note 9. Current assets - trade and other receivables (continued)

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Past due 0 - 30 days	261	75
Past due 30 - 60 days	-	84
Past due 60 - 90 days	99	59
Past due 90 days +	315	38
	675	256

Note 10. Current assets - inventories

	Consolidated 2015 $'000	Consolidated 2014 $'000
Finished goods - at cost	336	225

Note 11. Current assets - other financial assets

	Consolidated 2015 $'000	Consolidated 2014 $'000
Promissory note	-	208

The promissory note was repayable by equal monthly repayments over a period of 33 months from 1 September 2013. Interest was charged at 4% per annum. Refer to note 13 for amount due after more than 12 months. During the financial year an impairment of $121,000 was incurred on settlement (refer note 6).

Note 12. Current assets - other

	Consolidated 2015 $'000	Consolidated 2014 $'000
Prepayments	222	-
Security deposits	63	-
Other deposits	40	26
	325	26

Note 13. Non-current assets - other financial assets

	Consolidated 2015 $'000	Consolidated 2014 $'000
Promissory note	-	191

Note 14. Non-current assets - property, plant and equipment

	Consolidated	
	2015 $'000	**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

TZ Limited
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Note 15. Non-current assets - intangibles

	Consolidated 2015 $'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.

Impairment of goodwill
Goodwill is allocated to the following CGU:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Infinity Design Pty Limited	145	145

Note 15. Non-current assets - intangibles (continued)

The company has assessed the goodwill balance and has determined that there is no impairment to goodwill at 30 June 2015 as Infinity Design Pty Limited's current year operations and business forecast for future years indicate the business will be in a profit making situation.

Note 16. Non-current assets - other

	Consolidated 2015 $'000	Consolidated 2014 $'000
Security deposits	-	73

Note 17. Current liabilities - trade and other payables

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

Refer to note 26 for further information on financial instruments.

Note 18. Current liabilities - provisions

	Consolidated 2015 $'000	Consolidated 2014 $'000
Employee benefits	266	154

Note 19. Current liabilities - other

	Consolidated 2015 $'000	Consolidated 2014 $'000
Deferred revenue	-	122

Note 20. Non-current liabilities - deferred tax

	Consolidated 2015 $'000	Consolidated 2014 $'000
Deferred tax liability	110	129
Movements:		
Opening balance	129	-
Charged to profit or loss (note 7)	(19)	(16)
Additions through business combinations	-	145
Closing balance	110	129

TZ Limited
Notes to the financial statements
30 June 2015

Note 21. Non-current liabilities - provisions

	Consolidated	
	2015 $'000	2014 $'000
Employee benefits	51	62

Note 22. Equity - issued capital

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

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 22. Equity - issued capital (continued)

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.

Share buy-back
There is no current on-market share buy-back.

Unquoted options
At 30 June 2015 there were 20,250,000 (2014: 20,250,000) options. Each option entitles the holder to subscribe for one fully paid share in the company at the exercise price per share at any time from the date of issue until expiry of the options subject to various vesting dates.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company or invest in growth initiating was seen as value adding.

The capital risk management policy remains unchanged from the 30 June 2014 Annual Report.

Note 23. Equity - reserves

	Consolidated	
	2015 $'000	2014 $'000
Foreign currency reserve	(3,530)	(5,133)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $'000	Total $'000
Balance at 1 July 2013	(4,844)	(4,844)
Foreign currency translation	(289)	(289)
Balance at 30 June 2014	(5,133)	(5,133)
Foreign currency translation	1,603	1,603
Balance at 30 June 2015	(3,530)	(3,530)

TZ Limited
Notes to the financial statements
30 June 2015

Note 24. Equity - accumulated losses

	Consolidated 2015 $'000	Consolidated 2014 $'000
Accumulated losses at the beginning of the financial year	(174,691)	(163,666)
Loss after income tax expense for the year	(6,436)	(11,798)
Transfer from share based payments reserve	491	773
Accumulated losses at the end of the financial year	(180,636)	(174,691)

Note 25. Equity - dividends

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

Note 26. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity's foreign exchange risk is managed to ensure sufficient funds are available to meet US financial commitments in a timely and cost-effective manner. The consolidated entity will continually monitor this risk and consider entering into forward foreign exchange, foreign currency swap and foreign currency option contracts if appropriate.

Creditors and debtors as at 30 June 2015 were reviewed to assess currency risk at year end. The value of transactions denominated in a currency other than the functional currency of the respective subsidiary was insignificant and therefore the risk was determined as immaterial.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk.

The consolidated entity invests surplus cash in term deposits with fixed returns. The Board makes investment decisions after considering advice received from professional advisors.

Note 26. Financial instruments (continued)

The consolidated entity monitors its interest rate exposure continuously.

As at the reporting date, the consolidated entity had the following variable rate borrowings and interest rate swap contracts outstanding:

	2015		2014	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Cash and cash equivalents	1.50%	5,688	1.02%	2,646
Net exposure to cash flow interest rate risk		5,688		2,646

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

The consolidated entity has a net cash surplus totalling $5,688,000 (2014: net cash surplus $2,646,000). An official increase/decrease in interest rates of one (2014: one) percentage point would have a favourable/adverse effect on profit before tax of $57,000 (2014: adverse/favourable $26,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has a credit risk exposure with one customer, which as at 30 June 2015 owed the consolidated entity $748,919 (23% of trade receivables) (2014: $664,048 (23% of trade receivables)). This balance was within its terms of trade and no impairment was made as at 30 June 2015. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk.

There is a concentration of credit risk for cash at bank and cash on deposit as most monies in Australia is with two financial institutions, St George Bank and YBR Funds Management Pty Limited.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

TZ Limited
Notes to the financial statements
30 June 2015

Note 26. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2015	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	3,175	-	-	-	3,175
Other payables	-%	883	-	-	-	883
Total non-derivatives		4,058	-	-	-	4,058

Consolidated - 2014	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	1,453	-	-	-	1,453
Other payables	-%	445	-	-	-	445
Total non-derivatives		1,898	-	-	-	1,898

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 27. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Promissory note	-	399	-	399
Total assets	-	399	-	399

There were no transfers between levels during the financial year.

There were no financial assets or liabilities measured at fair value as at 30 June 2015.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 28. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2015 $	Consolidated 2014 $
Short-term employee benefits	1,347,745	1,220,838
Post-employment benefits	25,626	18,885
Share-based payments	491,306	773,406
	1,864,677	2,013,129

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company, and its network firms:

	Consolidated 2015 $	Consolidated 2014 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	137,000	133,500
Other services - Grant Thornton Audit Pty Ltd		
Independent advice on debt/equity conversion	-	30,000
Independent tax advice	29,200	-
	29,200	30,000
	166,200	163,500
Audit services - network firms		
Audit or review of the financial statements	21,500	28,912

Note 30. Contingent liabilities

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

TZ Limited
Notes to the financial statements
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Note 31. Commitments

	Consolidated 2015 $'000	Consolidated 2014 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	108	261
One to five years	57	198
	165	459

The consolidated entity leases various premises under non-cancellable operating leases expiring between 1 and 5 years. All leases have annual CPI escalation clauses. The above commitments do not include commitments for any renewal options on leases. Lease conditions do not impose any restrictions on the ability of TZ Limited and its subsidiaries from borrowing further funds or paying dividends.

Note 32. Related party transactions

Parent entity
TZ Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 28 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2015 $	Consolidated 2014 $
Payment for other expenses:		
Accounting fees charged by Yellow Brick Road Accounting and Wealth Management Pty Limited, a company in which Mark Bouris is a director.	299,365	360,243
Rent and serviced office expenditure paid to Yellow Brick Road Group Pty Limited, a company in which Mark Bouris is a director.	143,300	-
Rent and serviced office expenditure paid to State Capital Property Pty Limited, a company in which Mark Bouris is a director.	28,660	186,263
Broker fees for insurance policies arranged by Yellow Brick Road Wealth Management Pty Limited (formerly YBR General Insurance Brokers Pty Limited), a company in which Mark Bouris is a director.	800	575
Administration fees and storage costs paid to YBR Services Pty Ltd, a company in which Mark Bouris is a director.	55,617	43,372
Marketing expenses paid to Yellow Brick Road Group Pty Limited, a company in which Mark Bouris is a director.	120,000	120,000
Phone expense paid to Baycall Pty Limited, a company in which Kenneth Ting is a director.	-	298

Note 32. Related party transactions (continued)

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

	Consolidated 2015 $	Consolidated 2014 $
Current payables:		
Accounting fees payable to Yellow Brick Road Accounting and Wealth Management Pty Ltd, a company in which Mark Bouris is a director.	12,447	78,012
Rent, serviced office expenditure and remaining rental bond payable to State Capital Property Pty Limited, a company in which Mark Bouris is a director.	31,526	53,390
Administration fees and storage costs payable to YBR Services Pty Ltd, a company in which Mark Bouris is a director.	10,284	15,903
Marketing expenses payable to Yellow Brick Road Group Pty Limited, a company in which Mark Bouris is a director.	22,000	44,000
Premium payable for insurance policies arranged by Yellow Brick Road Wealth Management Pty Limited, a company in which Mark Bouris is a director.	-	11,776

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 33. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2015 $'000	Parent 2014 $'000
Loss after income tax	(4,493)	(12,087)
Total comprehensive income	(4,493)	(12,087)

Statement of financial position

	Parent 2015 $'000	Parent 2014 $'000
Total current assets	5,357	2,480
Total assets	17,584	12,907
Total current liabilities	412	453
Total liabilities	412	453
Equity		
Issued capital	200,998	192,278
Accumulated losses	(183,826)	(179,824)
Total equity	17,172	12,454

TZ Limited
Notes to the financial statements
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Note 33. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2015 and 30 June 2014.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2015 and 30 June 2014.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2015 %**	**2014 %**
Telezygology, Inc.	United States of America	100.00%	100.00%
PDT Holdings, Inc.	United States of America	100.00%	100.00%
Product Development Technologies, Inc.	United States of America	100.00%	100.00%
PDT Tooling, Inc.	United States of America	100.00%	100.00%
TZI Australia Pty Limited	Australia	100.00%	100.00%
Infinity Design Pty Limited *	Australia	100.00%	100.00%
TZI Singapore Pte Ltd	Singapore	100.00%	100.00%

* Formerly known as Product Development Technologies Australia Pty Limited. Name changed on 26 July 2013.

Note 35. 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 36. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2015 $'000	Consolidated 2014 $'000
Loss after income tax expense for the year	(6,436)	(11,798)
Adjustments for:		
Depreciation and amortisation	1,563	1,145
Impairment of property, plant and equipment	280	-
Share-based payments	491	773
Foreign exchange differences	19	-
Interest accrued on convertible notes	-	2,112
Net fair value loss/(gain) of derivative liabilities	-	(1,508)
Loss on debt/equity conversion	-	4,356
Impairment of assets	121	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,962)	(2,076)
Decrease/(increase) in inventories	(111)	8
Decrease in other operating assets	163	16
Increase in trade and other payables	2,101	178
Increase/(decrease) in deferred tax liabilities	(18)	129
Increase in employee benefits	101	121
Decrease in other operating liabilities	(122)	(196)
Net cash used in operating activities	(3,810)	(6,740)

Note 37. Earnings per share

	Consolidated 2015 $'000	Consolidated 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 38. Share-based payments

Director and Executive Equity Plan
The Director and Executive Equity Plan ('DEEP') was approved by shareholders at 2009 Annual General Meeting that was held on 26 February 2010. It gives directors and senior executives the opportunity to participate in the plan. There were three tranches of options and two tranches of rights granted to the directors in 2010 and three tranches of options granted to the directors in 2014

TZ Limited
Notes to the financial statements
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Note 38. Share-based payments (continued)

The rights granted to the directors were at a zero exercise price, which entitle the holder to acquire fully paid ordinary shares in the company, without payment. Both tranches of rights were exercised in the 2010 and 2012 financial years respectively.

Each tranche of options had a fixed number granted with vesting periods from one to three years. Each option, when validly exercised, entitles the holder to receive one fully paid share in the company.

Set out below are summaries of options granted under the plan:

2015

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
26/02/2010	30/06/2016	$1.00	1,750,000	-	-	-	1,750,000
26/02/2010	30/06/2017	$2.00	1,750,000	-	-	-	1,750,000
26/02/2010	30/06/2018	$3.00	1,750,000	-	-	-	1,750,000
15/01/2014	30/06/2018	$0.25	5,000,000	-	-	-	5,000,000
15/01/2014	30/06/2019	$0.40	5,000,000	-	-	-	5,000,000
15/01/2014	30/06/2020	$0.60	5,000,000	-	-	-	5,000,000
			20,250,000	-	-	-	20,250,000

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
26/02/2010	30/06/2016	$1.00	1,750,000	-	-	-	1,750,000
26/02/2010	30/06/2017	$2.00	1,750,000	-	-	-	1,750,000
26/02/2010	30/06/2018	$3.00	1,750,000	-	-	-	1,750,000
26/10/2012	31/10/2013	$0.14	11,312,209	-	(11,312,209)	-	-
04/12/2012	31/10/2013	$0.14	4,060,725	-	(4,060,725)	-	-
15/01/2014	30/06/2018	$0.25	-	5,000,000	-	-	5,000,000
15/01/2014	30/06/2019	$0.40	-	5,000,000	-	-	5,000,000
15/01/2014	30/06/2020	$0.60	-	5,000,000	-	-	5,000,000
			20,622,934	15,000,000	(15,372,934)	-	20,250,000

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2015 Number	2014 Number
26/02/2010	30/06/2016	1,750,000	1,750,000
26/02/2010	30/06/2017	1,750,000	1,750,000
26/02/2010	30/06/2018	1,750,000	1,750,000
15/01/2014	30/06/2018	5,000,000	5,000,000
15/01/2014	30/06/2019	5,000,000	-
		15,250,000	10,250,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.48 years (2014: 4.48 years).

Share-based payment expense recognised during the financial year:

Note 38. Share-based payments (continued)

	Consolidated	
	2015 $'000	2014 $'000
Options issued under Director and Executive Equity Plan	491	773

TZ Limited
Directors' declaration
30 June 2015

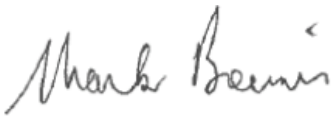
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Bouris
Director

29 September 2015
Sydney

Grant Thornton

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

Independent Auditor's Report to the Members of TZ Limited

Report on the financial report

We have audited the accompanying financial report of TZ Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

a the financial report of TZ Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter

Without qualification to the audit opinion expressed above, we draw attention to the following matters that are described in Note 1 to the financial report.

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.

The ability of the consolidated entity to continue as a going concern is dependent upon 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.

These conditions, along with other matters set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Report on the remuneration report

We have audited the remuneration report included in pages 18 to 23 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of TZ Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

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GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M R Leivesley

M R Leivesley
Partner - Audit & Assurance

Sydney, 29 September 2015

TZ Limited
Shareholder information
30 June 2015

The shareholder information set out below was applicable as at 31 August 2015.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders Number of holders of ordinary shares
1 to 1,000	726
1,001 to 5,000	726
5,001 to 10,000	305
10,001 to 100,000	758
100,001 and over	338
	2,853
Holding less than a marketable parcel	1,552

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
NATIONAL NOMINEES LIMITED (DB A/C)	161,905,279	34.77
UBS NOMINEES PTY LTD	39,460,909	8.48
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,297,041	3.93
J P MORGAN NOMINEES AUSTRALIA LIMITED	15,093,571	3.24
NATIONAL NOMINEES LIMITED	14,138,410	3.04
RBC INVESTOR SERVICES AUSTRALIA NOMINEES P/L (WAM ACCOUNT)	13,348,433	2.87
ROD INVESTMENTS (VIC) PTY LTD (GRONOW SUPER FUND A/C)	7,444,200	1.60
SURFLODGE PTY LTD (JE LYNCH STAFF SUPER FD A/C)	6,256,828	1.34
MR DAVID FREDERICK OAKLEY	4,596,363	0.99
LSR AUTOBODY PTY LTD	4,000,000	0.86
SURFLODGE PTY LTD	3,509,264	0.75
MR KEN TUDER + MS THUY LE (TUDER LE S/F A/C)	3,483,626	0.75
MR DAVID FREDERICK OAKLEY (DFO INVESTMENT A/C)	3,386,363	0.73
LEE SMASH REPAIRS PTY LTD (LSR SUPERANNUATION FUND A/C)	2,780,793	0.60
NEFCO NOMINEES PTY LTD	2,674,757	0.57
NGP INVESTMENTS (NO 2) PTY LIMITED	2,649,087	0.57
MR SCOTT JOSEPH BOGUE	2,550,000	0.55
CITICORP NOMINEES PTY LIMITED	2,503,553	0.54
MR KENNETH TING	2,341,876	0.50
MARK LEIGH BOURIS	2,336,363	0.50
	312,756,716	67.18

TZ Limited
Shareholder information
30 June 2015

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	20,250,000	2

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
NATIONAL NOMINEES LIMITED (DB A/C)	161,905,279	34.77

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.

There are no other classes of equity securities.

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