29 October 2007

Lodged by ASX Online – 63 pages

The Manager
Company Announcement Office
Australian Stock Exchange Ltd.
Level 4, 20 Bridge Street
Sydney, NSW 2000

2007 ANNUAL REPORT

Please find attached a copy of the 2007 annual report for Tri Origin Minerals Ltd which will be sent to all shareholders today.

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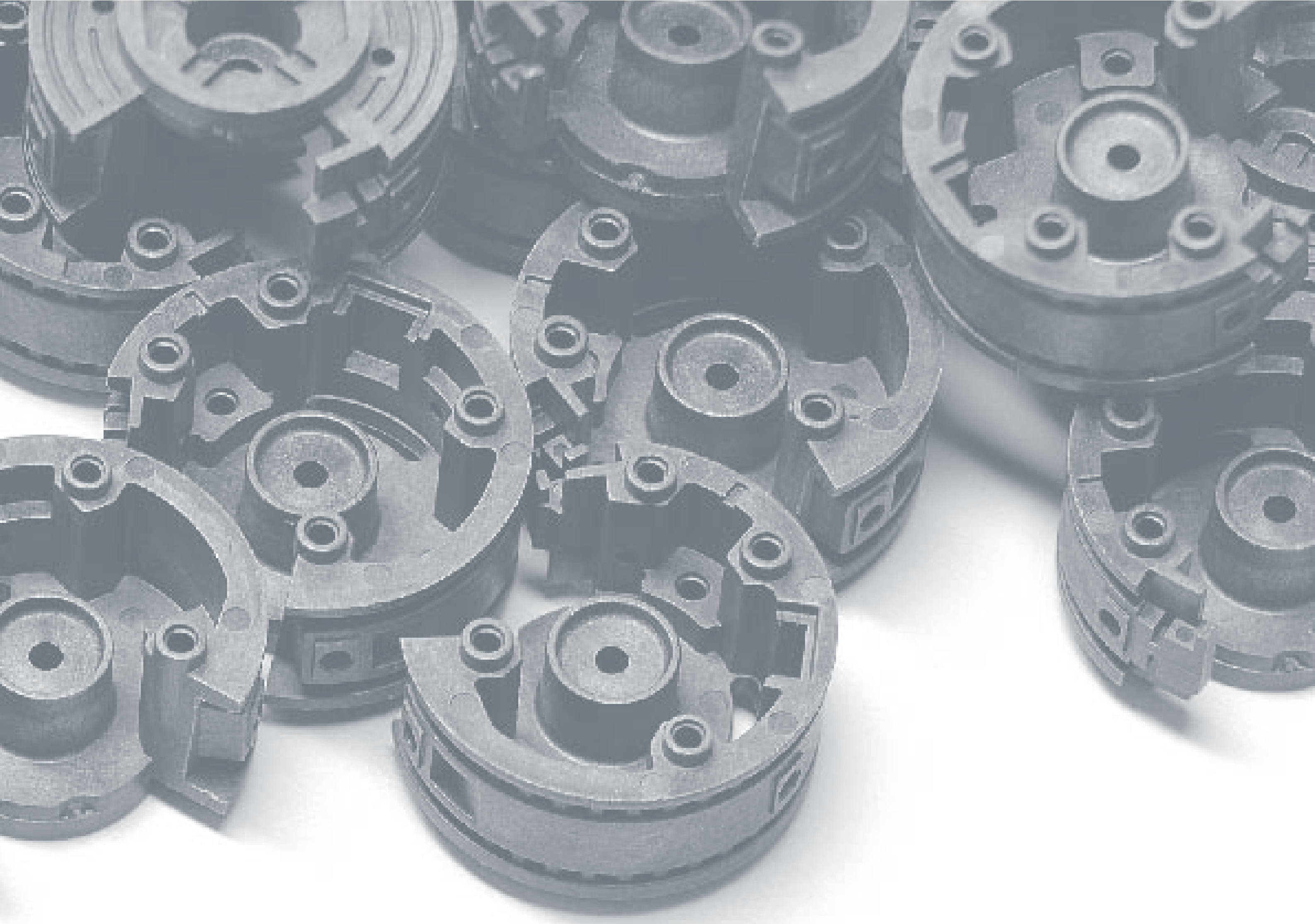
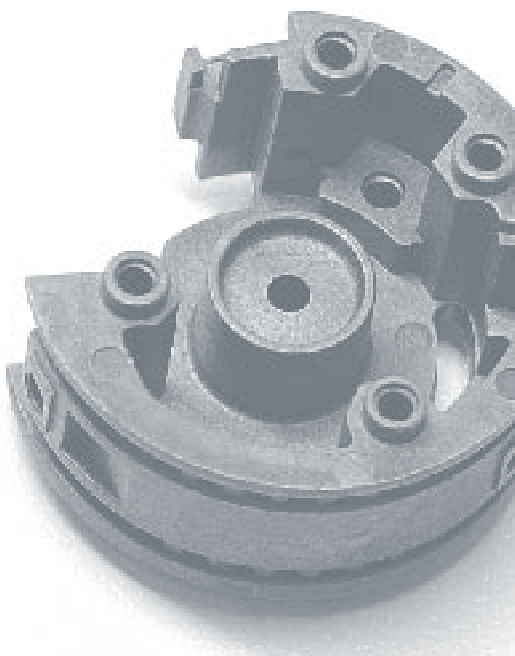


2007 tzlimited annual report



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Dear shareholders,

The year 2007 marked TZ Limited's fourth year as a listed entity on the Australian Stock Exchange and has been one of unprecedented change and significant progress for the Company. These changes have involved the restructuring of the TZ Group business model, further commercialisation of the Intevia® technology and significant advances with our core technology platforms. We are confident these changes represent significant progress towards our long-term vision for the Company and for where Intelligent Fastening technology is positioned within the global market.

The strategic decision to buy back our intellectual property license along with the entire Intevia® business unit from Acument™ Global Technologies, has allowed us to regain control of all future development and commercialisation of our core technology. Whilst the purchase of the Intevia® business has involved a far greater financial commitment than in previous years, the Board believes that the increased expenditure has been justified by the significant success the Intevia® technology has already achieved with its customer engagements.

The Board will continue to support in the coming year our stated corporate objectives of implementing growth initiatives that should provide greater value creation for all TZ shareholders. Along these lines, the Board has spent considerable time and energy in positioning the Company to delist from the ASX and relist on NASDAQ in the 2008 calendar year and with the assistance of our underwriters in the U.S., we believe that goal is strongly progressing as a result of the significant validation the technology has achieved in all market segments.

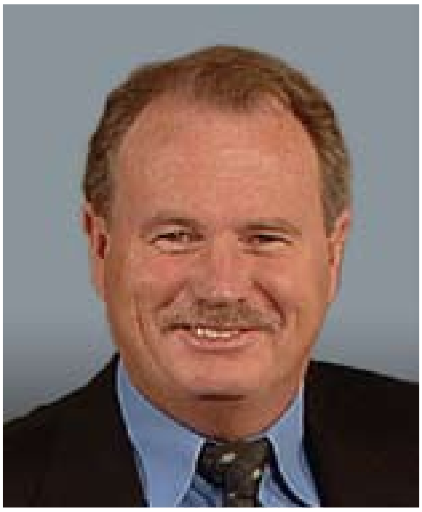
On behalf of the Board I would like to thank the senior management of the two U.S. subsidiaries, Chris Kelliher, David Feber and Mark Schwartz for their continued commitment to the Company and to all the staff for their dedication and hard work in the continued success of TZ Limited.

Finally I would like to express my appreciation to my fellow Directors for their invaluable efforts during the past year and to you the shareholders for your continued support and belief in our vision.

Andrew Sigalla
Executive Director

Operational Review

TZ Group President's **Report**



We are now firmly in control of our own commercial destiny and able to aggressively pursue and set the pace of customer engagements. Our new business model has necessitated additional investment but it offers us a significantly enhanced financial opportunity.

The TZ Group consists of Telezygology, Inc. (TZI) and the PDT group of companies (PDT), all U.S. registered companies.

This was a year of significant change and solid progress toward our long-term objectives.

During the year we redefined and implemented a new business model, doubled our investment in commercialising our Intelligent Fastening Technology, undertook substantial restructuring of the PDT group to set a better course for profitable growth, advanced our technology platforms and achieved unprecedented levels of converting customer interest into application and product development agreements that underpin a substantial revenue pipeline.

The acquisition and subsequent integration of the Intevia® business unit in February of this year doubled the number of capable employees focused on commercialising our technology and already in the few months since February this initiative has produced fantastic results in terms of winning commitment from early adopter customers positioning us well to achieving our future goals.

We are now firmly in control of our own commercial destiny and able to aggressively pursue and set the pace of customer engagements. Our new business model has necessitated additional investment but it offers us a significantly enhanced financial opportunity. Our teams are already addressing market opportunities and technology applications that in future years, with sustained levels of ongoing technology development, could translate to revenue streams in the hundreds of millions of dollars and beyond. We are experiencing tremendous customer interest in all market segments we are targeting. Invariably there will be challenges to overcome, however the resounding customer validation we have achieved so far for our technology platforms gives us confidence as we pursue these aspirations.

As part of the Intevia® integration many talented people joined us and I am pleased to welcome them to our organisation. David Feber, previously a senior executive with Acument Global Technologies, who among other things held responsibility for the Intevia® business unit, has taken on the senior role of CEO for the TZ Group. David and his team have made a tremendous start in their new roles. I am pleased to say this now allows me greater time to focus on our technology and growth strategies and assist the TZ Limited directors with ongoing corporate objectives here in the U.S.

Our commercial progress has been equally matched by significant advances with our core technology platforms. Our knowledge in the area of Smart Materials and how to combine them with software and electronics to create a new class of device, never before possible, has expanded to the point where we can rightly claim to be the first in the world to bring these devices to commercial reality and have them embraced by world leading companies that are integrating them into their own products to achieve competitive differentiation.

As we look ahead we are in excellent shape to continue the drive toward our goals and to create value for those that support us in our efforts. We have talented and competent teams filling the sales pipeline, improving the quality and breadth of our products and the backup of a world class engineering company in PDT that will be increasingly engaged in developing applications for Intevia® adopters as our commercial initiatives continue to deliver results.

To our talented teams and their leadership I thank you and acknowledge your commitment and passion to delivering results and your unrelenting belief in our company and what we can ultimately achieve.

To our fellow shareholders, on behalf of the TZ group, I thank you for your continued support, belief in our vision and assure you we are working hard to achieve our goals.

Chris Kelliher
TZ Group President

TZ Group CEO's **Report**

2007 was a defining year for TZ Limited. The Company is now achieving significant commercial traction for its intelligent fastener product line and is on track to creating a worldwide industry standard. The Intevia® revolution has begun.

License repurchase and Intevia® Business Unit acquisition

In February 2007, TZ purchased the Intevia® business unit including the global exclusive license to our technology back from Acument Global Technologies (formerly Textron Fastening Systems) in exchange for nearly 10% of equity in the Company. The transaction included an established customer base, application intellectual property (IP), Intevia® trademarks, sales collateral and inventory of demonstration fastening kits. Additionally, TZ retained the core Intevia® staff from Acument.

The acquisition has allowed TZ to create one focused commercialisation team combining its engineering and technology resources with Acument's sales, marketing, supply chain and manufacturing resources. With TZ the sole owner of Intevia® technology, the Company will now derive full commercial value of Intevia® sales compared with the royalty- and engineering fees-based structure under the previous arrangement with Acument.

Commercial adoption of Intevia® technology increased dramatically in 2007. This important strategic acquisition ensures the Company is well placed to derive maximum value from the opportunities in front of it.

Accelerated commercialisation of Intevia® product line

During the first full quarter after integrating the Intevia® business unit into TZ, more than 450 customer contacts were conducted. This was a 600% increase over the number of customer contacts that both organisations had achieved over the same quarter, a year earlier. Additionally, TZ introduced the Intevia® Early Adopter Customer Program where commitments are obtained from customers at an early stage for their intent to purchase and incorporate Intevia® technology into their end-user products. At this time, 12 of the early adopter customer slots have either been finalised or are in the active negotiation stage. The early adopter customer commitments TZ has obtained in 2007 expand across all industry sectors. There are several others currently in the relationship scoping stage.

Customer Highlights

Airbus

TZ was invited to participate in the Airbus MTTC (Maintenance Technologies Test Centre), which is a collaborative showcase for cutting edge technologies in the reconfiguration, modularisation, networking and innovative maintenance of aircraft. Airbus has provided a dedicated airframe for this endeavor and TZ outfitted a section with Intevia® application demonstrators.

Obtaining immediate customer feedback as they experience Intevia® solutions firsthand accelerates further adoption of our technology in the aerospace sector and speeds time to market. A close collaboration with Airbus will be key to a successful aerospace product line.

Additional inroads were made in the aerospace business segment with a purchase order received from a large airframe manufacturer for Intevia® products to be implemented on their next generation platforms. A customised implementation of Intevia® technology will be used in a high-volume area of the aircraft providing weight reduction, security and upgradeable feature capabilities. The company has asked for their name to be withheld for competitive reasons.

Zodiac Precilec

An agreement was reached with Precilec, a division of the €2.3 billion Zodiac Group, to include Intevia® technology in their aerospace seat actuation systems. The Intevia® solution has been prototyped and delivered to Precilec Precilec is one of the leading companies in aerospace seat actuation systems, partnering with them opens the door for TZ to introduce our technology to other divisions of The Zodiac Group.

ANZES Design Engineering

The first shipment of Intevia® fasteners was delivered to ANZES Design Engineering, an aerospace maintenance, repair and overhaul (MRO) service company, of Intevia® mechanisms for stowage applications on a Boeing 737 business jet. The Intevia® mechanisms have been installed successfully and the business jet is flying.

BAE Systems

A joint development agreement was achieved with BAE Systems, a leading defence contractor and military partner. Several applications are underway including secure access solutions and improved maintenance solutions for military vehicles.

Larson

TZ entered a new segment of the the general industrial market by agreeing to collaborate with the top U.S. manufacturer of storm doors. TZ is working with Larson Manufacturing on a high volume application for the storm door product market that is targeting summer of 2008 for full implementation. Larson has been manufacturing storm doors for over 50 years and produces close to 3 million doors a year.

Wired Marine

TZ developed a dedicated line of marine grade intelligent fasteners and achieved an agreement with Wired Marine to supply Intevia® fasteners for their luxury yacht market. Wired Marine has extensive expertise in the design and construction of luxury yachts and already has a backlog of high profile yachts awaiting Intevia® solutions. As part of the agreement, Wired Marine placed a significant initial order for fasteners and will have the rights to sell into the USD $200+ million global marine market.

Commercial Vehicle OEM*

TZ developed an innovative safety application for a commercial vehicle OEM and is at the advanced stages of finalising a joint development agreement to implement this product.

Tier One Automotive Suppliers*

TZ entered into agreements with two different global automotive suppliers for both automotive interior and exterior application. Modifications will be made to current standard Intevia® mechanisms to create a unique automotive product for incorporation into future systems on a global basis. This will lead to Intevia®-based products being specified on an automotive platform undergoing a design refreshening. These early adopter customers are two of the largest leading global automotive suppliers in the world that designs, engineers and manufactures innovative interior and exterior automotive products for vehicle manufacturers.

* Some customer names are withheld at their request for competitive reasons.

Technology Focus

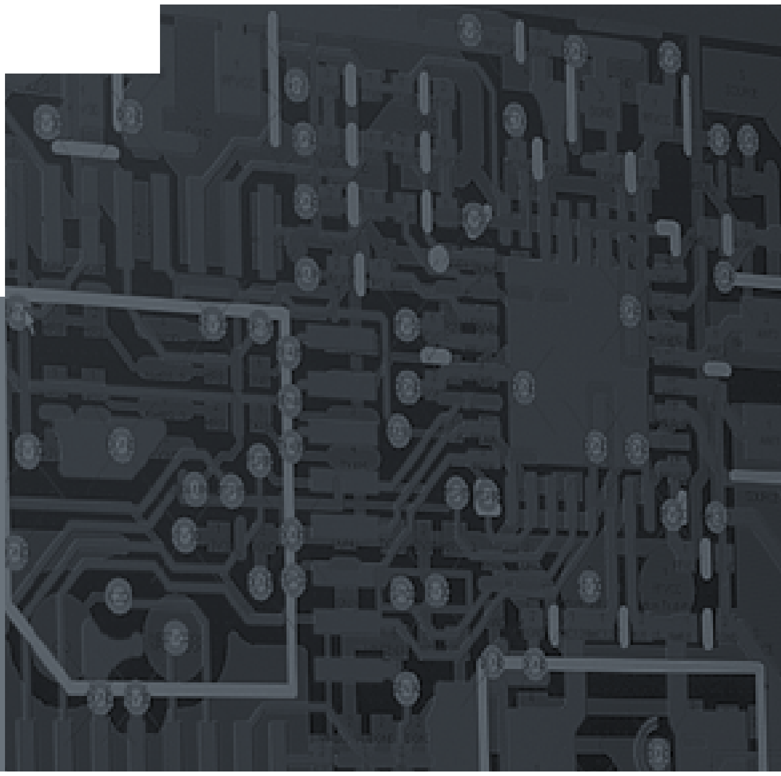
The Intevia® commercialisation success this year, with the achievement of major early adopters in every key market segment, has demonstrated that the vision to create a globally recognised industry standard of devices is becoming a reality. TZ's unique position now enables us to drive a ubiquitous intelligence standard for intelligent fastening, actuation and sensing devices to run on our proprietary Intevia® software and communications platforms.

The second generation of our Intevia® fasteners is now under development and will be launched later this year. These will be used to satisfy the current demand generated for the orders from our early adopter customers. This next generation of fasteners will incorporate many design improvements that will enable simpler and more cost-effective manufacturing of the devices for high volume applications.

Smart materials research and development continues to be paramount to the Company's strategy and significant Shape Memory Alloy (SMA) programs commenced this year. This included a program to develop High Temperature SMA (HTSMA) wire as well as additional innovations regarding size of wire, crimps and metallurgy.

Intevia® technology development activity during the past year has focused on a number of key objectives:

- Building on the base established by the Intelligent Fastening Evaluation Kit production activity, in preparation for high volume fastener production for aerospace, automotive, military, marine and commercial/industrial business segments;
- Applications engineering of Intevia® into a broad range of customer applications in each industry segment, including the development of modular variants of existing fastener designs, and new fastener families;
- Strengthening in-house expertise and consolidating supply arrangements for critical elements;
- Expanding the core technology base in areas such as HTSMA, low cost and ASIC (Application Specific Integrated Circuit) base electronics, and evolving actuation technologies; and
- Bringing to reality advanced networking, centralised database server and Internet linked control and monitoring concepts, in accordance with the Intevia® vision.



TZ Group CEO's Report

Each Intevia® market segment has unique, stringent requirements for product development, manufacture, supply and life cycle support. The technical team has been expanded by the addition of Integrated Supply Chain expertise, to assist in facing the challenges of serving our diverse customer base. Additional resources have been brought on board in areas such as SMA and HTSMA development, software engineering, Aerospace compliance and automotive engineering. Expansion of the team will continue at an increasing pace as the number of customer engagements for Intevia®-based applications expands.

In addition to the success achieved in forging relationships with Intevia® early adopter customers, a number of key relationships have been developed which underpin core technology evolution:

- Development of advanced HTSMA is being undertaken in cooperating with recognised world-leading expertise at NASA, a leading U.S.-based SMA supplier and a European-based SMA expert;

- A second source of supply for standard SMA has been established with a leading European SMA supplier;

- A joint development activity is underway with a leading U.S.-based supplier of commercial aircraft, focusing on new types of SMA actuator and optimised control methods; and

- A joint development agreement has been entered with an established U.S.-based developer and supplier of advanced Internet-based monitoring and control systems, leading to the fast-tracked development of Web-enabled Intevia®.

Technology developments in the forthcoming year will focus on the development of control, networking and database facilities in support of a wide range of Internet based and other Intevia® applications. The Intevia® intelligent fastener portfolio will be expanded in accordance with identified customer needs. The development of a family of ASICs is planned, as a part of longer-term capability enhancement and cost-reduction initiatives.

Shape Memory Alloy
Used in Intevia® Intelligent Actuators

TZ Group CEO's Report

PDT Overview

2007 saw PDT successfully manage the difficult process of shutting down its under-performing tooling operation. This significant restructuring led to a renewed focus on core competencies and is starting to achieve results in both sales and profits. Additionaly, PDT is now better aligned to meet the growing demand for Intevia® products.

Sales in the high-value medical and military industries grew significantly from USD$ 350,000 in 2005, when it first entered the areas, to over $2.2 million in 2007, representing a 620% increase in the last two years. Success in the medical industry led to the recent invitation to become a strategic development partner of the research consortium, Biomimetic Microelectronic Systems Center (BMES) at the University of Southern California. The group is comprised of more than 50 surgeons and engineers who collaborate with industry and academia to develop next generation surgical implants and devices. Membership in the group will put PDT at the forefront of cutting edge medical device design and provide valuable exposure to new customers.

Overall design sales saw a 50% increase from FYE 30 June 2005 to FYE 30 June 2007. We expect this trend to continue as sales for design services in the first quarter of fiscal 2008 have been strong. It is anticipated that PDT's design sales alone will exceed the combined tooling and design revenues for 2005 and 2006. This will mark a significant milestone as revenues from design services replace all of 2007's lost tooling revenues.

Along with growing sales, enhanced tracking systems and refined internal metrics have been put in place to improve efficiency and optimize individual performance, which is expected to contribute to increased profitability.

Swallow Enhancement Device
Designed by PDT for UC Davis Health Systems

TZ Group CEO's Report

The FutureWall™ System

A major extension of the FutureWall Interior Building Platform was initiated and progressed through the year leading to the commercial availability of a new suite of fully engineered glass wall and sliding door options. The development effort also expanded the system offering to free standing pavilions and the introduction of a low cost modular variant to provide a stronger competitive edge against traditional drywall construction.

The Australian architectural community was introduced to these new system extensions early in 2007, culminating in the specification and sale of the pavilion and sliding door systems on a high profile multi-million dollar Government fit-out contract which is scheduled for completion in 2008. The Australian licensee anticipates that these new developments will provide a significant boost to its five year plan to be the leader in flexible interior space solutions and to develop and capture a large percentage of the office, hotel and retail market in Australia and the UK.

The Company intends to explore technology sale and licensing opportunities to capitalise on the track record of success in Australia and to build on the identified opportunities in Asia, Europe and the U.S.

In Summary

In closing I would like to thank the many talented employees of the TZ group whose dedication and hard work are making the Intevia® vision a reality. 2007 was a year of significant commercialisation and strategic success with a solid foundation now in place for substantial and sustained revenue growth. The Company is on track to achieve its stated objective of creating a global industry standard with our Intevia® intelligent fasteners, actuators, software and communication technologies. With the Company now in full control of its technology and commercialisation destiny, and with an optimised operating structure, we look forward to the vast opportunities ahead as TZ continues launching an Intevia® technology revolution.

David Feber
TZ Group CEO

Mass produced components for the Intevia® Radial fastener

Financial Report

Directors' Report

The Directors of TZ Limited (TZL) present their report together with the financial reports of the parent entity and its controlled entities for the financial year ended 30 June 2007.

Directors

The details of Directors of the Company during the year and to the date of this report are:

J. Falconer	Non-Executive Director & Company Secretary
M. Otten	Non-Executive Director (Appointed 7 July 2006)
A. Sigalla	Executive Director (Appointed 29 January 2007)
A. Leibowitz	Chairman (Resigned 7 July 2006)
C. Kelliher	Executive Director (Resigned 29 January 2007)

Operating Results

The operating loss after income tax for the year ended 30 June 2007 for the consolidated entity was $10,806,516 (2006: profit $592,308).

Review of Operations

It was yet another year of transformation and change for TZL's U.S. subsidiary companies, Telezygology, Inc. (TZI) and the PDT group (PDT). The decision in February to purchase the Intevia® Business Unit from Acument™ Global Technologies (Acument) necessitated a significant change to the operating structure of TZI requiring a substantial increase in the level of investment to drive customer engagement and technology development. TZI absorbed all of Acument's Intevia® employees as part of the acquisition, the integrated teams were rationalised however, the net effect on consolidation was a subsequent increase of approximately sixty percent in TZI's operating expenses. In addition, TZI's financial performance for the year was further impacted in that engineering fees related to Intevia® product development, originally anticipated for the second half of the fiscal year where no longer applicable under the new relationship with Acument.

It is important to note these significant changes to TZI's business structure, whereby technical development, commercialisation and customer engagement resources are all now contained within TZI, have already produced positive and encouraging results in terms of winning customer commitment to the Intevia® intelligent fastening and actuation technology and has positioned the company well to achieve its future objectives. TZ is now in a position to derive the full commercial value of Intevia® sales as opposed to royalty and engineering fees. The Directors, together with their underwriters Credit Suisse of New York, are firm in their view that this significantly increased financial opportunity, albeit requiring higher levels of investment will ultimately create substantially more shareholder value than contemplated by the previous royalty-based business relationship with Acument. Accordingly the full year accounts reflect this significant and unbudgeted additional investment resulting from the Intevia® acquisition. However, it should be noted that the scale of this investment needs to be considered in context of the dramatically increased opportunity now available to the company. The acquisition enabled the integration of the commercial and technical teams into a single cohesive unit which has significantly enhanced the ability to win customers to the Intevia® platform. Within the last quarter of the fiscal year, more than 450 customer contacts were conducted – increased by 600% over last year. The introduction of the Intevia® Early Adopter Customer Program, whereby commitments are obtained from customers at an early stage of their intent to purchase and incorporate Intevia® into their end-user products, is off to a strong start. At this time 12 of the early adopter customer slots have either been finalised, or in the final stages of negotiation with several more in the sales pipeline.

The Directors are encouraged by the good progress evidenced to date with winning large industry leading customers and consider the current levels of investment being made are well justified when taken in context of the significantly enhanced earnings anticipated by the Company in the coming years as a result of that investment.

Directors' Report

In February this year the decision was made to significantly restructure PDT and redirect its focus to address market segments that are not commoditised, typically require U.S. designed and manufactured products and are prepared to pay for the highest levels of mechanical engineering and industrial design services to differentiate their offerings. TZ acquired PDT in order to have access to this calibre of engineering competencies to design, improve and cost reduce Intevia® products and this restructure will further enable that objective and allow PDT to drive profitable growth and be positioned as one of the highest quality design and engineering firms in the U.S. As part of the restructure and as foreshadowed in the half year report, the PDT injection mould tool and die making operation was discontinued. This unit had underperformed in the first half of the year impacted by the irreversible trends of intense competition from tool making companies based in low labour cost Asian countries and the ongoing migration of its customer base, U.S.-based manufacturing operations, to China. PDT incurred a loss, including one time restructure costs, of USD $1,399,276 from its discontinued tool making operation.

However, an encouraging indicator is the strong revenue growth that has been achieved in the higher margin design and mechanical engineering services business and the Directors are confident that having made these necessary changes to reduce PDT operating costs that it is again on track to deliver approximately USD $3.0m EBITDA for TZL's current fiscal year (June 30th 2008) and is well positioned for sustained growth in subsequent years.

During the year the Company completed a significant upgrade of its FutureWall interior fit out and office furniture system, adding a glazed partitioning and glass sliding door system, integration of Intevia® beam fasteners for panel attachment and quick release, a stand-alone pavilion style office configuration and a new low cost wall system that utilises conventional drywall style panels. A supply chain for component and panels has been established in Asia and all new extrusion dies have been produced. In addition the Australian licensee has won a number of very large government projects incorporating these system extensions which is a positive indicator of market acceptance for the new additions. The system has completed and passed various compliance testing procedures in Australia and the Company will launch the complete product offering in the U.S. in the near future.

During the course of the year the Directors have continued to prepare the Company for listing on the NASDAQ exchange. Credit Suisse of New York has been retained as M&A advisors, to assist with ongoing funding activities and as underwriters to the NASDAQ listing anticipated to occur during 2008. The timing of the proposed listing is such that our advisors have indicated that the offering will be based on forecast 2009 earnings rather than those for 2008. Several strategic business/technology acquisitions have been evaluated during the year and are progressing. It should be noted that considerable expense has been incurred during the course of the year in the execution of this strategy however the Directors remain confident that the Company's listing objectives will be achieved.

Principal Activities

The principal activities of the consolidated entity during the financial year were:

The development and licensing of intellectual property particularly, Intelligent Fastening, Assembly Enabling and FutureWall™ technologies through Telezygology, Inc.

Providing a full service capability in product development and engineering services through PDT Group. Additionally a significant electronic and software engineering capability has been established.

All of the operations of the consolidated entity are based in Illinois, USA.

Significant Changes in State of Affairs

During the year the Company issued 5,569,887 pre consolidation fully paid ordinary shares as final settlement for the purchase of the PDT companies and business, as per the agreement in March 2005. The Company had also issued 10,560,157 pre consolidation fully paid ordinary shares for a total consideration of $4,593,223 pursuant to the conversion of outstanding options.

In January 2007 the Company issued 19,362,404 pre consolidation fully paid ordinary shares (pre consolidation) in the Company as settlement of the consideration for the purchase of the Intevia® Business Unit from Acument Group Technologies, Inc. USA.

At the Company general meeting held 23 March 2007, the Company shareholders approved the consolidation of Company securities on a 1-for-5 basis subject to rounding.

Directors' Report

Likely Developments

The particular information required by s299 (1) of the Corporations Act (2002) has not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Dividends

No dividend has been paid or declared since the commencement of the financial year. The Directors do not recommend the payment of a dividend.

Directors' Skills, Experience and Expertise – Current Directors

Mr. John Falconer
Non-executive Director and Company Secretary

Mr. Falconer is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Financial Services Institute of Australia. He is the principal of Carbone Falconer & Co, a small firm of Chartered Accounts in Sydney providing specialist services to private and public company clients. He is a director of Kingsgate Consolidated Limited, the company secretary of Tri Origin Minerals Limited, and formally a director of Taragon Property Fund, all ASX listed entities.

As at the date of this report, Mr. Falconer had the following interest in securities in the Company:

Interest in shares	395,273
Interest in options	200,000

Mr. Michael Otten
Non-executive Director

From 1994 to 1998, Mr. Otten was managing director of Singleton Advertising in Melbourne and he afterwards he was the executive general manager marketing at Crown. He has also run his own marketing consultancy business, *No Compromises*, for the past 16 years.

As at the date of this report, Mr. Otten had the following interest in securities in the Company:

Interest in shares	38,640
Interest in options	200,000

Mr. Andrew Sigalla
Executive Director

Mr. Sigalla is one of the founding shareholders and currently an Executive Director of TZ Inc. and has supported the corporate development of the Company to its present stage.

As at the date of this report, Mr. Sigalla had the following interest in securities in the Company:

Interest in shares	1,266,450
Interest in options	Nil

Directors' Report

Directors' Skills, Experience and Expertise – Directors Resigned During the Period

Mr. Tony Leibowitz (resigned 7 July 2006)

As at the date of resignation Mr. Leibowitz had the following interest in securities in the Company:

Interest in shares	Nil
Interest in options	100,000

Mr. Chris Kelliher (resigned as Executive director of the parent entity 29 January 2007)

Mr. Kelliher's role is to oversee the Company's operations and lead its strategic growth initiatives and from January 2007 he retired as an Australian parent Company Director and assumed the role in the U.S. of TZ Group President.

Mr. Kelliher has over 20 years experience managing technology based companies ranging from start up ventures to subsidiaries of large multinational companies. He was appointed managing director of Microsoft South Pacific Region In 1996 after 3 years as managing director of Microsoft's Australian subsidiary. Prior to this, he spent 3 years as the founding managing director of Microsoft in New Zealand. Before this he held senior management positions with Digital Equipment Corporation and Philips. Mr. Kelliher is also director of Mainland Air Services Ltd, a New Zealand based air transport and training company.

As at the date of resignation as Executive Director of the parent entity Mr. Kelliher had the following interest in securities in the Company:

Interest in shares	413,035
Interest in options	100,000

Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year were:

	No. of Meetings Held	No. of Meetings Attended
J. Falconer	8	8
M. Otten	8	8
A. Sigalla	3	3
C. Kelliher	5	5
A. Leibowitz	0	0

Other matters were dealt with during the year by way of circular resolutions signed by all Directors.

Key Management Personnel Remuneration Report

The Company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

Directors' Fees are paid to Non Executive Directors as approved from time to time by shareholders. The last increase was approved by shareholders at the Annual General Meeting held 30 November 2006 and allowed for a fixed sum not exceeding $500,000.

Emoluments paid to senior executives of the Company are determined by the Chief Executive Officer and the Board of Directors. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details of the nature and amount of each major element of the emoluments of each Director of the Company and the consolidated entity are:

		Short-term employee benefits		Share-based payment	
	Role	**Salary & fees**	**Non-cash benefit**	**Options**	**Total**
Parent Entity Key Management Personnel					
J. Falconer	Non-Executive Director	90,000	-	59,502	149,502
M. Otten	Non-Executive Director	60,000	-	59,502	119,502
A. Sigalla	Executive Director	50,000	-	-	50,000
A. Leibowitz*	Non-Executive Chairman	-	-	-	-
Economic Entity Key Management Personnel					
C. Kelliher	TZ Group President	916,287	13,642	-	929,929
D. Feber	TZ Group Chief Executive Officer	190,605	8,511	233,250	432,366
J. Wilson	FutureWall President	222,821	11,928	-	234,749
D. Rudduck	TZ Inc Chief Technical Officer	428,546	20,437	-	448,983
M. Schwartz	PDT President and Chief Executive Officer	340,859	11,338	-	352,197
R. Wiltgen	PDT Chief Administration Officer	328,234	11,338	-	339,572
D. May	PDT General Manager Tooling	328,234	11,338	-	339,572
Total		**2,955,586**	**88,532**	**352,254**	**3,396,372**

* Mr. A. Leibowitz resigned as director 7 July 2006.

Directors' Benefits

Particulars of Directors' Benefits are disclosed in Note 15.

Indemnification and Insurance of Directors and Officers

The parent entity has not taken out an insurance policy indemnifying Directors and Officers for the financial year nor has the Company provided any indemnification during the year.

Directors' Report

Significant After Balance Date Events

On 26 September 2007 and 28 September 2007 the Company announced that DKR Oasis SoundShore Oasis Holding Fund Limited has converted $1,500,000 of its $20 million convertible Bond holding into 508,473 fully paid ordinary shares.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significant affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

Share Options

The following options were granted over unissued shares or interests during or since the end of the financial year by the Company to Directors or consultants as part of their remuneration:

Expiry date	Issue price of shares	Number under option
24 January 2010	$3.75	600,000*
23 January 2010	$3.00	300,000*
23 January 2010	$3.75	300,000*
31 December 2009	$3.75	200,000*
31 December 2009	$5.00	200,000*

*Adjusted per the share consolidation on a 1-for-5 basis.

At the date of this report, options over unissued shares or interests of the Company are as follows:

Expiry date	Issue price of shares	Number under option
31 December 2007	$5.00	200,000*
24 January 2010	$3.75	600,000*
23 January 2010	$3.00	300,000*
23 January 2010	$3.75	300,000*
31 December 2009	$3.75	200,000*
31 December 2009	$5.00	200,000*

*Adjusted per the share consolidation on a 1-for-5 basis.

Complete details of the above options are in Note 13 and 24 to the Financial Statements

Environmental Issues

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Corporate Governance

The Directors are responsible for the corporate governance practices of the Company. The main corporate governance practices that were in operation during the financial year are set out in the Corporate Governance section of these financial statements.

Directors' Report

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The Company's independent auditor has provided an independence declaration for the year ended 30 June 2007. A copy of the declaration is attached to and forms part of the Directors' Report.

Signed at Sydney this 28th day of September 2007 in accordance with a resolution of the Board of Directors.

J. Falconer
Director

Auditor's Independence Declaration to the Directors of TZ Limited

In accordance with section 307c of the Corporation Act 2001, I am pleased to provide the following declaration of independence to the Directors of TZ Limited.

As auditor of the financial statements of TZ Limited for the financial year ended 30 June 2007. I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully,

TAYLOR & CO
Stephen K. Taylor

28th September 2007
Sydney, Australia

Income Statement

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

	Note	Consolidated entity 2007 $	Consolidated entity 2006 $	Parent entity 2007 $	Parent entity 2006 $
Revenue	2	15,864,633	20,776,768	-	-
Cost of sales	2	(12,304,965)	(10,858,201)	-	-
Gross profit		3,559,668	9,918,567	-	-
Other income	2	580,007	241,649	452,876	854,978
Employee related expenses		(4,870,373)	(2,913,209)	(693,508)	(267,004)
Occupancy expenses		(252,905)	(132,406)	(34,536)	-
Communications expenses		(343,437)	(316,302)	(43,840)	(37,834)
Depreciation		(298,118)	(1,064,251)	(448)	-
Amortisation of intangibles		(1,048,636)	(1,057,663)	-	-
Professional and corporate services		(894,293)	(2,372,900)	(353,722)	(402,823)
Travel and accommodation		(1,630,165)	(1,042,382)	(477,342)	(208,979)
Write-off inter-company debts		-	-	-	(451,382)
Foreign exchange loss		(1,150,131)	-	(1,119,958)	-
Finance cost		(1,401,934)	(124,474)	(1,170,573)	(626)
Other expenses		(1,090,024)	(784,151)	(51,810)	(118,016)
Profit/(Loss) before income tax expense	3	(8,840,341)	352,478	(3,492,861)	(631,686)
Income tax expense(benefit)	4	199,672	(25,774)	-	-
Profit/(Loss) from continuing operations		(9,040,013)	378,252	(3,492,861)	(631,686)
Profit/(Loss) from discontinued operations after related income tax expense		(1,766,503)	214,056	-	-
Net Profit/(Loss) for the year		(10,806,516)	592,308	(3,492,861)	(631,686)
Net Profit/(Loss) attributable to outside equity interests		-	-	-	-
Net Profit/(Loss) attributable to members of the parent entity		(10,806,516)	592,308	(3,492,861)	(631,686)
Continued operations					
Basic earnings per share (cents)	21	(25.30)	1.26		
Diluted earnings per share (cents)	21	(25.30)	1.13		
Discontinued operations					
Basic earnings per share (cents)	21	(4.94)	0.71		
Diluted earnings per share (cents)	21	(4.94)	0.64		

The accompanying notes form part of these financial statements.

Balance Sheet

AS AT 30 JUNE 2007

	Note	Consolidated entity 2007 $	Consolidated entity 2006 $	Parent entity 2007 $	Parent entity 2006 $
Current assets					
Cash and cash equivalents	17	7,596,124	3,403,156	6,856,209	1,002,405
Trade and other receivables	5	8,997,267	10,974,950	5,620,492	4,117,713
Work in process	6	758,829	700,456	-	-
Total current assets		**17,352,220**	**15,078,562**	**12,476,701**	**5,120,118**
Non-current assets					
Trade and other receivables	5	-	-	13,165,685	2,931,714
Financials assets	7	-	-	50,209,695	37,555,919
Property, plant and equipment	8	2,062,980	4,266,725	18,851	-
Intangibles assets	9	60,634,314	39,698,304	-	-
Deferred tax assets		171,787	470,343	-	-
Total non-current assets		**62,869,081**	**44,435,372**	**63,394,231**	**40,487,633**
Total assets		**80,221,301**	**59,513,934**	**75,870,932**	**45,607,751**
Current liabilities					
Trade and other payables	10	1,940,227	5,479,615	741,371	4,156,601
Short-term provisions	11	619,821	875,244	-	-
Financial liabilities	12	235,544	736,735	-	-
Total current liabilities		**2,795,592**	**7,091,594**	**741,371**	**4,156,601**
Non-current liabilities					
Financial liabilities	12	21,630,508	4,097,165	20,000,000	-
Deferred tax liabilities		361,733	281,170	-	-
Total non-current liabilities		**21,992,241**	**4,378,335**	**20,000,000**	**-**
Total liabilities		**24,787,833**	**11,469,929**	**20,741,371**	**4,156,601**
Net assets		**55,433,468**	**48,044,005**	**55,129,561**	**41,451,150**
Equity					
Issued capital	13	84,095,416	67,780,998	84,095,416	67,780,998
Reserves	14	2,984,850	1,103,289	934,854	78,000
Accumulated losses		(31,646,798)	(20,840,282)	(29,900,709)	(26,407,848)
Total equity		**55,433,468**	**48,044,005**	**55,129,561**	**41,451,150**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

Consolidated Entity

	Note	Share Capital	Reserves			
	Note	Ordinary	Equity-based payment	Foreign currency translation	Accumulated losses	Total
		$	$	$	$	$
Balance at 1 July 2005		64,398,396	67,663	255,540	(21,432,590)	43,289,009
Shares issued during the period		3,384,237	-	-	-	3,384,237
Share issue cost		(1,635)	-	-	-	(1,635)
Adjustment from translation of foreign controlled entities		-	-	769,749	-	769,749
Share–based payment		-	10,337	-	-	10,337
Profit attributable to members of parent entity		-	-	-	592,308	592,308
Sub-total		67,780,998	78,000	1,025,289	(20,840,282)	48,044,005
Dividends paid or provided for		-	-	-	-	-
Balance at 30 June 2006		67,780,998	78,000	1,025,289	(20,840,282)	48,044,005
Balance at 1 July 2006		67,780,998	78,000	1,025,289	(20,840,282)	48,044,005
Shares issued during the period		18,558,600	-	-	-	18,558,600
Share issue cost		(2,244,182)	-	-	-	(2,244,182)
Adjustment from translation of foreign controlled entities		-	-	1,024,707	-	1,024,707
Share–based payment		-	856,854	-	-	856,854
Profit attributable to members of parent entity		-	-	-	(10,806,516)	(10,806,516)
Sub-total		84,095,416	934,854	2,049,996	(31,646,798)	55,433,468
Dividends paid or provided for		-	-	-	-	-
Balance at 30 June 2007		**84,095,416**	**934,854**	**2,049,996**	**(31,646,798)**	**55,433,468**

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

Parent Entity

		Share Capital	Reserves			
	Note	Ordinary	Equity-based payment	Foreign currency translation	Accumulated losses	Total
		$	$	$	$	$
Balance at 1 July 2005		64,398,396	67,663	-	(25,776,162)	38,689,897
Shares issued during the period		3,384,237	-	-	-	3,384,237
Share issue cost		(1,635)	-	-	-	(1,635)
Share–based payment		-	10,337	-	-	10,337
Profit attributable to members of parent entity		-	-	-	(631,686)	(631,686)
Sub-total		67,780,998	78,000	-	(26,407,848)	41,451,150
Dividends paid or provided for		-	-	-	-	-
Balance at 30 June 2006		67,780,998	78,000	-	(26,407,848)	41,451,150
Balance at 1 July 2006		67,780,998	78,000	-	(26,407,848)	41,451,150
Shares issued during the period		18,558,600	-	-	-	18,558,600
Share issue cost		(2,244,182)	-	-	-	(2,244,182)
Share–based payment		-	856,854	-	-	856,854
Profit attributable to members of parent entity		-	-	-	(3,492,861)	(3,492,861)
Sub-total		84,095,416	934,854	-	(29,900,709)	55,129,561
Dividends paid or provided for		-	-	-	-	-
Balance at 30 June 2007		**84,095,416**	**934,854**	**-**	**(29,900,709)**	**55,129,561**

Cashflow Statement

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

	Note	Consolidated entity		Parent entity	
		2007	2006	2007	2006
		$	$	$	$
Cash Flows from Operating Activities					
Receipts from customers		16,287,857	29,290,513	-	-
Payments to suppliers and employees		(22,702,580)	(28,437,351)	(2,172,103)	(1,037,373)
Interest received		536,721	218,169	452,876	122,782
Interest paid		(1,235,267)	(210,070)	(1,003,907)	(626)
Income tax paid		(5,166)	(188,849)	-	-
Net Cash (Used in) Provided by Operating Activities	17(b)	(7,118,435)	672,412	(2,723,134)	(915,217)
Cash Flows from Investing Activities					
Payment for plant and equipment		(854,520)	(1,029,335)	(19,299)	-
Acquisition cost for controlled entity		(2,383,290)	(112,881)	(2,105,251)	(112,881)
Acquisition for controlled entity		-	(1,583,168)	-	(1,294,027)
Payments for research and development		(4,643,070)	(4,769,780)	-	-
Repayment of loan from controlled entity		-	-	-	633,190
Loan to controlled entity		-	-	(9,802,000)	(1,630,526)
Net Cash Used in Investing Activities		(7,880,880)	(7,495,164)	(11,926,550)	(2,404,244)
Cash Flows from Financing Activities					
Share Issues		3,867,628	3,161,871	3,867,628	3,161,871
Proceeds from convertible notes issue		20,000,000	-	20,000,000	-
Share Issue costs		(2,244,182)	(1,636)	(2,244,182)	(1,636)
Repayment of borrowing		(1,320,905)	(904,459)	-	-
Repayment of lease obligation		-	(121,458)	-	-
Proceeds from line of credit borrowing		189,366	930,944	-	-
Proceeds from notes payables		-	1,462,912	-	-
Net Cash Provided by Financing Activities		20,491,907	4,528,174	21,623,446	3,160,235
Net Increase (Decrease) in Cash Held		5,492,592	(2,294,578)	6,973,762	(159,226)
Cash at beginning of year	17(a)	3,403,156	5,613,544	1,002,405	1,161,631
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(1,299,624)	84,190	(1,119,958)	-
Cash at end of year	17(a)	**7,596,124**	**3,403,156**	**6,856,209**	**1,002,405**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

1. SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporation Act 2001, Australian Accounting Standards, including Urgent Issues Group Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board.

The Financial reports of TZ Limited comply with all International Financial Reporting Standards (IFRS) in their entirety.

The financial report of TZ Limited was authorised for issue by the Directors 28 September 2007. TZ Limited is a public listed Company whose shares and options are quoted on the Australian Securities Exchange and is incorporated and is domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Company in the preparation of its financial reports. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

These financial statements have been prepared on an accruals basis under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value.

Early Adoption of Standard

The Company has elected to early adopt all Australian Accounting Standards and UIG Interpretations and other authoritative pronouncement of the Australian Accounting Standards Board with an application date later than 30 June 2007, with the exception of AASB 7 Financial Instruments: Disclosures and AASB 8: Operating Segments.

Critical Accounting Estimates and Judgements

The preparation of a Financial Report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Company. Actual results may differ from the estimates.

(a) Principles of consolidation

The consolidated financial statements comprise the financial statements of TZ Limited and all its controlled entities (refer note 7) other then CAP Asia Pacific Pte Ltd for which the Company currently holds a 25% interest in the company. The consolidated entity currently has no direct involvements in its Asian operations, has no board representation and has no commitments to provide future funding. This investment currently is carried forward at a nil value.

The Directors believe, as they are in no position to exert any significant influence over the operations of the company and its indirect investments in CED Hong Kong Limited and CED Philippines Inc, they have been excluded from the principles of consolidation.

Entities have been consolidated in the financial statements from the date that control exists. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Outside equity interest comprises the aggregate of the equity of controlled entities, other than that held either directly or indirectly by the parent entity, after making adjustments for unrealised profits and losses of controlled entities and other adjustments necessary to comply with Accounting Standards.

The Directors consider that the net revenues and expenses omitted from the financials report are not significant.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments with less than 14 days to maturity, net of outstanding bank overdrafts.

(c) Investments

Investments are recognised in the financial statements at fair value.

(d) Property, plant and equipment

Property, plant and equipment is included at cost, less where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it does not exceed the recoverable amount.

The depreciation rates used for each class of asset are as follows:

- Office Furniture and Equipment 13% - 50%
- Leasehold Improvement 30%
- Motor Vehicle 37% - 50%
- Plant & Equipment 20% - 25%

The depreciable amount of all fixed assets is depreciated on a straight line basis over their estimated useful lives commencing from the time the asset is held ready for use.

(e) Receivables and payables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date plus accrued interest less, where applicable, any provisions for impaired accounts.

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

(f) Accounts payable

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

(g) Employee entitlements

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to balance date. The provision has been calculated at nominal amounts and includes related on-costs.

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

(h) 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.

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.

(i) Income tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense for the period is based on the operating result after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that result and the taxable income or loss.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating result, income tax and taxable income are brought to account as either provision for deferred income tax, or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received, or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be realised.

(j) Foreign currency transactions and balances

Functional and Presentation Currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Group Companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(k) Revenue Recognition

(i) Sales revenue

Sales revenue comprises revenue earned from the provision of products or services to entities outside the consolidated entity.

(ii) Other revenue - direct cost recovery

Direct cost recovery revenue comprises revenue earned from the provision of services, the costs of which are directly recoverable from the client as they are incurred.

(l) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(m) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

(n) Share-based payments

The cost to the Company of share options granted to directors and executive officers is included at fair value as part of the directors' and executive officers' aggregate remuneration in the financial year the options are granted. The fair value of the share option is calculated using the Black Scholes option pricing model, which takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value determined at the grant date of the equity settled share based payment is expensed on a straight line basis over the vesting period.

(o) Earnings per share

(i) Basic earnings per share:

Basic earnings per share is determined by dividing the operating profit/ (loss) after income tax by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share:

Diluted earnings per share adjusts the figures used in determining earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(p) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each region of operation by each primary reporting segment.

(ii) Trademarks and licences

Trademarks and licences have an indefinite useful life and are carried at cost less any impaired losses.

(iii) Research and development

Research expenditure is expensed as incurred.

An intangible asset arising from development expenditure is only recognised when all recognition criteria can be demonstrated. The recognition criteria for development activity are:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- whether the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it to be used internally, the usefulness of the intangible asset;

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(iii) Research and development (continued)

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development cost is carried at cost less accumulated amortisation and impaired losses. Where recognition criteria are not met development costs are recognised in the income statement as incurred.

A summary of the amortisation policies applied to the consolidated entities intangible assets is as follows:

	Patents and licences	Development cost
Useful lives	Indefinite	Finite
Method used	Not depreciated or revalued	20 year – Straight line
Internally generated / Acquired	Acquired	Internally generated
Impairment test / Recoverable amount testing	Annually and where an indicator of impairment exists	Amortisation method reviewed at each reporting period and reviewed at each reporting period for indicator of impairment

(q) Financial instruments issued by the Company

(i) Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(iii) Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

	Consolidated		Parent entity	
	2007	**2006**	**2007**	**2006**
2. REVENUES FROM CONTINUING OPERATIONS	**$**	**$**	**$**	**$**
Sales and service revenue	15,864,633	20,776,768	-	-
Other revenue				
Interest – other person	580,007	241,649	452,876	145,479
Write-off inter-company debts	-	-	-	695,948
Total other revenue	580,007	241,649	452,876	854,978

3. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) from continuing activities includes:				
Cost of goods sold	(12,304,965)	(10,858,201)	-	-
Amortisation of non-current assets:				
• Intellectual property	1,048,636	1,057,663	-	-
• Depreciation	298,118	1,064,251	448	-
Bad and doubtful debts expense	28,438	-	-	-
Finance cost – external	1,401,934	124,474	1,170,573	626

4. INCOME TAX

The amount provided in respect of income tax differs from the amount prima facie payable on the operating result. The difference is reconciled as follows:

Prima facie income tax on the operating result before income tax at 30% (2006: 30%)	(3,241,955)	177,692	(1,047,858)	(189,506)
Tax effect of permanent differences:				
Amortisation of intangibles	314,591	319,916	-	-
Other non-allowable expenses	91,276	-	91,276	-
Write-off inter-company debts	-	-	-	73,298
Future income tax benefit not brought to account	3,035,760	(523,382)	956,582	116,208
Income tax expense/(credit) attributable to result	**199,672**	**(25,774)**	**-**	**-**
The potential future income tax benefit arising from tax losses has not been recognised as an asset because recovery of tax losses is not virtually certain.	7,131,377	4,095,617	3,059,952	2,103,370

The taxation benefits of tax losses and timing differences not brought to account and will only be obtained if:

a) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;

b) conditions for deductibility imposed by the law are complied with; and

c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

	Note	Consolidated 2007 $	Consolidated 2006 $	Parent entity 2007 $	Parent entity 2006 $
5. RECEIVABLES					
Current					
Trade debtors		2,655,640	5,809,184	-	-
Sundry debtors		5,857,106	5,094,913	5,558,178	4,117,713
Sub-total		8,512,746	10,904,097	5,558,178	4,117,713
Other debtors and prepayments		484,521	70,853	31,314	-
		8,997,267	**10,974,950**	**5,620,492**	**4,117,713**
Non-current					
Amounts receivable from:					
Controlled entities		**-**	**-**	**13,165,685**	**2,931,714**

6. WORK IN PROCESS

Uncompleted/unbilled jobs - at cost		**758,829**	**700,456**	**-**	**-**

7. INVESTMENTS

Shares in controlled entities - at cost (a)		**-**	**-**	**50,209,695**	**37,555,919**

(a) Shares in controlled entities are valued at cost as fair value is unable to be determined.

Controlled entities	Country of incorporation	% Owned 2007	% Owned 2006
Parent entity:			
TZ Limited	Australia		
Subsidiaries of TZ Limited			
Telezygology, Inc.	USA	100	100
PDT Holdings, Inc.	USA	100	100
Product Development Technologies, Inc.	USA	100	100
PDT Tooling, Inc.	USA	100	100
PDT Southeast Limited Liability Company (LLC)*	USA	100	100
CJSC PDT Ukraine	Ukraine	90	90
CED Asia Pacific Pte Ltd	Singapore	25	25
CED Hong Kong Limited (i)	Hong Kong	6.25	6.25
CED Philippines Inc (i)	Philippines	6.25	6.25

(i) Owned by CED Asia Pacific Pte Ltd (the 6.25% represents TZ Limited indirect interest).

*An LLC is treated as a partnership for U.S. purposes.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

8. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent entity	
	2007	2006	2007	2006
	$	$	$	$
Property, plant and equipment				
Cost	3,769,150	5,776,191	19,299	-
Accumulated depreciation	(1,706,170)	(1,509,466)	(448)	-
Total property, plant and equipment	**2,062,980**	**4,266,725**	**18,851**	**-**
MOVEMENTS DURING THE YEAR				
Office furniture and equipment				
Beginning of year	1,426,568	1,338,797	-	-
Additions	517,288	663,801	19,299	-
Disposals	(111,896)	-	-	-
Depreciation expense	(656,509)	(579,881)	(448)	-
Net foreign currency adjustment on translation	(179,427)	3,851	-	-
End of year	**996,024**	**1,426,568**	**18,851**	**-**
Leasehold improvements				
Beginning of year	491,003	508,453	-	-
Additions	97,924	78,826	-	-
Disposals	(66,348)	-		
Depreciation expense	(168,518)	(118,497)	-	-
Net foreign currency adjustment on translation	(61,756)	22,221	-	-
End of year	**292,305**	**491,003**	**-**	**-**
Motor vehicle				
Beginning of year	104,998	137,142	-	-
Additions	-	-	-	-
Disposals	(4,517)	-		
Depreciation expense	(31,268)	(35,285)	-	-
Net foreign currency adjustment on translation	(13,207)	3,141	-	-
End of year	**56,006**	**104,998**	**-**	**-**
Plant and equipment				
Beginning of year	2,244,156	2,187,018	-	-
Additions	-	348,704	-	-
Disposals	(1,150,345)	-		
Depreciation expense	(425,597)	(357,844)	-	-
Net foreign currency adjustment on translation	50,431	66,278	-	-
End of year	**718,645**	**2,244,156**	**-**	**-**

9. INTANGIBLES

	Consolidated		Parent entity	
	2006	2005	2006	2005
	$	$	$	$
Goodwill on consolidation	36,501,687	22,679,131	-	-
Intellectual property	22,487,698	15,374,642	-	-
Trademarks	1,644,929	1,644,531	-	-
Total intangibles	**60,634,314**	**39,698,304**	**-**	**-**

MOVEMENTS DURING THE YEAR

	Consolidated 2006 $	Consolidated 2005 $	Parent entity 2006 $	Parent entity 2005 $
Goodwill on consolidation				
Beginning of year	22,679,131	18,608,927	-	-
Additions	13,822,556	4,070,204	-	-
End of year	**36,501,687**	**22,679,131**	**-**	**-**
Intellectual property				
Beginning of year	15,374,642	11,795,854	-	-
Additions	8,161,692	4,645,176	-	-
Amortisation expense	(1,048,636)	(1,066,388)	-	-
End of year	**22,487,698**	**15,374,642**	**-**	**-**
Trademarks				
Beginning of year	1,644,531	1,602,014	-	-
Additions	398	42,517	-	-
End of year	**1,644,929**	**1,644,531**	**-**	**-**

10. PAYABLES

	Consolidated 2006 $	Consolidated 2005 $	Parent entity 2006 $	Parent entity 2005 $
Current				
Trade creditors	1,374,590	2,797,871	386,611	38,710
Sundry creditors	565,637	2,762,574	354,760	4,117,891
Total current payables	**1,940,227**	**5,479,615**	**741,371**	**4,156,601**

11. SHORT-TERM PROVISIONS

	Consolidated 2006 $	Consolidated 2005 $	Parent entity 2006 $	Parent entity 2005 $
Current				
Employee entitlements	619,821	875,244	-	-

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

12. FINANCIAL LIABILITIES

	Consolidated 2007 $	Consolidated 2006 $	Parent entity 2007 $	Parent entity 2006 $
Current				
Bank loans – secured (ii)	235,544	736,735	-	-
Non-Current				
Convertible note issue (i)	20,000,000	-	20,000,000	-
Bank loans – secured (ii)	1,630,508	4,097,165	-	-
	21,630,508	**4,097,164**	**20,000,000**	**-**

(i) The convertible note issue are secured by a first fixed and floating charge over the assets of the Company and its subsidiaries.
(ii) The bank loans are secured by a mortgage over the assets of PTD Inc group assets.

13. ISSUED CAPITAL

	Consolidated 2007 $	Consolidated 2006 $	Parent entity 2007 $	Parent entity 2006 $
Issued and paid up capital				
2007 38,725,276 (2006: 157,212,045) fully paid ordinary shares	**84,095,416**	**67,274,015**	**84,095,416**	**67,274,015**
MOVEMENTS DURING THE YEAR				
Opening balance	67,780,998	64,398,396	67,780,998	64,398,396
Shares issued during the year				
120,000 on the 3 August 2005	-	48,000	-	48,000
1,230,189 on the 19 January 2006	-	418,264	-	418,264
144,650 on the 20 February 2006	-	53,381	-	53,381
175,482 on the 10 March 2006	-	114,063	-	114,063
4,903,503 on the 4 April 2006	-	1,672,873	-	1,672,873
100,000 on the 21 April 2006	-	40,000	-	40,000
2,982,250 on the 30 May 2006	-	1,013,965	-	1,013,965
43,871 on the 28 June 2006	-	23,690	-	23,690
5,569,887 on the 4 August 2006 (a)	3,258,384	-	3,258,384	-
491,169 on the 4 August 2006 (b)	196,468	-	196,468	-
470,139 on the 17 August 2006 (b)	188,056	-	188,056	-
2,652,112 on the 25 August 2006 (b)	845,550	-	845,550	-
4,946,737 on the 1 September 2006 (b)	1,865,921	-	1,865,921	-
19,362,404 on the 29 January 2007 (c)	10,804,221	-	10,804,221	-
847,458 on the 29 January 2007 (d)	500,000	-	500,000	-
2,000,000 on the 31 March 2007 (b)	900,000	-	900,000	-
Share issue costs	(2,244,182)	(1,636)	(2,244,182)	(1,636)
Closing balance	**84,095,416**	**67,780,998**	**84,095,416**	**67,780,998**

13. ISSUED CAPITAL (continued)

	Consolidated		Parent entity	
	2007 No.	2006 No.	2007 No.	2006 No.
Opening balance	157,212,045	147,512,100	157,212,045	147,512,100
3 August 2005	-	120,000	-	120,000
19 January 2006	-	1,230,189	-	1,230,189
20 February 2006	-	144,650	-	144,650
10 March 2006	-	175,482	-	175,482
4 April 2006	-	4,903,503	-	4,903,503
21 April 2006	-	100,000	-	100,000
30 May 2006	-	2,982,250	-	2,982,250
28 June 2006	-	43,871	-	43,871
4 August 2006 (a)	5,569,887	-	5,569,887	-
4 August 2006 (b)	491,169	-	491,169	-
17 August 200 (b)	470,139	-	470,139	-
25 August 2006 (b)	2,652,112	-	2,652,112	-
1 September 2006 (b)	4,946,737	-	4,946,737	-
29 January 2007 (c)	19,362,404	-	19,362,404	-
29 January 2007 (d)	847,458	-	847,458	-
31 March 2007 (b)	2,000,000	-	2,000,000	-
Sub Total	193,551,951	-	193,551,951	-
1 April 2007 share consolidation (e)	(154,826,675)	-	(154,826,675)	-
Closing balance	**38,725,276**	**157,212,045**	**38,725,276**	**157,212,045**

a) The Company issued 5,569,887 fully paid ordinary shares (pre consolidation) as final settlement for the purchase consideration PDT Group of companies and business, as per the signed agreed in March 2005.

b) During the year the Company issued share fully paid ordinary shares on the exercise of unlisted option held by employees and consultants.

c) The Company issued 19,362,404 fully paid ordinary shares (pre consolidation) as final settlement for the purchase consideration of the Intevia® Business Unit from Acument Group Technologies, Inc. USA.

d) The Company issued 847,458 fully paid ordinary shares (pre consolidation) in lieu of a final payment to external advisors in respect of the recent convertible note issue and purchase of the Intevia® Business Unit.

e) At the Company general meeting held 23 March 2007, the Company shareholders approved the Consolidation of Company Securities on a 1-for-5 basis subject to rounding.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

13. ISSUED CAPITAL (continued)

	Consolidated		Parent entity	
	2007	2006	2007	2006
	No.	No.	No.	No.
(ii) Share unquoted options				
Opening balance	14,053,176	23,533,768	14,053,176	23,533,768
Options issued*				
22 December 2006 (a)	2,000,000	-	2,000,000	-
29 January 2007 (b)	3,000,000	-	3,000,000	-
29 January 2007 (c)	3,000,000	-	3,000,000	-
Options exercised:				
3 August 2005	-	(120,000)	-	(120,000)
19 January 2006	-	(1,230,189)	-	(1,230,189)
20 February 2006	-	(144,650)	-	(144,650)
4 April 2006	-	(4,903,503)	-	(4,903,503)
21 April 2006	-	(100,000)	-	(100,000)
30 May 2006	-	(2,982,250)	-	(2,982,250)
4 August 2006	(491,169)	-	(491,169)	-
17 August 200	(470,139)	-	(470,139)	-
25 August 2006	(2,652,112)	-	(2,652,112)	-
1 September 2006	(4,946,737)	-	(4,946,737)	-
31 March 2007	(2,000,000)	-	(2,000,000)	-
Options expired				
29 August 2006	(1,493,019)	-	(1,493,019)	
31 December 2006	(1,000,000)	-	(1,000,000)	
Sub-Total	9,000,000	14,053,176	9,000,000	14,053,176
1 April 2007 Share consolidation 1-for-5 basis	(7,200,000)	-	(7,200,000)	-
Closing balance	**1,800,000**	**14,053,176**	**1,800,000**	**14,053,176**

a) The Company issued 2,000,000 pre-consolidation options to acquire shares in the Company, as approved in the general meeting of shareholders held 22 December 2006, to the Company Directors or their associates, Mr. John Falconer and Mr. Michael Otten by way of two tranches. The first tranche will vest 22 December 2007 with a exercisable price of 75 cents, and the second tranche will vest 22 December 2008 with a exercisable price of $1.00 dollar. The options will expire 22 December 2009.

b) The Company issued 3,000,000 pre-consolidation options to acquire shares in the Company in lieu of final payment to external advisors in respect for the recent capital raising and acquisition of the Intevia® Business Unit. The options vested on the date of issue with a exercisable price of 75 cents. The options will expire 24 January 2010.

c) The Company issued 3,000,000 pre-consolidation options to acquire share in the Company to Mr. David Feber on his appointment as the TZ Group CEO by way of two tranches. 1.5 million of the options are exercisable at 60 cents and the reminding are exercisable at 75 cents. Half of both types of tranches vest 23 January 2008 and the balance vest 23 July 2008. The options will expire 23 January 2010.

(iii) Employee Share Option Plan

No shares have been issued by virtue of an exercise of an option during the year or to the date of this report.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

14. RESERVES

	Consoldated		Parent entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Foreign currency translation reserve	2,049,996	1,025,289	-	-
Share-based payment reserve	934,854	78,000	934,854	78,000
Total reserves	**2,984,850**	**1,103,289**	**934,854**	**78,000**

MOVEMENTS DURING THE YEAR:

Foreign currency translation reserve

Opening balance	1,025,289	255,540	-	-
Adjustment arising from the translation of foreign controlled entities' financial statements	1,024,707	769,749	-	-
Closing balance	**2,049,996**	**1,025,289**	**-**	**-**

Share based payment reserve

Opening balance	78,000	67,663	78,000	67,663
Share based payment	856,854	10,337	856,854	10,337
Closing balance	**934,854**	**78,000**	**934,854**	**78,000**

15. KEY MANAGEMENT PERSONNEL COMPENSATION

a) Names and position held of consolidated entity and parent entity key management personnel at any time during the financial year are:

Directors

John Falconer	Non-Executive Director
Michael Otten	Non-Executive Director (appointed 7 July 2006)
Andrew Sigalla	Executive Director (appointed 29 January 2007)
Anthony Leibowitz	Chairman – Non-Executive Director (resigned 7 July 2006)
Chris Kelliher	TZ Group CEO – Executive Director (resigned as executive director of the parent entity 29 January 2007)

Executives

Chris Kelliher	TZ Group President (resigned as executive director of the parent entity and assumed the role of president of TZ Group President 29 January 2007)
David Feber	TZ Group CEO (appointed 29 January 2007)
John Wilson	FutureWall President
Dickory Rudduck	TZ Inc. CTO
Mark Schwartz	PDT Inc. President and CEO
Ray Wiltgen	PDT Inc. Chief Administration Officer
David May	PDT Inc. General Manager Tooling

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

b) Directors' remuneration

	Short-term employee benefits		Share-based payment	
	Salary and fees	Non-cash benefit	Options	Total
2007				
J. Falconer	90,000	-	59,502	149,502
M. Otten	60,000	-	59,502	119,502
A. Sigalla	50,000	-	-	50,000
A. Leibowitz	-	-	-	-
C. Kelliher	916,287	13,642	-	929,929
Total	**1,116,287**	**13,642**	**119,004**	**1,248,933**
2006				
A. Leibowitz	126,000	-	-	126,000
C. Kelliher	614,044	8,715	-	622,759
J. Falconer	60,000	-	-	60,000
M. Otten	-	-	-	-
Total	**800,044**	**8,715**	**-**	**808,759**

c) Executives' remuneration

	Short-term employee benefits			Share-based payment	
	Salary and fees	Superannuation contribution	Non-cash benefit	Options	Total
2007					
D. Feber	190,605	-	8,511	233,250	432,366
J. Wilson	222,821	-	11,928	-	234,748
D. Rudduck	428,546	-	20,437	-	448,983
M. Schwartz	340,859	-	11,338	-	352,197
R. Wiltgen	328,234	-	11,388	-	339,572
D. May	328,234	-	11,388	-	339,572
Total	**1,839,299**	**-**	**74,990**	**233,250**	**2,147,539**
2006					
J. Wilson	469,462	-	19,901	-	489,363
D. Rudduck	418,925	-	19,901	-	438,826
M. Schwartz	351,406	-	17,398	-	368,804
R. Wiltgen	345,779	-	14,243	-	360,022
D. May	345,779	-	26,598	-	372,377
Total	**1,931,351**	**-**	**98,041**	**-**	**2,029,392**

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

15. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(d) options and rights holdings

Number of options held by key management personnel

Directors	Opening balance	Granted as remuneration	Lapsed or cancelled	Net change other	Closing balance
J. Falconer	1,388,182	200,000[i]	-	(1,388,182)	200,000
M. Otten	-	200,000[i]	-	-	200,000
A. Sigalla	1,491,125	-	-	(1,491,125)	-
A. Leibowitz	1,000,000	-	(500,000)	(400,000)[i]	100,000
C. Kelliher	4,727,812	-	(500,000)	(4,127,812)	100,000
Total	**8,607,119**	**400,000**	**(1,000,000)**	**(7,407,119)**	**400,000**

Executives	Opening balance	Granted as remuneration	Lapsed or cancelled	Net change other	Closing balance
D. Feber	-	600,000[i]		-	600,000
J. Wilson	1,491,125	-	-	(1,491,125)	-
D. Rudduck	1,491,125	-	(1,491,125)	-	-
M. Schwartz	-	-		-	-
R. Wiltgen	-	-		-	-
D. May	-	-		-	-
Total	**2,982,250**	**600,000**	**(1,491,125)**	**(1,491,125)**	**600,000**

(i) The amounts have been adjusted to take effects of the share consolidation that approved at the Company general meeting held 26 March 2007.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

(e) Shareholdings

Number of shares held by key management personnel

Directors	Opening balance	Granted as remuneration	Net change other (ii)	Closing balance
J. Falconer	1,388,182	-	(992,909)	395,273
M. Otten	208,197	-	(169,557)	38,640
A. Sigalla	3,500,000	-	(2,233,550)	1,266,450
C. Kelliher	1,416,569	-	(1,003,534)	413,035
Total	**6,512,948**	**-**	**(4,244,993)**	**2,267,955**

Executives	Opening balance	Granted as remuneration	Net change other (ii)	Closing balance
D. Feber	-	-	-	-
J. Wilson	4,832,004	-	(4,402,004)	430,000
D. Rudduck	7,976,189	-	(6,636,189)	1,340,000
M Swartz	-	-	251,016	251,016
R. Wiltgen	-	-	251,016	251,016
D. May	-	-	251,016	251,016
Total	**12,808,193**	**-**	**(10,285,145)**	**2,523,048**

(ii) Included in 'Net change other' is the adjustment required to take effects of the share consolidation that was approved at the Company general meeting held 26 March 2007.

15. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(f) Remuneration practices

The Company's policy for determining the nature and amounts of emoluments of directors and senior executives of the Company is as follows;

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including the length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and specified directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement specified directors and executives are paid employee benefit entitlements accrued to date of retirement.

Executive directors and senior executives may receive bonuses based on the achievement of specific performance hurdles. There is no separate profit-share plan.

The constitution provides that the remuneration of non-executive directors will not be more than the aggregate fixed sum determined by a general meeting of shareholders. The aggregate remuneration has been set at the last Annual General Meeting of shareholder held 30 November 2006 in the amount of $500,000 per annum.

(g) Contracts for services of key management personnel

Remuneration and other terms of employment for the Executive and Non Executive Directors are formalised in service agreements.

John Falconer, Non Executive Director and Company Secretary

- Commenced 25 January 2007;
- Term is fixed until 25 January 2010;
- Base salary consists of an annual remuneration package of $120,000. For the financial year ended 30 June 2007 total compensation amounted to $90,000 (2006: $60,000).

Michael Otten, Non Executive Director

- Commenced 7 July 2006;
- No fixed term;
- Base salary consists of a quarterly retainer of $15,000, for the financial year ended 30 June 2007 total compensation amounted to $60,000 (2006: $Nil).

Andrew Sigalla, Executive Director

- Commenced on 25 January 2007;
- Term is fixed until 25 January 2010;
- Base salary consists of an annual remuneration package of $120,000. For the financial year ended 30 June 2007 total compensation amounted to $50,000 (2006: $Nil).

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

16. RELATED PARTY TRANSACTIONS

	Consolidated		Parent entity	
	2007	2006	2007	2006
	$	$	$	$
(a) Controlled entities				
Loan to controlled entities - non-current	-	-	10,233,971	1,630,526
Loan repaid from controlled entities - non-current	-	-	-	633,190

These loans are interest free.
There are no fixed terms of repayment.

(b) Key management personnel related entity transactions

Mr. J. Falconer is a director of Dunbar Associates Pty Ltd which provided corporate services including staffing to the Company during the year. These services are charged at normal commercial rates and amounted to $243,305 (2006: $142,454).

Mr. M. Otten is a director of No Compromises Pty Ltd which provided corporate services to the Company during the year. These services are charged at normal commercial rates and amounted to $35,891 (2006: $0).

Mr. A. Sigalla is a director of ZMS Investment Pty Limited provides management services to the Company and charged at normal commercial rates which amounted to $241,667 (2006: $220,000). The Company has signed a consultancy agreement with ZMS Investment Pty Limited with a commencement date 25 January 2007 for a fixed three year period, with a base monthly retainer of $25,000.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

	Consolidated		Parent entity	
	2007	**2006**	**2007**	**2006**
17. NOTES TO THE CASH FLOW STATEMENT	**$**	**$**	**$**	**$**

(a) Reconciliation of cash

For the purpose of the cash flow statement, cash includes:

Cash at bank and on hand	2,854,521	3,403,156	2,114,606	1,002,405
Deposit on call	4,741,603	-	4,741,603	-
	7,596,124	**3,403,156**	**6,856,209**	**1,002,405**

(b) Reconciliation of 'net cash flow in operations activities' with 'net profit/(loss) after income tax' is as follows:

Profit/(loss) after income tax	(10,806,516)	592,308	(3,492,861)	(631,686)
Non-cash flows in operating profit/(loss):				
Net inter-company debts written-off (benefit)	-	-	-	(244,807)
Depreciation	1,281,892	1,057,663	448	-
Amortisation of intangibles	1,048,636	1,066,388	-	-
Unrealised exchange loss (gain)	1,150,131	14,218	1,119,958	-
Share based payments	304,254	10,337	304,254	10,337
Employee entitlements	(255,423)	746,053	-	-
Doubtful debts	28,438	-	-	-
Changes in assets and liabilities				
(Increase)/decrease in trade debtors	3,153,544	(2,567,667)	-	-
(Increase)/decrease in prepayments and other debtors	457,624	(782,729)	(1,367,979)	(14,590)
(Increase)/decrease in work in process	58,373	(276,644)	-	-
(Decrease)/increase in creditors and accruals	(3,539,388)	812,485	713,046	(34,471)
Cash flows provided by/(used in) operations	**(7,118,435)**	**672,412**	**(2,723,134)**	**(915,217)**

(c) non cash financing and investing activities

Share Issued

- On 10 March 2006, the Company issued 175,482 pre consolidation fully paid ordinary shares in the Company at an issue price of 65 cents per share as part consideration for the purchase of the business Mqube Design from MQBD LLC.
- On 28 June 2006, the Company issued 43,871 pre consolidation ordinary shares in the company at an issue price of 54 cents per share as the final consideration of its acquisition of the Mqube Design from MQBD LLC after certain performance criteria were reached.
- On 4 August 2006, the Company issued 5,569,887 pre consolidation fully paid ordinary shares at an issue price of 58.5 cents per share as final settlement of the consideration for the purchase of PDT entered into in March 2005.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

- On 23 January 2007, the Company successfully negotiated the acquisition of the Intevia® Business Unit from Acument Global Technologies, Inc. The deal was valued at approximately AUD $24.6 million with the purchase consideration consisting of the issue of 19,362,404 pre consolidation fully paid ordinary shares at an implied value of $1.27 per share.

- On 24 January 2007, the Company issued 847,458 pre consolidation fully paid ordinary shares at 59 cents per share as part of final payment to external advisors in respect of recent Intevia® acquisition and convertible note issue.

18. SEGMENT INFORMATION

	Segment revenues		Segment results	
	2007	2006	2007	2006
Segment revenues and results	$	$	$	$
Engineering and design	15,991,764	20,776,768	(5,547,152)	914,552
Investments	452,876	254,416	(3,492,861)	(536,300)
Total of all segments	16,444,640	21,031,184	(9,040,013)	378,252
Discontinued operations	4,345,667	9,770,930	(1,766,503)	214,056
Consolidated	**20,790,307**	**30,802,114**	**(10,806,516)**	**592,308**

All sales were to customers outside the consolidated entity

	Assets		Liabilities	
	2007	2006	2007	2006
Segment assets and liabilities	$	$	$	$
Engineering and design	67,725,749	54,393,816	4,046,462	11,380,008
Investments	12,495,552	5,120,117	20,741,371	89,921
Total of all segments	80,221,301	59,513,933	24,787,833	11,469,929
Discontinued operations	-	-	-	-
Consolidated	**80,221,301**	**59,513,933**	**24,787,833**	**11,469,929**

The consolidated entity's predominant activities is the licensing of its patented intellectual property and operating software, as well as providing application engineering and technology development services to manufacturers in the automotive, aerospace and construction industries.

The Company operates its engineering and design division predominantly in the U.S. while maintaining a presence in the UK and Ukraine. The Company operates these geographical locations with the U.S. operation and are not significant to be reported separately. The Company investments division is predominantly in Australia.

During the year ended 30 June 2007, the Company finalised the closure of the tooling operations within the engineering and design division, as detailed in the 1 August 2007 Company Announcement.

19. FINANCIAL INSTRUMENTS

(a) Interest rate risk exposure

The Company is exposed to interest rate risk through primary financial assets and financial liabilities. The following table summarises the interest rate risk for the Company, together with the effective weighted average interest rate for each class of financial assets and liabilities.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

19. FINANCIAL INSTRUMENTS (continued)

	Weighted average Interest rates		Floating Interest rate $		Fixed Interest maturing in 1 year or less $	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Financial assets						
Cash	4.94	4.55	7,296,124	3,403,156	300,000	-
Receivables	-	-	-	-	-	-
Total financial assets			**7,296,124**	**3,403,156**	**300,000**	**-**
Financial liabilities						
Bank loan	8.25	8.25	235,544	1,886,024		-
Bills/installment notes	7.91	7.67	-	-	1,130,508	615,307
Convertible note	10.00	-	-	-	-	-
Lease liabilities	-	7.15	-	-	-	43,166
Trade and sundry creditors	-	-	-	-	-	-
Total financial liabilities			**(235,544)**	**(1,886,024)**	**(1,130,508)**	**(658,473)**
Net financial assets			**7,060,580**	**1,517,132**	**(830,508)**	**(658,473)**

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

Fixed Interest maturing In over 1 to 5 years $		Non interest bearing $		Total $	
2007	2006	2007	2006	2007	2006
-	-	-	-	7,596,124	3,403,156
-	-	8,997,267	10,974,952	8,997,267	10,974,952
-	**-**	**8,997,267**	**10,974,952**	**16,593,391**	**14,378,108**
-	-	-	-	235,544	1,886,024
500,000	2,289,406	-	-	1,630,508	2,904,713
20,000,000	-	-	-	20,000,000	-
-	-	-	-	-	43,166
-	-	1,940,227	5,479,614	1,940,227	5,479,614
(20,500,000)	**(2,289,406)**	**(1,940,227)**	**(5,479,614)**	**(23,806,279)**	**(10,313,517)**
(20,500,000)	**(2,289,406)**	**7,057,040**	**5,495,338**	**(7,212,888)**	**4,064,591**

19. FINANCIAL INSTRUMENTS (continued)

Reconciliation of net financial assets to net assets	2007 $	2006 $
Net financial assets above	(7,212,888)	4,064,591
Non-financial assets and liabilities		
Work in process	758,829	700,456
Property, plant and equipment	2,062,980	4,266,725
Intangibles	60,634,314	39,698,304
Deferred tax assets	171,787	470,343
Provision for employee entitlements	(619,821)	(875,244)
Deferred tax liabilities	(361,733)	(281,170)
Net assets per the balance sheet	**55,433,468**	**48,044,005**

(b) Net fair values of financial assets and liabilities

(i) The net fair values of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities approximate their carrying values as disclosed in the statement of financial position and the notes to the financial statements.

(ii) The carrying amounts and estimated net fair values of equity investments approximate their carrying values as disclosed in the statement of financial position and the notes to the financial statements.

(c) Credit risk exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

Receivables due from major debtors are not normally secured by collateral, however the credit worthiness of debtors is monitored.

20. COMMITMENTS FOR EXPENDITURE

	Consolidated		Parent entity	
	2007 $	2006 $	2007 $	2006 $
Operating lease commitments payable				
Not later than one year	805,437	844,305	-	-
Later than one year but not later than five years	426,705	622,947	-	-
Later than five years	-	-		-
	1,232,142	**1,467,253**	**-**	**-**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

21. EARNINGS PER SHARE

	Consolidated entity 2007	Consolidated entity 2006
Continuing operations		
Earning used in the calculation of basic and dilutive from continuing operations	(9,040,013)	378,252
Basic earnings per share (cents per share) from continuing operations	(25.30)	1.26(i)
Diluted earnings per share (cents per share) from continuing operations	(25.30)(ii)	1.13(i)
Discontinuing operations		
Earning used in the calculation of basic and dilutive from discontinuing operations	(1,766,503)	214,056
Basic earnings per share (cents per share) from continuing operations	(4.94)	0.71(i)
Diluted earnings per share (cents per share) from continuing operations	(4.94)(ii)	0.64(i)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share:	35,729,151	29,942,755(i)
Weighted average number of options outstanding	1,568,601	3,447,718(i)
Weighted average number of ordinary shares outstanding used in calculation of dilutive earnings per share	37,297,752	33,390,473(i)

(i) The 2006 comparative figures have been adjusted to take effects of the share consolidation that approved at the Company general meeting held on the 26 March 2007.

(ii) Diluted earnings per share is not reflected as the result is anti-dilutive in nature.

22. EVENTS SUBSEQUENT TO REPORTING DATE

On the 26 September 2007 and 28 September 2007 the Company announced that DKR Oasis SoundShore Oasis Holding Fund Limited has converted $1,500,000 of its $20 million convertible Bond holding into 508,473 fully paid ordinary shares.

No other matter or circumstance has arisen since the end of the financial year which has not been dealt with in the financial statements that has significantly affected or may significantly effect:

- the operations of the Company;
- the results of those operations; or
- the state of affairs of the Company.

23. AUDITOR'S REMUNERATION

	Consolidated		Parent entity	
	2007	2006	2007	2006
	$	$	$	$
Auditors of the parent entity – taylor & co	45,467	45,200	45,467	45,200
Other services from auditors of the parent entity	-	-	-	-
Other auditors	-	-	-	-
Other services from other auditors	89,633	130,869	-	-

The auditors received no other fees or benefits.

24. SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2007:

On 31 December 2004, 2,000,000 pre consolidation share options were granted to directors or their associates as approved by shareholders at the general meeting held on 14 July 2005. The first 1,000,000 (200,000 consolidated) of these options vested on 31 December 2004 and are exercisable at 75 cents ($3.75 dollars consolidated) per share option at any time after the vesting date until their expiry on 31 December 2006. The other 1,000,000 (200,000 consolidated) options vest on 31 December 2005 and are exercisable at $1.00 dollar ($5.00 dollars consolidated) per share option at any time after the vesting date until their expiry on 31 December 2007. The options hold no voting or rights to any dividend and are not transferable. At balance date the first tranche lapsed and were cancelled without exercise, and at reporting date none of the vested options had been exercised.

On 22 December 2006, 2,000,000 pre consolidation share options were granted to directors or their associates as approved by shareholders at the Annual General Meeting held 30 November 2006. The first 1,000,000 (200,000 consolidated) of these options will vest on 22 December 2007 and are exercisable at 75 cents ($3.75 dollars consolidated) per share option at any time after the vesting date until their expiry on 22 December 2009. The other 1,000,000 (200,000 consolidated) options vest on 22 December 2008 and are exercisable at $1.00 dollar ($5.00 dollars consolidated) per share option at any time after the vesting date until their expiry on 22 December 2009. The options hold no voting or rights to any dividend and are not transferable. At reporting date, the options are yet to be vested and therefore unable to be exercised.

On 29 January 2007, 3,000,000 pre consolidation share options were granted to David Feber on his appointment as TZ Group CEO by a way of two tranches. 1,500,000 options (300,000 consolidated) are exercisable at 60 cents ($3.00 dollars consolidated) and the balance of 1,500,000 options (300,000 consolidated) are exercisable at 75 cents ($3.75 dollars consolidated) per share option at any time prior to their expiry on 23 January 2010, half of both tranches vest 23 January 2008 and the balance of both half vest 23 July 2008. The options hold no voting or rights to any dividend and are not transferable. At reporting date, the options are yet to be vested and therefore unable to be exercised.

On 29 January 2007, 3,000,000 pre consolidation share options were granted to the Company consultant in lieu of final payment in relation to the convertible note issue and recent acquisition of the Intevia® Business Unit. The 3,000,000 options (600,000 consolidated) are exercisable at 75 cents ($3.75 dollars consolidated) per share option at any time prior to their expiry on 24 January 2010. The options hold no voting or rights to any dividend and are not transferable. At reporting date, none of the vested options had been exercised.

The following share-based payment arrangements were in existence during the period:

Options series	Number*	Grant date	Expiry date	Exercise price*	Fair value at grant date*
				$	(cents)
(1) Issued 31 December 2004	200,000	14/07/05	31/12/07	5.00	15.0
(2) Issued 22 December 2006	200,000	30/11/06	22/12/09	3.75	82.6
(3) Issued 22 December 2006	200,000	30/11/06	22/12/09	5.00	63.5
(4) Issued 23 January 2007	300,000	29/01/07	23/01/10	3.00	109.1
(5) Issued 24 January 2007	300,000	29/01/07	23/01/10	3.75	92.1
(6) Issued 24 January 2007	600,000	29/01/07	24/01/10	3.75	92.1

* The figures have been adjusted to take effects of the share consolidation that approved at the Company general meeting held 26 March 2007.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2007**

The weighted average fair value of the share options granted during the financial year is 84 cents (2006: Nil). Options were priced using a Black Scholes option pricing model. Expected volatility is based on the historical share price volatility.

Inputs into the model	Options series (1)	Options series (2)	Options series (3)	Options series (4)	Options series (5)	Options Series (6)
Grant date share price *	$2.10	$2.45	$2.45	$2.60	$2.60	$2.60
Exercise price per option*	$5.00	$3.75	$5.00	$3.00	$3.75	$3.75
Expected volatility	38.75%	62%	62%	62%	62%	62%
Option life	36 months	36 months	36 months	36 months	36 months	36 months
Dividend yield	0%	0%	0%	0%	0%	0%
Risk-free interest rate	5.8%	6.0%	6.0%	6.0%	6.0%	6.0%

* The original figures have been adjusted to take effects of the share consolidation that approved at the Company's general meeting held on the 26 March 2007.

The following reconciles the outstanding share options granted at the beginning and end of the financial year:

		2007		2006
	Number of options*	Weighted average exercise price* $	Number of options*	Weighted average exercise price* $
Balance at beginning of financial year	400,000	4.37	400,000	4.37
Granted during the financial year	1,600,000	4.00	-	-
lapsed during the financial year	(200,000)	(3.75)	-	-
Exercised during the financial year (i)	-	-	-	-
Balance at end of the financial year	1,800,000	4.22	400,000	4.37
Exercisable at end of the financial year	**800,000**	**4.58**	**400,000**	**4.37**

* The figures have been adjusted to take effects of the share consolidation that approved at the Company's general meeting held 26 March 2007.

(i) Exercised during the year

No share options granted as remuneration were exercised during the financial year:

Recognition of share based payments expense

The total value of options included in remuneration for the year is calculated in accordance with Accounting Standard AASB 2 'Share-based Payment'. The Standard requires the value of the options to be determined at grant date and to be recognised as an expense in the income statement over the vesting period. Consequently a share option expense of $856,854 (2006: 10,337) was recognised and expensed for the year, $304,254 (2006: $10,337) directly in the income statement while the balance $552,600 (2006: Nil) was capitalised to the balance sheet on the Business Unit acquired during the year as final payment and part consideration to external adviser.

Directors' Declaration

The directors of the TZ Limited declare that:

- The financial statements and associated notes of the Company and of the economic entity for the financial year ended 30 June 2007:
- are in accordance with the Corporations Act 2001;
- comply with Accounting Standards and the Corporations Act 2001; and
- give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and the performance for the year ended on that date;
- the Chief Executive Officer and Chief Finance Officer have each declared that:
- the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- the financial statements and notes for the financial year comply with the Accounting Standards; and
- the financial statements and notes for the financial year give a true and fair view.
- In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

J. Falconer
Director

Dated this 28th day of September 2007
Sydney, Australia

Independent Audit Report to the Members of TZ Limited

Report on the Financial Report

We have audited the accompanying financial report of TZ Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These auditing Standards require that we 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.

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 judgment, 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 entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used with 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.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, (or "gives a true and fair view of") the financial position of TZ Limited as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

Taylor & Co.
Stephen Taylor

28th September 2007
Sydney, Australia

Corporate Governance

The Board has formally reviewed the ASX Corporate Governance Council paper entitled "Principles of Good Corporate Governance and Best Practice Recommendations" which was published in March 2003. The Company is a small company and accordingly the directors consider that many of the corporate governance guidelines intended to apply to larger companies are not practical.

The Company's position on those recommendations is set out below;

Principle 1: Lay solid foundations for management and oversight

Role of the Board

The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of shareholders which it accomplishes by:

- establishing corporate governance, and ethical, business standards;
- setting objectives, goals and strategic direction with a view to maximise shareholder value;
- approving and monitoring budgets and major investments;
- ensuring adequate internal controls exist and are appropriately monitored;
- ensuring significant business risks are identified and appropriately managed;
- appointing the CEO and monitoring the CEO's performance;

The Board has delegated responsibilities and authorities to management to enable management to conduct the Company's day-to-day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits, require Board approval.

Apart from the statements on responsibility the Company has not formalised the functions reserved to the Board and those delegated to management for the reasons noted above.

Principle 2: Structure the board to add value

The composition of this Board is determined using the following principles:

- The Chairman should be a non-executive director.
- The Board should comprise a majority of non-executive directors.
- Directors appointed by the Board are subject to election by shareholders at the following Annual General Meeting and thereafter directors are subject to re-election at least every three years.

The names of the Directors in office at the date of this Report, the date they were appointed, their status as non-executive, executive or independent Directors, whether they are retiring by rotation and seeking re-election by shareholders at the 2007 Annual General Meeting, are set out in the table below:

Director	Appointed	Non-Executive	Independent	Retiring at 2007 AGM	Seeking re-election at 2007 AGM
John Falconer	6 February 2004	Yes	No	No	No
Michael Otten	7 July 2006	Yes	No	No	Yes
Andrew Sigalla	29 January 2007	No	No	No	No

The main areas of divergence with recommended principles are:

- The Chairman is not independent, however he is separate from the Chief Executive.
- The Company does not have a formally constituted Audit Committee, Board Nominations Committee or Remuneration Committee.
- The majority of Directors are not independent.

Each Director of the Company has the right to seek independent professional advice at the expense of the Company.

Principle 3: Promote ethical and responsible decisions-making

The Company does not have a formal code of conduct reflecting the Company's small size and the close interaction of the small number of individuals throughout the organisation. However, the Directors are aware of their legal responsibilities and adhere to the following policy.

Corporate Governance

The directors will not deal in Company shares:

- Except between three and 30 days after either the release of the Company's half year and annual results to the Australian Stock Exchange, the Annual General Meeting or any major announcement.
- Whilst in possession of price sensitive information.

In accordance with the Corporations Act 2001 and the Listing Rules of the Australian Stock Exchange, Directors advise the ASX of any transactions conducted by them in shares in the Company.

Principle 4: Safeguard integrity in financial reporting

The Company Secretary is responsible for producing the financial results and has stated in writing to the other members of the Board that the Company's consolidated year end financial statements present a true and fair view, in all material respects, and are in accordance with relevant accounting standards.

The Company and its Directors are aware of continuous disclosure requirements under the Listing Rules and Corporations Act and operate in an environment where strong emphasis is placed on full and appropriate disclosure. The Company does not have formal written policies regarding disclosure, but uses strong informal systems underpinned by experienced individuals.

Principle 6: Respects the rights of shareholders

The Company does not have a communications strategy to promote effective communication with shareholders, as it believes this is excessive for small companies. The Company maintains a website which is used in conjunction with timely announcements to the ASX to ensure shareholders are kept fully informed.

The Company also aims to ensure that the shareholders are informed of all major developments through:

- Despatch of the annual and half yearly financial reports.
- Despatch of all notices of meetings of shareholders.
- Submitting to a vote of shareholders proposed major changes in the consolidated entity which may impact on share ownership rights.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure high level of accountability and identification of the consolidated entity's strategic goals. Important issues are presented to the shareholders as single resolutions.

The Company requests the external auditor to attend the General Meeting.

Principle 7: Recognise and manage risk

The Company is a small company and does not believe that there is significant need for formal policies on risk oversights and management. However, the board considers risk exposure and management as a standing agenda item at board meetings.

Risk management arrangements are the responsibility of the Board of Directors.

Principle 8: Encourage enhanced performance

The Company does not have a Remuneration Committee.

There has been no formal performance evaluation of the board during the past financial year.

Principle 9: Remunerate fairly and responsibly

There are no formal remuneration policies maintained by the Company. Details of the Company's policy for determining the nature and amount of emoluments of board members and senior executives of the Company are contained in the Directors' Report.

In accordance with Corporations Act requirements, the Company discloses the fees or salaries paid to all Directors, and Executive Officers of the Company.

Principle 10: Recognise the legitimate interests of stakeholders

The Company does not have a formal Code of Conduct to guide compliance with legal and other obligations. This reflects the Company's size which makes its legal compliance a less onerous task than with larger companies.

The Board of Directors continues to review the situation to determine the most appropriate and effective operational procedures.

Stock Exchange Information

Statement of Quoted Securities as at 28 September 2007

- There are 2,255 shareholders holding a total of 38,894,767 ordinary fully paid shares.
- The twenty largest shareholders between them hold 55.70% of the total shares on issue.
- Voting rights are that on a show of hands each member present in person or by proxy or attorney or representative shall have one vote and upon a poll every member so present shall have one vote for every fully paid share held and for each partly paid share held shall have a fraction of a vote pro-rata to the amount paid up on each partly paid share relative to its issue price.

Distribution of Quoted Shares and Options as at 28 September 2007

Shares

Range	**Number of holders**
1 - 1,000	838
1,001 - 5,000	884
5,001 - 10,000	206
10,001 - 100,000	279
100,001 - and over	48
Total holders	**2,255**

There were 69 shareholders whose total holding had a market value of less than $500 at 28 September 2007.

Substantial Shareholdings as at 28 September 2007

The following shareholders have notified the Company that, pursuant to the provisions of section 671B of the Corporations Act 2001, they are substantial shareholders.

Substantial shareholder	**Total relevant interest (ordinary shares)**	**% of total voting rights at 28 September 2007**
Acument Global Technologies, Inc.	3,872,481	9.96

Directors' Shareholdings

As at 28 September 2007, directors of the Company held a relevant interest in the following securities on issue by the Company.

Director	**Ordinary shares**	**Unquoted options**
J. Falconer	395,273	200,000
M. Otten	38,640	200,000
A. Sigalla	1,266,450	Nil

On-Market Buy-Backs

There is no on-market buy back currently in place.

Stock Exchange Information

Top Twenty Holders of Ordinary Shares at 28 September 2007

Shareholder name	Number of shares	% of total
ANZ Nominees Limited <Cash Income A/C>	8,023,922	20.63
Acument Global Technologies, Inc.	3,872,481	9.96
Merrill Lynch (Australia) Nominees Pty Limited <Berndale A/C>	1,724,504	4.43
National Nominees Limited	1,411,241	3.63
HSBC Custody Nominees (Australia) Limited	1,088,605	2.80
Merrill Lynch (Australia) Nominees Pty Limited	741,315	1.91
Citicorp Nominees Pty Limited	738,802	1.90
Morwellham Investments Pty Limited	549,692	1.41
Moon Corporation Pty Ltd	497,840	1.28
Forbar Custodians Limited <Forsyth Barr Ltd-Nominee A/C>	413,035	1.06
HSBC Custody Nominees (Australia) Limited-GSI ECSA	396,179	1.02
Capital World Holdings Limited	336,228	0.86
Profit Pearl Holdings LTD	312,983	0.80
Lippo securities Nominees (BVI) LTD	270,000	0.69
Moggs Creek Pty Ltd <Superannuation Fund A/C>	250,000	0.64
Mr. Arthur Mo	222,400	0.57
HSBC Custody Nominees (Australia) Limited - GSCO ECA	222,117	0.57
JFT Nominees Pty Ltd	203,242	0.52
Davambros Pty Ltd	200,000	0.51
Karreman Management services Pty Ltd	200,000	0.51
Total held by top twenty holders of ordinary shares	**21,674,586**	**55.70**

Note the above list does not identify related party holdings. Readers should have regards to substantial shareholders notices and directors declarations.

Voting Rights

All shares have equal voting rights.

Directory

TZ Limited
ABN 26 073 979 272

DIRECTORS
J. Falconer
A. Sigalla
M. Otten

COMPANY SECRETARY
J. Falconer

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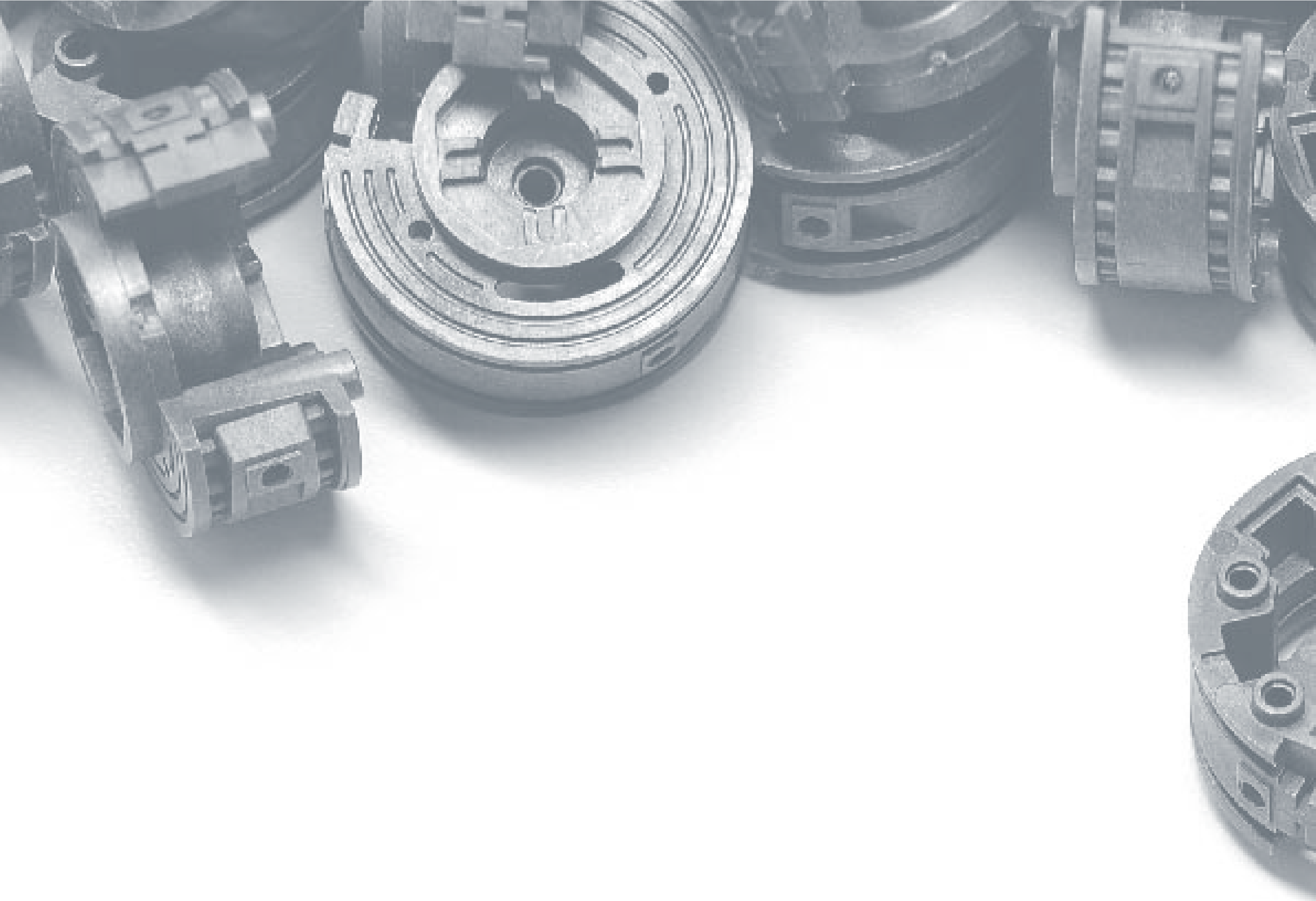
STOCK EXCHANGE
Australian Securities Exchange Code: TZL



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