

30 May 2012

**Lodged by ASX Online**

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

Dear Sir/Madam

**Parcel Locker Tender**

TZ Limited (ASX Code: TZL) (the "**Company**" or "**TZL**") has received written notification from representatives of Pitney Bowes Australia Pty Limited ("**PBA**"), that PBA was unsuccessful in the tender for the supply of Parcel Lockers to one of Australia's largest parcel delivery and logistics operators ("**ALP**"). (TZL is restrained from referring to the operator by name as a result of confidentiality obligations.) PBA was invited to a de-briefing with ALP and representatives of TZL also attended the de-briefing meeting. At that de-briefing TZL was informed that PBA's bid was unsuccessful despite ALP having four TZL custom designed and manufactured SMARt lockers operational at prominent outlets on the East coast of Australia.

At this stage, TZL believes no formal written notification has been released by ALP as to the results of the tender.

As PBA is a reseller of TZL's PAD system, TZL would have benefited greatly if PBA's bid had been successful. However, the final content and pricing of PBA's bid submission was not within the control of TZL.

**Tender Process**

The tender response was lodged by PBA earlier this year. (TZL was not invited to tender directly on this contract, as the tender invitation was to PBA).

PBA packaged TZL's PAD system into PBA's tender bid, which meant that TZL would have supplied its PAD system to PBA if PBA was the successful tenderer. The terms of the tender included stringent confidentiality undertakings. PBA's tender submission not only covered supply of Parcel Lockers but included back-end system integration, related services and maintenance and customer registration and messaging. TZL's scope of works only covered supply of lockers and local locker software to PBA with PBA and PB Software providing the balance of the offering. Although TZL had some influence on the tender submission, ultimately the pricing offer and what was offered to ALP was controlled by PBA.

TZL understands that software integration to be provided by Pitney Bowes Software and overall bid pricing was a factor in the final assessment by ALP.

TZL received from PBA an order during the tender process period to supply an additional 7 locker banks to ALP as part of an extension and expansion of the trial. One of those systems was installed

in Melbourne in March this year. At this stage we expect the remainder of the order for 6 lockers will be supplied over the course of the next two months at locations to be nominated by ALP.

### **Package Asset Delivery strategy**

The lockers that have been installed and commissioned by TZL to date have been successfully working during peak periods for one of the country's largest logistic operators in the online delivery segment.

During the installation and commissioning of the lockers, extensive development work and competitive benchmarking was undertaken by TZL to deliver a custom designed locker solution to meet the needs of the Australian market and to provide ALP with a system to support the delivery of an end-to-end last mile delivery solution. In fact, the end-to-end system that incorporates technologies from TZL and PB Software is a finalist in the Australian Design Awards 2012 in the business and technology section.

It is important for shareholders to note that, as a result of discussions with various logistics providers in Australia and North America and various online retailers, TZL has developed expert technical know-how on the physical hardware, the software and the integration requirements of logistics providers and retailers to implement such a solution. TZL has now proof of concept for PAD delivery systems. TZL has a clear understanding on how the process works for parcel delivery through online vendors and logistics providers. TZL has witnessed first-hand the entry mechanisms into this lucrative market segment and believes this is a major growth area globally and that TZL's technology is equal to world's best practice and is no longer a work in progress. Despite PBA not being successful with the ALP tender, TZL has now been invited to submit expressions of interest to assist postal organizations in Asia, the Middle East and North America with the roll out of their smart locker projects. In addition, TZL is in current discussions with Australian logistics providers and online retailers to support their parcel locker initiatives in Australia and North America.

As a result of PBA's notification to TZL, TZL will no longer limit its role in the logistics business to acting solely as a supplier, but rather TZL will look to provide a complete alternative parcel pick up solution. Further, TZL now better understands how the segment operates in the real world and believes it has a robust technology solution, which has been operational for over 6 months in internal and external locations.

TZL has commissioned a study which has found that a significant percentage of the Australian population would prefer the convenience of having their online purchases delivered to their homes. TZL's OurPAD solution will no doubt suit postal organizations and couriers to deliver parcels to homes, even when the occupants are not home. Therefore, TZL is aggressively pursuing a partner to assist in the roll out of the OurPAD solution at people's homes. A next generation commercial version of this offering is currently being manufactured and will be trialed within the next 30 days. We chose not to pursue this course of action whilst the ALP tender process was on foot – but the OurPad solution is the ultimate solution for online consumers. A secured "cooler" type mailbox solution at consumers' doorsteps or at their perimeter or in the lobby of an apartment building, with TZL technology embedded, is a choice that consumers have not been offered to date. TZL has developed the solution that gives consumers choice in this growing segment of having online purchased goods delivered either to their home, office or to a depot.

The work flow requirements of OurPAD will mean that TZL will need to provide default destinations for when the home based OurPAD is either full or non-operational. To cater for these requirements, TZL

is in current discussions with parties to supply footprint for small locker banks to operate as default locations.

### **Business update**

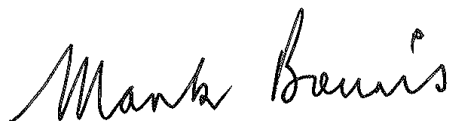
TZL is continuing to reduce overheads. TZL expects to, within the next 30 days, announce cuts to the overheads of the business at every level, including at senior management level, to ensure that it operates in a prudent expense environment.

Given the orders TZL has in hand and given its projections for 2013, TZL expects to achieve its first break even month in terms of cash flow during the last quarter of the financial year ending 30 June 2013.

### **Resignation of CEO**

TZL confirms it has today accepted the resignation of its CEO, Mr John Wilson. However, Mr Wilson has agreed to consult to TZL to assist with the handover of his role as CEO, for as long as required by TZL. TZL has no plans to hire a replacement CEO at this stage. The functions of the CEO will be assumed by TZL's executive chairman and other executive directors, for the time being.

Yours faithfully  
TZ LIMITED

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

Mark Bouris  
Executive Chairman

### **About Telezygology, Inc.**

Telezygology, Inc. is a wholly owned subsidiary of TZ Limited, an Australian public company listed on the Australian Stock Exchange (ASX:TZL). Through its two subsidiaries, Telezygology, Inc. and Product Development Technologies, Inc., TZ Limited employs over 130 professional resources deployed in 10 offices across five international locations, in businesses focused on technology commercialization and multi-disciplinary design and engineering services.

For additional information on TZ Packaged Asset Delivery, please visit [www.pad.tz.net](http://www.pad.tz.net).

### **For further information please contact**

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