TZ Limited
ABN 26 073 979 272

27 October 2008

Lodged by ASX Online - 65 pages

The Manager
Company Announcement Office
Australia Securities Exchange Ltd
Level 4, 20 Bridge Street
Sydney NSW 2000

2008 ANNUAL REPORT

Please find attached a copy of the 2008 annual report for TZ Limited Limited which will be sent to shareholders today.

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TZ

2008
annual report

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& Controlled Entities
ABN 26 073 979 272

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Mr. John Falconer
Mr. Michael Otten

COMPANY SECRETARY
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CHAIRMAN'S LETTER

The year 2008 saw the continued development and acceptance of TZ within the marketplace.

The Board has sought to redefine the Company's strategy by aggressively pursuing shorter–term revenue opportunities, whilst continuing to service its longer–term early adopter partners. A key element of this strategy was to utilise the additional funding received in February by increasing the size of the sales and engineering capabilities of the organisation so as to meet the customer requirements and demand.

The Company has taken significant steps towards making TZ technology a widely used platform across many industries with multiple applications.

The results obtained by PDT were extremely pleasing and the quality of their work continues to be validated by the ever increasing backlog of work and the calibre of their client base. PDT, even in this weak economic climate, is well positioned to achieve further growth and profit for year 2009.

In late September, the Board, along with its advisors, was forced to delay the proposed NASDAQ listing due to the volatile market conditions in the US and world equity markets. Considerable time and cost has been invested in achieving this objective and the Company is looking to an improvement in market sentiment before committing to a firm timeline in 2009. The Board is extremely mindful of maintaining shareholder confidence and creating value, and believes that securing additional validation and more commercial purchase orders will ultimately be more beneficial to the value of the Company when it does list on NASDAQ.

On behalf of the Board, I would like to take this opportunity to thank all of the employees of both Telezygology, Inc. and PDT for their strong work ethic, dedication and commitment to the Company.

I would also like to thank my fellow directors for their loyal service and support.

Finally to fellow shareholders, I would like to thank you for your ongoing interest, and support of the Company as it continues to deliver on its vision of making TZ a widespread industry standard.

Andrew Sigalla
Executive Chairman

CEO'S REPORT

The 2008 financial year was a period of progress towards the widespread commercialisation of TZ technology with advancements made in all targeted sectors. Production or pre–production products were delivered to customers in each end–use segment and a major emphasis was placed on accelerating products targeted at shorter–cycle industrial segments. To enable this, technology development was focused on establishing a standard set of communication hardware that allows TZ Intevia fasteners to be controlled by software over the Internet. The Company has continued to strengthen its unique proprietary position during the year with advancements made in developing high-temperature Shape Memory Alloy (HTSMA), custom software and electronics.

Customer demand has continued to be strong for TZ technology. With growth capital secured during the year, the Company was able to aggressively focus its sales resources on accelerating commercialisation in shorter–cycle industrial segments such as enterprise, data centers, marine, PC's, doors, AV, and high–end furniture cabinets. Even with the global economy at a challenged state, clear demand has emerged from customers in all these sectors for remotely networked intelligent devices. Management is confident that our focus on these shorter–cycle segments, with sustained levels of engineering and technology development, will translate to near–term revenue streams.

The Company recently reached an exciting milestone with its first high–volume commercial product being launched by Larson Manufacturing. The TZ Intevia enabled *eTouch Keyless Entry System* is available on Larson's *Tradewinds* and *Signature* series storm doors, and is currently being distributed at major hardware retail locations throughout the US. This was the first major conversion of an Early Adopter Customer into a high–volume product, and while it is a significant achievement for the Company, it is clear that a greater emphasis on shorter–cycle industrial segments will produce revenue more quickly. Accelerated sales efforts in these shorter–cycle areas will continue throughout the 2009 fiscal year.

The Company's management team was further upgraded this year, with strategic appointments in engineering, manufacturing, finance and marketing. The additional talent will bring experience and focus to the Company as we concentrate our efforts on generating near–term revenue, and as we undertake the NASDAQ listing.

This year, the team has successfully overcome challenges that are typical when delivering products at high volumes for the first time and invariably, there will be more challenges to overcome. Integrating our technology into some complex end–use segments has taken longer to implement than originally anticipated a year ago by TZ and its Early Adopter Customers. This has been especially true in aerospace, defence and automotive segments where the technical certification and testing requirements for a leading–edge breakthrough technology are more time consuming and onerous. However, even with the challenges of commercialisation in these demanding segments, our Early Adopter Customers in these areas remain strongly commited to the technology. With the continued customer interest and validation we have received from customers throughout the year, and the advancements made with the TZ technology platform, management is confident that maintaining its commercialisation efforts in these segments will be ultimately worthwhile.

The development that the organization has gone through this year, combined with the accelerated achievement of a standard set of TZ products targeting shorter–cycle segments, put TZ in a very strong position to achieve even greater commercialisation success with its products in the 2009 fiscal year.

In summary, I would like to thank the many talented employees of TZ and PDT, whose dedication and hard work are making the TZ vision a reality.

David Feber
Chief Executive Officer

TZ's first high–volume commercial product is being distributed at major US hardware retail locations.

TECHNOLOGY UPDATE

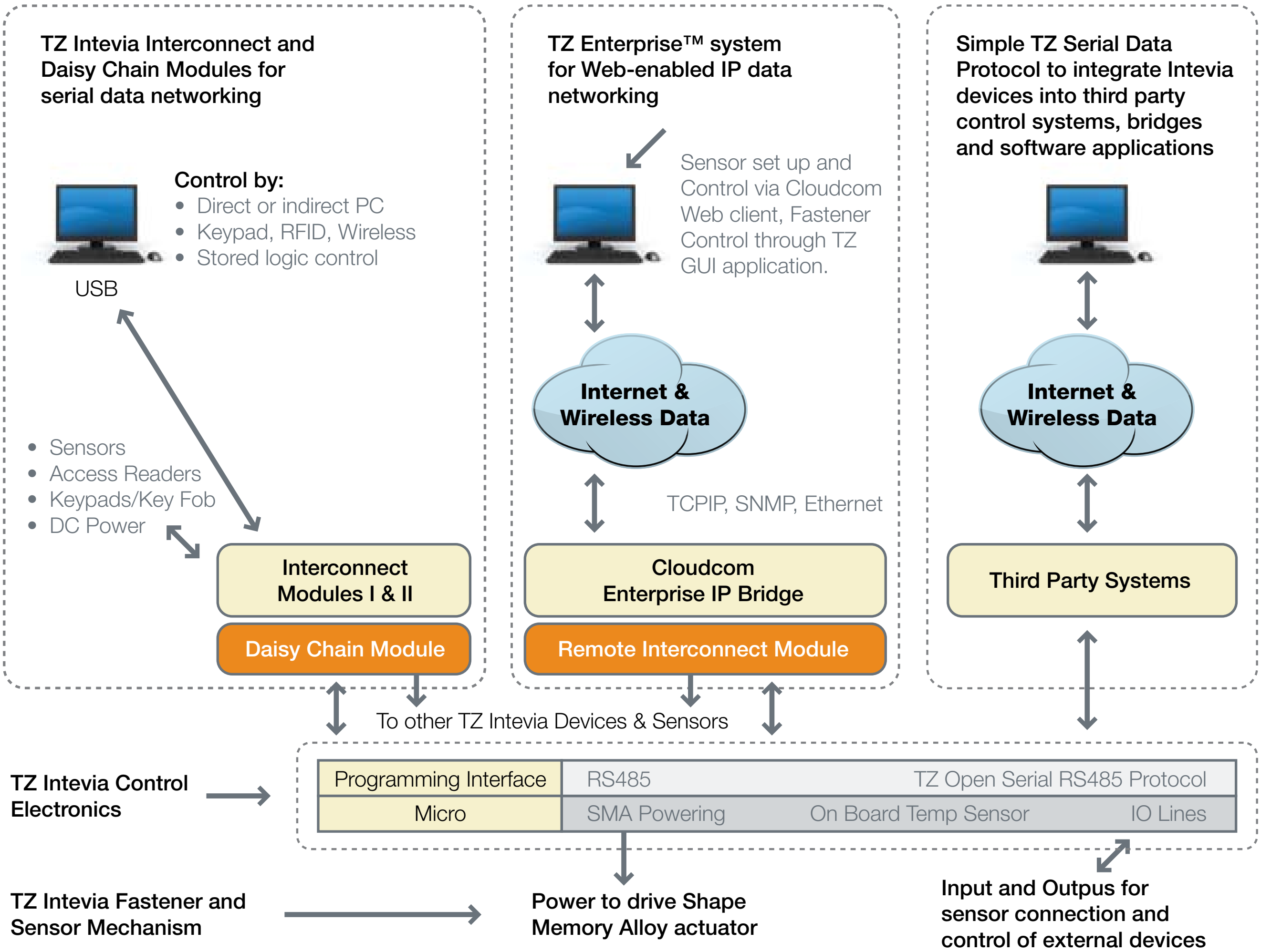
During the course of the year, a significant number of new TZ Intevia devices were brought into production phase, close to production ready, or design phase complete; these include a second generation radial fastener, a cost–reduced and performance–enhanced version to serve as a standard TZ Intevia offering, a high–strength aerospace radial variant, a ruggedized latch targeted at military and aerospace applications, a high–strength aerospace latch suitable for overhead bin and stowage applications, and a low–energy consumption design of the Beam fastener. Additionally, several Shape Memory Alloy (SMA) actuator projects were undertaken; most notable was the actuation engine for the Larson keyless entry lockset, now shipping in significant volume, and the others targeting high–volume applications in the consumer products market.

A significant program commenced in the second half of the year that will deliver by calendar year end, several TZ Intevia interconnect modules, data protocols and communication gateways. These enable deployments of local and wide–area TZ networks. Additionally, development programs are in place that will allow TZ Intevia fastening and sensing devices to be supported by third party communication gateways and controllers. This is a strategy to expand the market for TZ Intevia devices through interoperability with popular third party network systems.

The chart below depicts the various interconnect modules in various configurations relative to the TZ Intevia control electronics and operating system and will be ready for manufacture in late 2008. These configurations enable customers to implement TZ networks, which can be scaled from just a few fasteners and sensors up to enterprise–wide deployments.

Networking is a fundamental aspect of the TZ vision and essential to realising the Company's business objectives. The development of the Cloudcom Enterprise™ bridge, based on a third party product with substantial TZ specific modifications, enabled the introduction of TZ Enterprise™ — a solution that provides remote environmental monitoring, physical security and access control to equipment down to the component level. The first TZ solution is targeting operators of data centers, computer rooms and telecommunication equipment; however, this platform can also be extended across industry segments to any application where remote physical monitoring,

SYSTEM ARCHITECTURE LATE 2008



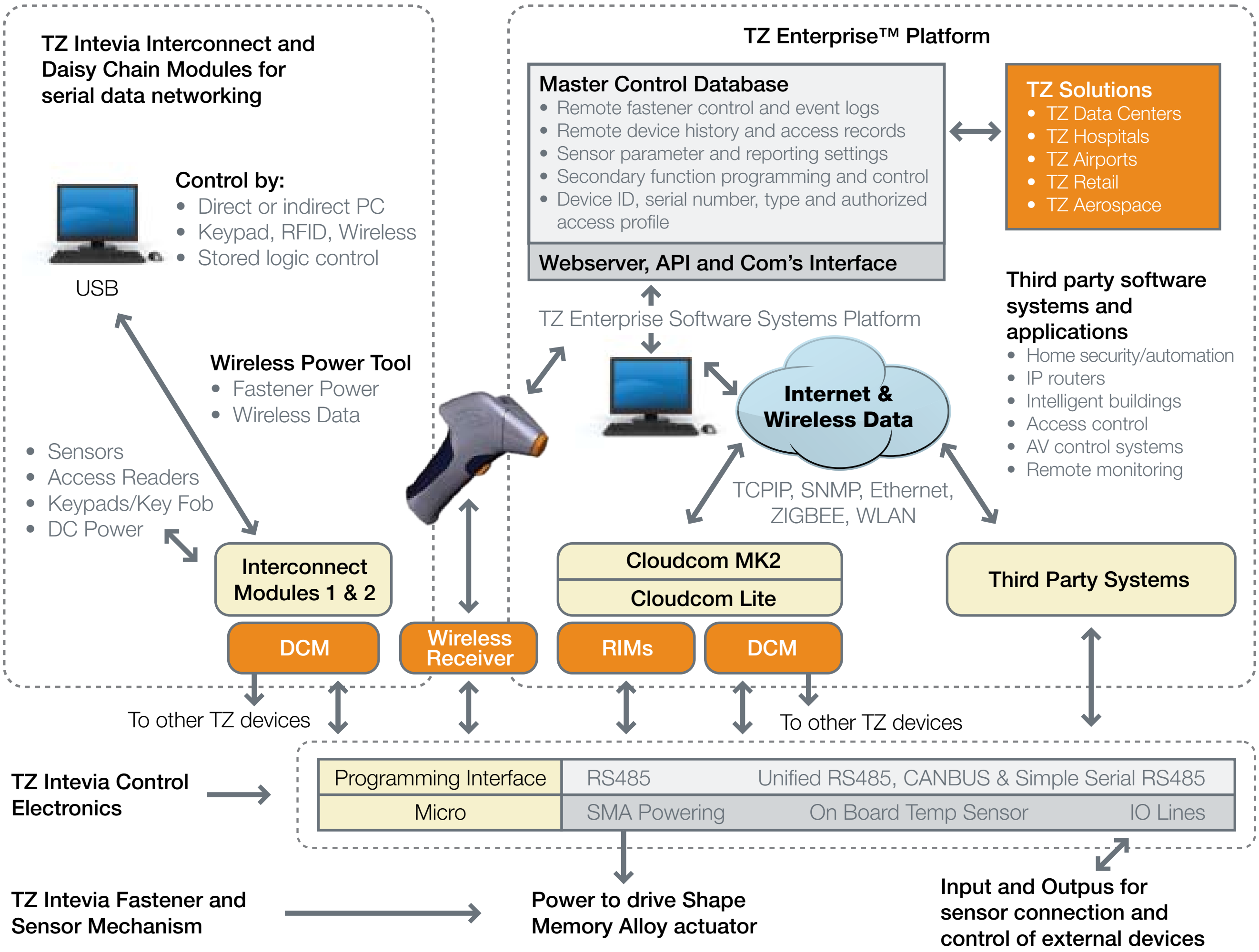
environmental control, and restricted access to multiple physical levels is required. In late 2008, it is anticipated the Interconnect and Daisy Chain Modules will be available to further enable a range of networked applications, predominantly in the industrial and marine market segments.

Additional enhancements as depicted in the chart below will be progressively introduced in 2009. The TZ Enterprise™ platform will have significant hardware upgrades in the form of a Mark 2 Cloudcom that is capable of supporting a broader range of network protocols and interfaces, support for a unified RS 485 serial data protocol to optimise fastener and sensor control, Power over Ethernet (PoE) to power TZ Intevia devices, and optimised device form factors to facilitate easier installation and maintenance. Additionally, the TZ Enterprise™ management software will undergo a major upgrade. These projects are underway and are based on customer feedback obtained during the initial launch phase of the TZ Enterprise™ system.

A significant technological breakthrough was achieved during the year that enabled a prototype of a Wireless Power Tool, utilizing inductive power coupling, to be developed that is capable of powering TZ Intevia fasteners wirelessly. This is an important component of the TZ vision and means in certain applications TZ Intevia fasteners without any wiring can be embedded into manufactured objects, identified and activated by the Wireless tool. Additionally, the Wireless Power Tool will include Cloudcom–like functionality to communicate wirelessly through the Internet to the Master Database to record events, update log files, gain authorization codes and retrieve information relevant to the service or installation procedure being carried out. The Wireless Power Tool IP is well protected within the Company's IP portfolio.

The Company's technology roadmap extends well beyond 2009. It contemplates continued improvements in the cost and packaging size of micro–controllers and semi–conductors and the consolidation of popular networking protocols and interfaces, such as those powering the Internet, into tiny chipsets. In time, the combination of these trends will allow TZ Intevia devices to natively connect to the Internet through any third party gateway, router or bridge, and eventually to fasteners directly — a capability that the Company believes will drive very large–scale adoption of its proprietary technology.

SYSTEM ARCHITECTURE LATE 2009



Shape Memory Alloy (SMA) is a critical actuator component of TZ Intevia. An SMA validation, process and actuator design laboratory has been established and staffed by experts in the field. Investment in the SMA facility will give TZ the ability to formulate and design SMA variants that are optimised to the requirements of specific applications and products and to extend SMA actuation into applications that are not suitable to existing forms of the material. An additional benefit of the lab is that it can serve as a production facility should TZ have to manufacture its own actuator materials. The lab has already facilitated collaborative research efforts with organisations such as Boeing Phantom Works, NASA and several universities and production companies.

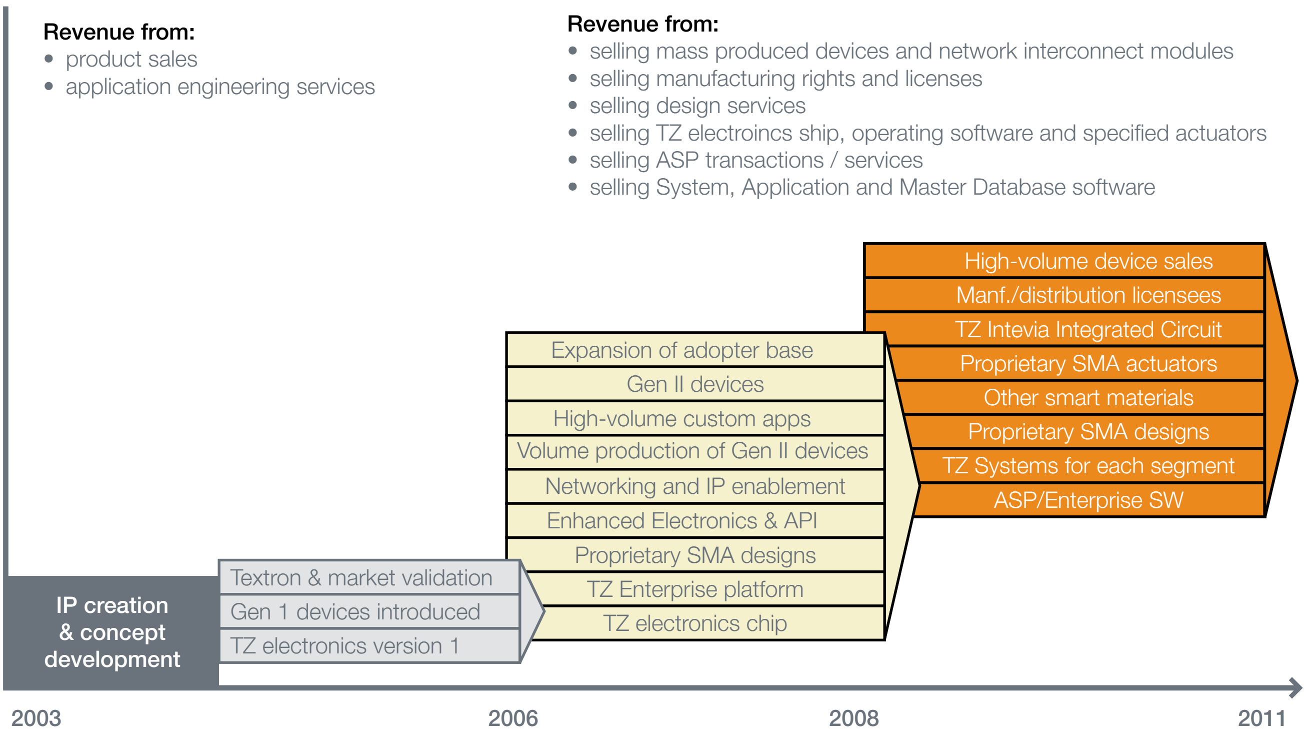
To reduce cost, protect Intellectual Property and increase functionality, TZ plans on producing its own integrated circuit as the electronics engine for the control of TZ Intevia devices. The IC provides for the control of networked actuators and intelligent fasteners and will incorporate proprietary algorithms, unique device identification, and the other circuitry needed to interface with sensors, databases and various information busses. The Company believes the combination of the IC and specified SMA actuators will also be attractive to other manufacturers wanting to embed TZ Intevia into their products, and will likely give rise to future licensing and component sale opportunities. TZ has completed the IC specification and selected the design and fabrication company to manufacture it.

The chart below references the business evolution the Company is focused on achieving. It depicts the shift over time from manufacturing and selling products to licensing distributors and manufacturers in key target markets and generating new revenue opportunities by selling and renting TZ management software. Leveraging market specific expertise, infrastructure, manufacturing, customer relationships and product qualification skills of third parties will allow TZ to penetrate key markets at less cost in shorter time, particularly in the aerospace, defence and automotive segments.

Key to winning these third party relationships is a well differentiated product set, strong market validation of the underpinning technology and a robust IP portfolio. TZ meets all of these requirements.

Chris Kelliher
Director, Telezygology, Inc.

EVOLUTION OF THE BUSINESS MODEL



PDT REPORT

2008 saw PDT continue its strong pattern of growth with EBITDA approaching US$3.0M for the year.

PDT's on–going efforts to strengthen its reputation as one of the country's premier design services companies continues to reap benefits, not only significantly growing PDT revenues, but also opening new avenues for the introduction of TZ technology to a long and growing list of high–value, high–profile customers.

This includes incorporating TZ Intevia into the design of a potential application for one of the world's leading medical product companies and a number of potential design applications in the consumer electronics market segment.

In 2008, PDT also continued to attract top talent in industrial design and engineering from both the consulting and corporate sectors. To augment its medical products expertise, the Company has added experienced medical design talent, and it continues to strengthen its strategic partnerships with both domestic and off–shore tooling and manufacturing suppliers.

On–going systems optimisation that began in 2007, have yielded improvements in profitability across the board, as project managers and management now have access to real–time data on the financial status of every project. Budgetary issues can now be spotted and resolved while projects are in progress, providing the opportunity to correct issues to ensure projects are profitable.

PDT continues its strategic sales focus on the medical and military industries, where programs tend to be long–term, less recession sensitive, and involve multiple product generations. In 2008 alone, PDT's stable of medical customers grew nearly 50%, making it one of the fastest–growing companies in the design services industry in this area. As a result, PDT is well positioned with a strong project pipeline well into 2009 and beyond.

PDT was proud to be involved in the development of a truly life changing device for the visually impaired for the Perkins School for the Blind. It was an extremely satisfying project for all concerned and an important accomplishment for the Company because of its high–profile nature and potential for media interest. Our superb design team rose to the highly–technical challenges of the project, demonstrating their talents and solidifying PDT's reputation in the industry as a premier product development consultancy.

With a robust roster of loyal clients, a well–stocked project pipeline, and a growing reputation for exceptional client service, PDT fully expects to generate increased revenues for its design business, as well as increased opportunities to expand the TZ brand into broader, more high–volume markets where visibility and profitability tend to be greater.

In closing, I would like to thank all PDT staff around the world for your hard work and commitment to making this company a true world leader in product design and development.

Mark Schwartz
PDT President & CEO

The PDT designed Perkins Brailler

DIRECTORS' REPORT

The Directors of TZ Limited present their report together with the financial reports of the parent entity and its controlled entities for the financial year ended 30 June 2008.

Directors

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

A Sigalla	Executive Chairman
J Falconer	Executive Director & Company Secretary
M Otten	Non–Executive Director

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.

Operating Results

The operating loss after income tax for the year ended 30 June 2008 for the consolidated entity was $12,330,714 (2007: $10,806,516).

Review of Operations

It was an exciting year for TZ with the launch of the first high volume commercial product to be distributed in the US in the coming weeks, as a key component of the Larson door. This will be a compelling proof point to sell TZ Intevia® applications into other markets, particularly in the UK and Europe.

TZ has continued to aggressively pursue new customers and refine the strategy to increase the pace of these customer engagements, and realise the enormous potential in the key market segments, particularly those that have the opportunity for nearer–term revenues.

The 2008 financial year was a period of accelerated progress towards our near term objectives.

During the year, TZ identified many more market opportunities and continued to make tremendous progress with Early Adopter Customers and accelerated the development of the Company's standard product offerings and underlying intellectual property and core technologies that are the essential building blocks for the Company's growth and leadership position.

TZ also successfully restructured PDT and put in place a more effective management system resulting in a strong profit recovery and an increased customer base. There has also been an increase in the number of PDT customers who have become early adopters of TZ's technology.

In February 2007, TZ acquired the Intevia business unit from the former Textron Fastening Systems. This development precipitated a much larger earnings opportunity but necessitated significantly higher levels of up front capital investment.

The growth capital funding secured in November 2007 and February 2008 has enabled the Company to invest in accelerating its development and commercialisation efforts, which are essential to achieving the future revenue aspirations and creating shareholder value.

Specifically these investments fall into the following categories.

- Product and Application Development
- Commercialisation and Sales
- Production and Manufacturing Engineering
- Intellectual Property and Technology Development

Product and Application Development

A significant program commenced in the second half of the year that will deliver by calendar year end, several TZ Intevia interconnect modules, data protocols and communication gateways. These enable customers to deploy standalone or distributed TZ Intevia networks which can be scaled from just a few fasteners and sensors up to enterprise–wide deployments controlled from simple pin pad and RFID devices, to Internet–connected client software. Additionally, development programs are in place that will allow TZ Intevia fastening and sensing devices to be supported by third party communication gateways and controllers. This is a strategy to expand the market for Intevia devices through interoperability with popular third party network systems. This program develops products for the market that make the TZ Intevia value proposition widely achievable. These developments along with the introduction of the next generation of TZ Intevia fasteners will complete a standard product offering to drive near–term revenue.

In April, the Company introduced TZ Intevia Enterprise™, a solution that provides remote environmental monitoring, physical security and access control to equipment down to the component level. It is a suite of products consisting of an Internet gateway, PC client software, database, TZ Intevia fasteners, various sensors, mounting and interconnect hardware. The first version of TZ Intevia Enterprise is targeting operators of data centres, computer rooms and telecommunication equipment. This platform can also be extended to any application where remote physical monitoring, environmental control and restricting access to multiple physical levels such as doors, equipment racks, access panels, cable access points, cabinets and closets is required. A purchase order was signed in May with the leading European provider of carrier–neutral data centres for a secure cabinet application. This order further validates the estimated $1.2 billion total addressable TZ Intevia Enterprise market within the data centre segment. The Company has now put in place the resources and product set to capture a meaningful share of this market and anticipates addressing the larger opportunity with subsequent versions of TZ Intevia Enterprise.

Hafele America Co (one of the world's largest producers of high end architectural hardware) placed its first order for TZ Intevia fasteners with additional orders anticipated. TZ Intevia products are now featured in Hafele's globally distributed product catalogue.

Review of Operations (continued)

In the Defence segment, a contract under a joint development agreement with BAE Systems was awarded to provide TZ Intevia mechanisms to BAE for military qualification testing. Ruggedised variants of TZ Intevia fasteners have been manufactured and are currently undergoing conformance testing, which if successful, will lead to the specific development of TZ Intevia military applications.

The Company has completed work with Visteon Corporation for the development of a TZ Intevia–enabled electronic glove box latch. Visteon is one of the world's largest automotive suppliers and the Company's first automotive Early Adopter Customer and is known for its vehicle integration expertise and for its first–to–market innovations. This latch application was developed in a joint technology collaboration with Visteon and 3M to build a demonstration vehicle showcasing state–of–the–art technology to use as a centrepiece in discussions with automakers about developing technology that addresses social trends and meets consumer needs. TZ is one of 11 select companies participating with Visteon and 3M on this innovative automotive effort.

TZ Intevia products were sold and installed on several ultra–luxury yachts with applications on deck head panels, map drawers, door systems and flat screen mounting. Multiple distributors are targeted in this market. In May, at *Boat International's* prestigious Neptune awards ceremony, TZ was awarded the coveted Neptune award for the best new technology expected to have the most impact on the design of new luxury yachts.

A keyless entry product developed for Larson Storm Doors is being launched through major hardware stores in the third calendar quarter. Outsourced manufacturing has commenced and was ramped up in August. Similar variants of this product are suitable for installation on other types of aluminium and hollow doors which opens up another large global addressable market, and has the ability to bring TZ Intevia devices into the home.

TZ developed an intelligent emergency release seat belt device, targeting the automotive and school bus markets. The initial development of this TZ Intevia device is being done in collaboration with a leading automotive safety company and a leading school bus manufacturer. The device is progressing through the multiple design and integration stages. When completed this will enable a safer seat belt system that has never before been possible and is likely to drive much greater seat belt adoption rates on school buses.

A TZ Intevia–based PC lock targeting the 10 million units plus annual PC security lock market was developed. This is a unique solution to create enterprise level security on a PC with the physical lock controlled through software. TZ is in the process of evaluating distribution partners and discussing cross marketing opportunities with a major PC OEM.

The next generation radial fastener (GEN II) is entering production. It is a cost–reduced, performance–enhanced version to serve as the standard TZ Intevia platform for products sold into the marine, enterprise, aerospace and cabinet enclosure markets such as AV equipment and self service kiosks. This is a high–strength device that is uniquely packaged to create access control and intelligent fastening of panels in areas not before possible. The GEN II radial can be configured to work with multiple communication gateways and controllers so that it could be easily integrated into numerous types of networks. The GEN II platform opens up a total addressable market for TZ Intevia in excess of $1 billion.

The GEN II platform has been designed to be compatible with products targeted at high–end control and automation solutions for corporate, residential and educational markets. It has received certification from Crestron, the world's leading manufacturer of advanced control and automation systems for compatibility with Crestron control systems and networks. TZ has launched a specific production promotional program, which will be marketed starting with CEDIA, the largest custom electronics trade show held in Denver, Colorado on 5 September. Multiple distributors are also being targeted in this segment.

In the aerospace segment, TZ is working with multiple suppliers of major aerospace components to Integrate TZ Intevia Technology into their products. TZ developed an electronic latch for overhead bins in conjunction with the supplier of the floor–to–ceiling interior of the next–generation wide body aircraft for a major airframe manufacturer. This latch has met initial testing requirements by the supplier. Additionally, TZ also developed an Intevia device with a supplier of the passenger service unit and oxygen box area of this same next generation wide body aircraft. This device is also in the validation stage with this supplier. Working directly with the aerospace tier suppliers helps TZ more effectively integrate technology into the aircraft. Additionally, in conjunction with this, TZ has continued its direct involvement with multiple major airframe manufacturers, such as Airbus through its MTTC, to develop the next generation of aerospace products to enable benefits such as predictive maintenance and rapid reconfiguration.

The company has developed several aerospace specific products which have, in varying degrees, been tested against aerospace requirements. The results are encouraging and it is expected these products will obtain qualification. In addition to this, and to broaden our offering in this segment, an aerospace testing program will commence in the last quarter of 2008 to seek appropriate aerospace qualification for several standard TZ Intevia products such as the GEN II radial. Once obtained, aerospace qualification will enable these products to be distributed and sold as catalogue components to aerospace manufacturers, tier suppliers and maintenance and repair organisations.

Commercialisation and Sales Operations

The Company continues to optimise its sales and commercialisation teams to ensure the right mix of focus on shorter–cycle revenue opportunities, while building longer–term strategic opportunities with key customers in each market segment. During the year, sales coverage was effectively doubled by adding resources in multiple locations targeting marine, TZ Intevia Enterprise and general industrial markets, to create product demand and ensure distribution channels and customer relationships are established to drive sales of the new products.

Manufacturing and Production Engineering

The Company is ramping up its production capability and has put in place an outsourced contract manufacturing strategy to use appropriately qualified third parties to manufacture TZ Intevia products. This eliminates the need to take on board the fixed costs associated with product manufacturing, however it does require experienced people to manage and direct these third party relationships to deliver the right outcomes in terms of product quality and manufactured cost.

In line with this, the management team has been expanded with the appointment of two new key executives. Jim Groteleuschen has been hired as Vice President of Engineering. Jim was formerly head of engineering at RIM (the company that makes the Blackberry® Smartphone) and prior to that, a Vice President responsible for contract manufacturing at Motorola. Jim has put in place a very experienced team with excellent credentials to oversee outsourced product manufacturing and ensure the Company can ramp up production as the anticipated demand builds. Additionally, Mike Mulins has been hired as the head of manufacturing and supply chain. He was previously Vice President responsible for contract manufacturing at Motorola.

Intellectual Property & Technology Development

Shape Memory Alloy (SMA) is a critical component of TZ Intevia. Ensuring ongoing supply, material cost reduction and overcoming its current limitations by developing proprietary variants of this material are strategic imperatives for TZ. An SMA validation, process and actuator design laboratory has been established and staffed by experts in the field of SMA. Recently one of the recognised world leaders in SMA actuation has agreed to join TZ to lead and oversee the direction and deliverables of the lab. The investment in the SMA facility will give TZ the ability to formulate and design SMA variants that are optimised to the requirements of specific applications and products and to extend SMA actuation into applications that are not suitable to existing forms of the material. An additional benefit of the lab is that, if required, it can serve as a production facility should TZ have to manufacture its own actuator materials. This facility, and TZ's growing reputation in the field of SMA, has facilitated collaborative research efforts with organisations such as Boeing Phantom Works, NASA and several universities and production companies.

TZ Integrated Circuit (IC): To reduce cost, protect our intellectual property and increase functionality, TZ is producing its own integrated circuit as the electronics engine for the control of TZ Intevia devices. The IC provides for the control of networked actuators and intelligent fasteners and will incorporate proprietary algorithms, unique device identification and the other circuitry needed to interface with sensors, databases and various information busses. The Company believes the combination of the IC and specified SMA actuators will also be attractive to other manufacturers wanting to embed TZ Intevia into their products and will likely give rise to future licensing and component sale opportunities. TZ has completed the IC specification and selected the design and fabrication company to manufacture it. Delivery of the first IC units is expected in the fourth quarter of next year.

Software developments include application protocol interfaces (API), graphic user interfaces (GUI) and serial data protocols for networked fastener systems. Numerous fastener firmware updates have been implemented. A project will be commenced in the fourth calendar quarter to develop a master database application and presentation manager for the TZ Intevia Enterprise system. This provides enhanced device control and connectivity through the Internet, storage of event and history files, management reporting and integration into other software systems.

Wireless Power Transmission: TZ has successfully demonstrated the feasibility of wireless power transmission to power Intevia Gen II fasteners through inductive coupling. This is a major technological step realising a key part of the TZ Intevia vision. The commercial implementation next year will greatly increase the attractiveness of TZ Intevia systems, by simplifying installation and operating methods which should accelerate broader adoption of the technology.

Patent Portfolio and Know–How: TZ has over 260 active patents under prosecution across 60 families. During the course of the year, six patents proceeded to grant and 16 new provisional patents were filed as Core IP, Reinforcing IP and Application IP. The original Three Layer Strategy of IP protection is being rigorously adhered to.

The original Core patents — Remote Fixing, Multifunction Tools and On Board Technology — have been granted, and these have been followed up with further Core patents around SMA alloys process and actuators.

Numerous Reinforcing patents have been submitted, and a number were granted around specific fastener families, like the Beam, Ring, Linear, and Radial Fastener including systems and control methods. These additional filings are driven by market requirements.

Review of Operations (continued)

The early Application patents, filed originally as proof of the technology, commonly known as, FutureShop, FutureSeal and Closures for a Compartment have been granted. These in themselves form excellent licensing opportunities which will pull through additional TZ Intevia products. In addition, they have the benefit of being cited to TZ's advantage, as prior art to many customer applications using the technology. It is a standard procedure of the Company that the Application patents are filed before customer contact. As commercial opportunity evolves, research is being done into third party IP which will be advantageous for the Company to own or license.

Considerable know–how is being developed through the testing and manufacturing processes from the SMA lab. Known internally as TZ DNA, the know–how is being carefully sequenced and captured and is becoming a major asset of the Company.

Product Development Technologies (PDT)

The Company's decision to close its PDT Tooling division, reduce staff and put in place a more effective project management system has resulted in a strong profit recovery for PDT with an EBITDA just $279,000 shy of $3.0M for the year.

PDT continues to add many new customers and projects are becoming larger and more profitable, with the renewed focus on the medical and military market segments. The current backlog is very encouraging, and there continues to be solid growth in projects from existing clients. Expectations are that an EBITDA in excess of $3.0M will be achieved in the current fiscal year.

PDT is also gaining traction applying TZ Intevia to solve PDT customer requirements and it is anticipated that there will be an increased number of products developed by the end of the calendar year based on the synergies of TZ technology and the PDT customer base.

Significant Changes in State of Affairs

During the year the Company issued a total of 7,088,549 fully paid ordinary shares on the part conversion of the $20 million convertible notes the Group had on issue pursuant to the terms and conditions of the convertible notes issued to DKR Oasis Soundshore Oasis Holding Fund.

The Company issued a total of 2,665,500 fully paid ordinary shares at a price of $4.50 each to raise a total of $11,994,750 during the year. As part of the shares issued the Company also issued 2,665,500 options as part of the terms and conditions of the Company placement which are exercisable at $4.50 at any time before 23 October 2009.

On 19 February 2008, the Company announced that it had finalised the placement of $24 million unsecured convertible notes as approved at a shareholder meeting conducted on the 4 February 2008. As part of the terms and conditions of the placement, 3,000,000 options were issued to the convertible note holders exercisable at $4.00 per option at any time before 19 February 2013.

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.

Information on Directors

Mr Andrew Sigalla
Executive Chairman

Mr. Sigalla has extensive international experience in capital raising, M&A, IPOs in global markets and corporate advisory. He has played a key role in TZ's history from its inception with critical contributions made as Executive Director during the Company's initial start–up phase, its Australian public listing and continuing strategic acquisitions. Mr. Sigalla will continue to play a pivotal role as the Company lists on the NASDAQ exchange.

Mr. Sigalla was a Director of TZ when the Company first listed on the ASX in 2004 and until he returned as Executive Chairman of TZ in January 2007, he served on the Board of the Company's Chicago–based subsidiary, TZ Inc.

Interests in Shares and Options
Ordinary shares: 1,518,950
Options: Nil

Mr John Falconer
Executive Director and Company Secretary

Mr Falconer was appointed to the Board on 6 February 2004 and is a Fellow of the Institute of Chartered Accountants in Australia and an Associate of the Securities 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.

Other directorships of listed companies in the three years ending 30 June 2008:

- Mr Falconer is a Director of Kingsgate Consolidated Limited and formally a Director of Taragon Property Fund.

Interests in Shares and Options
Ordinary shares: 551,273
Options: 200,000

Mr Michael Otten
Non–Executive Director

Mr Otten, as Managing and Marketing Director, has a proven track record in helping build businesses in highly competitive environments that require a deep understanding of consumers. From 1994 to 1998 Mr Otten was Managing Director of Singleton Advertising in Melbourne before taking the position of Executive General Manager, Marketing at Crown and then Executive Director of Pod TV. He is currently working with a number of clients through his marketing consultancy business, No Compromises, which he has owned for the past 16 years.

Interests in Shares and Options
Ordinary shares: 38,640
Options: 200,000

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
A. Sigalla	11	11
J. Falconer	11	11
M. Otten	11	11

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

Remuneration Report (audited)

The Remuneration Report is set out under the following main headings:

1. **Principles used to determine the nature and amount of remuneration**
2. **Details of remuneration**
3. **Services agreements**
4. **Share–based compensation**

The information provided under headings 1 to 4 includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

1. Principles Used To Determine The Nature And Amount Of Remuneration

The performance of the consolidated Group depends upon the quality of the Directors and Executives. The philosophy of the Directors in determining remuneration levels is to:

- Set competitive remuneration packages to attract and retain high calibre employees;
- Link executive rewards to shareholder value creation; and
- Establish appropriate demanding performance hurdles for variable executive remuneration.

The Board reviews and is responsible for the Group's remuneration policies, procedures and practices.

The structure of Non–Executive Director and Executive remuneration is separate and distinct as follows:

(a) Non–Executive Directors' Remuneration

Fixed remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of a high calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of Non–Executive Directors shall be determined from time-to-time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from shareholders, and takes into account the fees paid to Non–Executive Directors of comparable companies, when undertaking the annual review process.

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 an amount of $500,000 per annum, which had been set at the annual general meeting of shareholders held on 30 November 2006.

The net annual fees of $60,000 (2007: $60,000) are paid to the Non–Executive Director.

Variable Remuneration:

The Group provides Directors with incentives designed to align their remuneration with the interests of shareholders. This is done through issuing options to acquire ordinary shares in the Group. The number and the terms of the options issued are determ ined by the Directors and approved by shareholders in a general meeting of members.

(b) Group Executive and Executive Director remuneration

Remuneration consists of fixed remuneration and variable remuneration, which comprises short–term and long–term incentive schemes.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Directors. The process consists of a review of relevant comparative remuneration in the employment market and within the Group and, where appropriate, external independent advice on policies and practices is obtained by the Board.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms and are offered the opportunity to enter into "salary sacrifice" arrangements with the Group where appropriate. It is intended that the manner of payment chosen will be optimal for the recipient without creating additional cost for the Group.

Variable Remuneration

Long–Term Incentives

The Group provides long–term incentives to senior Executives in a manner that aligns this element of remuneration with the creation of shareholder value. Executives and other employees can be issued with options to acquire shares in the Group at no cost. The number and the terms of the options issued are determined by the Directors after consideration of the employee's performance and their ability to contribute to the achievement of the Group's objectives.

As the options confer a right but not an obligation on the recipient of the options, the Directors does not consider it necessary to establish a policy in relation to the person limiting his or her exposure to risk as a consequence of owning the options.

2. Details of Remuneration

Details of the remuneration of the Key Management Personnel (as defined in AASB 124 Related Party Disclosures) are set out in Table 1 which follows.

The Key Management Personnel of TZ Limited, including the Directors and the following consolidated Group Executives, have authority and responsibility for planning, directing and controlling the activities of the Group:

These Executives comprise the Group Executives who make or participate in making decisions that affect the whole, or a substantial part, of the business or who have the capacity to affect significantly the Group's financial standing.

Remuneration Report (continued)

Table 1: Details of Remuneration — Directors and Key Management Personnel

	Short–Term Benefits		
	Cash Salary & Fees	Cash Bonuses	Super
Year Ended 30 June 2008			
Non–Executive Directors			
Michael Otten	60,000	–	–
Executive Directors			
Andrew Sigalla	110,092	–	9,908
John Falconer	110,092	–	9,908
Other Key Management Personnel			
Chris Kelliher	502,878	–	–
David Feber	409,267	66,707	–
Dickory Rudduck	342,005	55,589	–
Mark Schwartz	300,180	–	–
Year Ended 30 June 2007			
Non–Executive Directors			
John Falconer	90,000	–	–
Michael Otten	60,000	–	–
Executive Directors			
Andrew Sigalla	50,000	–	–
Other Key Management Personnel			
Chris Kelliher	663,799	252,488	–
David Feber	190,605	–	–
Dickory Rudduck	428,546	–	–
Mark Schwartz	340,859	–	–

Post-Employment Benefits Prescribed Benefits	Share-Based Payments Options	Total	Percentage Performance-Based Bonus Payments	Percentage Share Option-Based Payments
–	71,570	131,570	–	54.40%
–	–	191,570	–	–
–	71,570	120,000	–	37.36%
–	–	502,878	–	–
8,617	360,007	844,598	7.90%	42.62%
–	–	397,594	13.98%	–
7,072	–	307,251	–	–
–	59,502	149,502	–	39.80%
–	59,502	149,502	–	49.79%
–	–	50,000	–	–
–	–	916,287	27.56%	–
–	233,250	432,366	–	55.03%
–	–	428,546	–	–
–	–	340,859	–	–

3. Service Agreements

The terms and conditions of the appointment and retirement of Directors are set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

Remuneration and other terms of employment for the Managing Director and the other Group Executives are formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below.

Directors and Key Management Personnel

Andrew Sigalla — Executive Chairman
(25 January 2007 — 1 August 2008)

- Fixed Term: 3 Years
- Agreement commencement date: 25 January 2007
- Remuneration package of: $120,000

Andrew Sigalla — Executive Chairman
(after balance date, reviewed by independent remuneration specialist and lawyers for the Board)

- Fixed Term: 3 Years
- Agreement commencement date: 1 August 2008
- Remuneration package of: US$400,000
- Entitlements:
  - Overseas living allowance US$10,000 per month
  - NASDAQ listing bonuses

John Falconer — Executive Director and Company Secretary

- Fixed Term: 3 Years
- Agreement commencement date: 25 January 2007
- Remuneration package of: $120,000

Michael Otten — Non–Executive Director

- No fixed term
- Agreement commencement date: 7 July 2006
- Quarterly retainer $15,000

David Feber

- Term: 3 Years
- Agreement commencement date: 11 February 2008
- Base salary: US$400,000
- Entitlements:
  - Financial performance–based bonuses as well as a bonus based on the sale/listing of the Company.

Mark Schwartz

- Term: 1 Year
- Agreement Commencement Date: 11 March 2008
- Base Salary: US$270,000
- Entitlements:
  - Bonuses and options based upon financial performance.

Chris Kelliher

- Term: 1 Year with a renewal term of another 1 Year
- Agreement commencement date: 1 March 2008
- Base salary: US$300,000
- Entitlements:
  - Financial performance–based bonuses as well as a bonus based on the sale/listing of the Company.

Dickory Rudduck

- Term: 1 Year with continuous renewal terms of 1 Year increments.
- Agreement commencement date: 1 February 2008
- Base salary: US$280,000
- Entitlements:
  - Signing bonus of $50,000.
  - Salary increases to $320,000 if listed on the NASDAQ.
  - Options based upon financial performance.

4. Share–Based Compensation

(i) Options to Acquire Shares

Options are issued to Directors and Executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to Directors and Executives to increase goal congruence between Executives, Directors and shareholders.

The issue of options is at the Board's sole discretion. For each option issue, the Board specifies the vesting period, exercise price and exercise period in accordance with the provisions of the scheme. The exercise price must not be less than 100% of the share price immediately preceding the date of the invitation to participate in the scheme. The exercise period cannot exceed five years.

Each option entitles the holder to subscribe for one fully paid ordinary share in the Group at the issue price specified, at any time from the issue date until the expiry of the options subject to any vesting requirements. The option holders are not entitled as a matter of course to participate in any share issues of the Group. Options carry no dividend rights or voting rights and are issued for nil consideration.

Options issued to Non–Executive Directors are issued on terms that are approved by shareholders in a General Meeting.

No options have been issued to Key Management Personnel, including Directors, as remuneration during or since the end of the financial year.

The number of options held by all Key Management Personnel including Directors and the most highly remunerated Group Executives, are as follows.

	Opening Balance	Granted as Compensation	Options Expired	Options Exercised	Closing Balance	Vested and Exercisable	Unvested
2008							
Non–Executive Directors							
Michael Otten	200,000	–	–	–	200,000	100,000	100,000
Executive Directors							
Andrew Sigalla	–	–	–	–	–	–	–
John Falconer	200,000	–	–	–	200,000	100,000	100,000
Key Management Personnel							
Chris Kelliher	100,000	–	(100,000)	–	–	–	–
David Feber	600,000	–	–	–	600,000	300,000	300,000
Dickory Rudduck	–	–	–	–	–	–	–
Mark Schwartz	–	–	–	–	–	–	–
	1,100,000	**–**	**(100,000)**	**–**	**1,000,000**	**500,000**	**500,000**
2007							
Non–Executive Directors							
John Falconer	1,388,182	200,000	–	(1,388,182)	200,000	–	200,000
Michael Otten	–	200,000	–	–	200,000	–	200,000
Executive Directors							
Andrew Sigalla	1,491,125	–	–	(1,491,125)	–	–	–
Key Management Personnel							
Chris Kelliher	4,327,812	–	(100,000)	(4,127,812)	100,000	100,000	–
David Feber	–	600,000	–	–	600,000	–	600,000
Dickory Rudduck	1,491,125	–	(1,491,125)	–	–	–	–
Mark Schwartz	–	–	–	–	–	–	–
	8,698,244	**1,000,000**	**(1,591,125)**	**(7,007,119)**	**1,100,000**	**100,000**	**1,000,000**

(ii) Shares Issued on Exercise of Remuneration Options

No shares have been issued during the financial year ended 30 June 2008 (2007: Nil) on the exercise of previously issued remuneration options. Key Management Personal have, during the year ended 30 June 2007, exercised unlisted share options which were granted as attached options to share placements of fully paid ordinary shares, detailed in notes 13 & 15.

Indemnification and Insurance of Directors and Officers

The Group has not taken out an insurance policy indemnifying Directors and officers for the financial year nor has the Group provided any indemnification during the year.

Significant After Balance Date Events

No 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

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
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
23 October 2009	$4.50	2,665,500
18 January 2011	$3.75	100,000
19 January 2011	$3.75	195,000
20 January 2011	$3.00	149,000
19 February 2013	$4.00	3,000,000

Complete details of the above options are in notes 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.

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 Group 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 2008, a copy of the declaration is attached to and forms part of the Directors' report.

Signed at Sydney this 30th day of September 2008 in accordance with a resolution of the Board of Directors.

J Falconer
Director

AUDITOR'S INTEPENDENCE DECLARATION

TO THE MEMBERS 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 2008, 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,

Stephen K. Taylor
Principal, Taylor & Co.

30 September 2008
Sydney, Australia

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2008**

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		$	$	$	$
Revenue	2	14,972,846	15,864,633	–	–
Cost of Sales	3	(9,745,273)	(12,304,965)	–	–
Gross Profit		5,227,573	3,559,668	–	–
Other Income	2	1,157,861	580,007	1,090,313	452,876
Employee Related Expenses		(7,536,321)	(4,870,373)	(1,420,485)	(693,508)
Occupancy Expenses		(340,858)	(252,905)	(94,339)	(34,536)
Communications Expenses		(332,764)	(343,437)	(51,936)	(43,840)
Depreciation		(568,580)	(298,118)	(6,354)	(448)
Amortisation of Intangibles		(716,518)	(1,048,636)	–	–
Professional & Corporate Services		(2,352,535)	(894,293)	(1,671,853)	(353,722)
Travel & Accommodation		(2,298,495)	(1,630,165)	(1,011,136)	(477,342)
Due Diligence & Related Cost		(1,145,094)	–	(1,145,094)	–
Foreign Exchange Loss		–	(1,150,131)	–	(1,119,958)
Finance Cost		(2,259,050)	(1,401,934)	(2,164,209)	(1,170,573)
Other Expenses		(1,165,933)	(1,090,024)	(78,391)	(51,810)
Loss Before Income Tax Expense	3	(12,330,714)	(8,840,341)	(6,553,484)	(3,492,861)
Income Tax Expense (Benefit)	4	–	199,672	–	–
Loss From Continuing Operations		(12,330,714)	(9,040,013)	(6,553,484)	(3,492,861)
Loss From Discontinued Operations After Related Income Tax Expense		–	(1,766,503)	–	–
Net Loss for the Year		(12,330,714)	(10,806,516)	(6,553,484)	(3,492,861)
Loss Attributable to Members of the Parent Entity		(12,330,714)	(10,806,516)	(6,553,484)	(3,492,861)
Continued Operations					
Basic Loss Per Share (Cents)	21	(29.04)	(25.30)		
Diluted Loss Per Share (Cents)	21	(29.04)	(25,30)		
Discontinued Operations					
Basic Loss Per Share (Cents)	21	–	(4.94)		
Diluted Loss Per Share (Cents)	21	–	(4.94)		

The accompanying notes form part of these financial statements.

BALANCE SHEET
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2008**

	Note	Consolidated entity		Parent entity	
		2008	2007	2008	2007
		$	$	$	$
CURRENT ASSETS					
Cash & Cash Equivalents	17	23,909,009	7,596,124	23,316,941	6,856,209
Trade & Other Receivables	5	9,455,904	8,997,267	6,543,950	5,620,492
Work in Process	6	56,794	758,829	–	–
TOTAL CURRENT ASSETS		33,421,707	17,352,220	29,860,891	12,476,701
NON–CURRENT ASSETS					
Trade and Other Receivables	5	–	–	22,927,763	13,165,685
Financials Assets	7	–	–	50,209,695	50,209,695
Property, Plant & Equipment	8	2,586,200	2,062,980	24,554	18,851
Intangibles Assets	9	61,495,368	60,634,314	–	–
Deferred Tax Assets		113,332	171,787	–	–
TOTAL NON–CURRENT ASSETS		64,194,900	62,869,081	73,162,012	63,394,231
TOTAL ASSETS		**97,616,607**	**80,221,301**	**103,022,903**	**75,870,932**
CURRENT LIABILITIES					
Trade & Other Payables	10	3,152,038	1,940,227	1,142,577	741,371
Provisions	11	499,101	619,821	–	–
Financial Liabilities	12	973,969	235,544	–	–
TOTAL CURRENT LIABILITIES		4,625,108	2,795,592	1,142,577	741,371
NON–CURRENT LIABILITIES					
Provisions	11	763,574	–	–	–
Financial Liabilities	12	24,000,000	21,630,508	24,000,000	20,000,000
Deferred Tax Liabilities		466,579	361,733	–	–
TOTAL NON–CURRENT LIABILITIES		25,230,453	21,992,241	24,000,000	20,000,000
TOTAL LIABILITIES		29,855,561	24,787,833	25,142,577	20,741,371
NET ASSETS		**67,761,346**	**55,433,468**	**77,880,326**	**55,129,561**
EQUITY					
Issued Capital	13	112,579,931	84,095,416	112,579,931	84,095,416
Reserves	14	(841,073)	2,984,850	1,754,588	934,854
Accumulated Losses		(43,977,512)	(31,646,798)	(36,454,193)	(29,900,709)
TOTAL EQUITY		**67,761,346**	**55,433,468**	**77,880,326**	**55,129,561**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2008**

Consolidated Entity	Share Capital Ordinary $	Reserves Equity–Based Payment $	Reserves Foreign Currency Translation $	Accumulated Losses $	Total $
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
Balance at 1 July 2007	84,095,416	934,854	2,049,996	(31,646,798)	55,433,468
Shares Issued During the Period	32,020,997	–	–	–	32,020,997
Share Issue Cost	(3,536,482)	–	–	–	(3,536,482)
Adjustment From Translation of Foreign Controlled Entities	–	–	(4,645,657)	–	(4,645,657)
Share–Based Payment	–	819,734	–	–	819,734
Profit Attributable to Members of Parent Entity	–	–	–	(12,330,714)	(12,330,714)
Sub–Total	112,579,931	1,754,588	(2,595,661)	(43,977,512)	67,761,346
Dividends Paid or Provided For	–	–	–	–	–
Balance at 30 June 2008	112,579,931	1,754,588	(2,595,661)	(43,977,512)	67,761,346

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2008**

Parent Entity	Share Capital	Reserves				
	Ordinary	Equity–Based Payment	Foreign Currency Translation	Accumulated Losses	Total
	$	$	$	$	$
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
Balance at 1 July 2007	84,095,416	934,854	–	(29,900,709)	55,129,561
Shares Issued During the Period	32,020,997	–	–	–	32,020,997
Share Issue Cost	(3,536,482)	–	–	–	(3,536,482)
Share–Based Payment	–	819,734	–	–	819,734
Profit Attributable to Members of Parent Entity	–	–	–	(6,553,484)	(6,553,484)
Sub–Total	112,579,931	1,754,588	–	(36,454,193)	77,880,326
Dividends Paid or Provided For	–	–	–	–	–
Balance at 30 June 2008	112,579,931	1,754,588	–	(36,454,193)	77,880,326

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED **30 JUNE 2008**

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
Cash Flows from Operating Activities:		$	$	$	$
Receipts from Customers		16,229,851	16,287,857	–	–
Payments to Suppliers and Employees		(23,184,306)	(22,702,580)	(5,556,847)	(2,172,103)
Interest Received		614,069	536,721	589,378	452,876
Interest Paid		(1,524,950)	(1,235,267)	(1,430,108)	(1,003,907)
Deposit Paid		(3,000)	–	(3,000)	–
Income Tax Paid/(Refund)		(5,336)	(5,166)	(622)	–
Net Cash Used in Operating Activities	17(b)	(7,873,672)	(7,118,435)	(6,401,199)	(2,723,134)
Cash Flows from Investing Activities:					
Payment for Plant and Equipment		(1,694,436)	(854,520)	(12,057)	(19,299)
Acquisition Cost for Controlled Entity		–	(2,383,290)	–	(2,105,251)
Payments for Research and Development		(5,900,035)	(4,643,070)	–	–
Loan to Controlled Entity		–	–	(9,762,079)	(9,802,000)
Net Cash Used in Investing Activities		(7,594,471)	(7,880,880)	(9,774,136)	(11,926,550)
Cash Flows from Financing Activities					
Share Issues		11,994,750	3,867,628	11,994,750	3,867,628
Share Issue Costs		(3,536,482)	(2,244,182)	(3,536,482)	(2,244,182)
Repayment of Borrowing		(726,156)	(1,320,905)	–	–
Proceeds from Line of Credit Borrowing		–	189,366	–	–
Proceeds from Convertible Notes Issue		24,000,000	20,000,000	24,000,000	20,000,000
Net Cash Provided by Financing Activities		31,732,112	20,491,907	32,458,268	21,623,446
Net Increase in Cash Held		16,233,969	5,492,592	23,139,142	6,973,762
Cash at Beginning of Year	17(a)	7,596,124	3,403,156	6,856,209	1,002,405
Effects of Exchange Rate Fluctuations on the Balances of Cash Held in Foreign Currencies		78,916	(1,299,624)	177,799	(1,119,958)
Cash at End of Year	17(a)	**23,909,009**	**7,596,124**	**23,316,941**	**6,856,209**

The accompanying notes form part of these financial statements.

1. SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

This financial report includes the consolidated financial statements and notes of TZ Limited and controlled entities ('Consolidated Group or 'Group), and the separate financial statements and notes of TZ Limited as an individual parent entity ('Parent Entity'). 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.

Basis of Preparation

The financial report is a general–purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Standard Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non–current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

A controlled entity is any entity controlled by TZ Limited whereby the Company has the power to control the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. A list of controlled entities is contained in Note 7 to the financial statements.

All inter–company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

The consolidated financial statements comprise the financial statements of TZ Limited and all its controlled entities (refer note 7)

(b) Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(c) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set–off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set–off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short–term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short–term borrowings in current liabilities on the balance sheet.

(e) 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.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(f) 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.

(g) 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.

(h) 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.

(i) Leases

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

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

(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.

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.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(j) Foreign Currency Transactions and Balances (continued)

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 net 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

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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).

(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.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(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;
- 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; Reviewed at each reporting period for indicator of impairment

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(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.

(r) 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.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
2. REVENUES				
Sales & Service Revenue	14,972,846	15,864,633	–	–
Other Revenue				
Interest – Other Person	1,002,429	580,007	913,758	452,876
Foreign Exchange Gain	155,432	–	176,555	–
Total Other Revenue	**1,157,861**	**580,007**	**1,090,313**	**452,876**
3. EXPENSES				
Loss from Continuing Activities Includes:				
Cost of Goods Sold	9,745,273	12,304,965	–	–
Amortisation of Non–Current Assets:				
Intellectual Property	716,518	1,048,636	–	–
Depreciation	568,580	298,118	6,354	448
Bad and Doubtful Debts Expense	95,411	28,438	–	–
Finance Cost — External	2,259,050	1,401,934	2,164,209	1,170,573

4. INCOME TAX

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$

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

	2008 $	2007 $	2008 $	2007 $
Prima facie income tax on the operating result before income tax at 30% (2007: 30%)	(3,699,214)	(3,241,955)	(1,966,045)	(1,047,858)
Tax effect of permanent differences:				
Amortisation of intangibles	214,955	314,591	–	–
Other non–deductable expenses	509,276	91,276	509,707	91,276
Future Income Tax Benefit not brought to account	2,974,983	3,035,760	1,456,338	956,582
Income Tax Expense attributable to result	–	199,672	–	–
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.	**10,106,36**	**7,131,377**	**4,516,290**	**3,059,952**

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.

5. RECEIVABLES

	2008 $	2007 $	2008 $	2007 $
Current:				
Trade debtors	2,365,060	2,655,640	–	–
Sundry debtors	6,853,133	5,857,106	6,530,325	5,589,178
Sub–total	9,218,193	8,512,746	6,530,325	5,589,178
Other debtors and prepayments	237,711	484,521	13,625	31,314
	9,455,904	8,997,267	6,543,950	5,620,492

The above assets are not subject to interest and the full amounts are expected to be received in the ordinary course of business and usually within 60 days.

	2008 $	2007 $	2008 $	2007 $
Non–current:				
Amounts receivable from:				
Controlled entities	–	–	22,927,763	13,165,685

Receivables due from controlled entities are for loans made in the ordinary course of business for an indefinite period. Interest–bearing amounts owing by controlled entities are at normal market terms and conditions.

6. WORK IN PROCESS

	2008 $	2007 $	2008 $	2007 $
Uncompleted/unbilled jobs — at cost	56,794	758,829	–	–

7. INVESTMENTS

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Shares in Controlled Entities — at Cost (a)	–	–	50,209,695	50,209,695

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

Controlled Entities	Country of Incorporation	% Owned 2008	% Owned 2007
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

*(An LLC is treated as a partnership for US purposes)

8. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Property, Plant and Equipment				
Cost	4,924,571	3,769,150	31,356	19,299
Accumulated Depreciation	(2,338,371)	(1,706,170)	(6,802)	(448)
Total Property, Plant & Equipment	2,586,200	2,062,980	24,554	18,851
Movements During the Year				
Office Furniture and Equipment				
Beginning of Year	996,027	1,426,568	19,299	–
Additions	164,173	517,288	11,609	19,299
Disposals	–	(111,896)	–	–
Depreciation Expense	(513,363)	(656,509)	(6,354)	(448)
Net Foreign Currency Adjustment on Translation	(88,391)	(179,427)	–	–
End of Year	558,443	996,024	24,554	18,851
Leasehold Improvements				
Beginning of Year	292,305	491,003	–	–
Additions	1,196,832	97,924	–	–
Disposals	(52,829)	(66,348)	–	–
Depreciation Expense	(172,693)	(168,518)	–	–
Net Foreign Currency Adjustment on Translation	(90,366)	(61,756)	–	–
End of Year	1,173,248	292,305	–	–
Motor Vehicle				
Beginning of Year	56,006	104,998	–	–
Additions		–	–	–
Disposals	–	(4,517)		
Depreciation Expense	(26,998)	(31,268)	–	–
Net Foreign Currency Adjustment on Translation	(4,671)	(13,207)	–	–
End of Year	24,337	56,006	–	–
Plant & Equipment				
Beginning of Year	718,645	2,244,156	–	–
Additions	397,051	–	–	–
Disposals	–	(1,150,345)	–	–
Depreciation Expense	(192,922)	(425,597)	–	–
Net Foreign Currency Adjustment on Translation	(92,601)	50,431	–	–
End of Year	830,171	718,645	–	–

8. INTANGIBLES

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Goodwill on Consolidation	37,100,575	37,100,575	–	–
Intellectual Property	23,113,013	21,888,810	–	–
Trademarks	1,281,780	1,644,929	–	–
Total Intangibles	61,495,368	60,634,314	–	–
Movements During the Year				
Goodwill on Consolidation				
Beginning of year	37,100,575	22,679,131	–	–
Additions	–	14,421,444	–	–
End of Year	37,100,575	37,100,575	–	–
Intellectual Property				
Beginning of Year	21,888,810	15,374,642	–	–
Additions	5,652,942	7,562,804	–	–
Amortisation Expense	(988,643)	(1,048,636)	–	–
Net Foreign Currency Adjustment on Translation	(3,440,096)	–	–	–
End of Year	23,113,013	21,888,810	–	–
Trademarks				
Beginning of Year	1,644,531	1,644,531	–	–
Additions	4,895	398	–	–
Net Foreign Currency Adjustment on Translation	(367,646)	–	–	–
End of Year	1,281,780	1,644,929	–	–

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$

10. PAYABLES

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current				
Trade Creditors	1,901,841	1,374,590	257,080	386,611
Sundry Creditors	1,250,197	565,637	885,497	354,760
Total Current Payables	3,152,038	1,940,227	1,142,577	741,371

The above amounts all relate to normal unsecured creditors incurred in the normal course of the Company's business operations and are within the credit terms of each relevant supplier or service provider.

11. PROVISIONS

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current				
Employee Entitlements	499,101	619,821	–	–
Non–Current				
Lease Liability	763,574	–	–	–

12. FINANCIAL LIABILITIES

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current				
Bank Loans — Secured (i)	973,969	235,544	–	–
Non–Current				
Convertible Note Issue (ii)	–	20,000,000	–	20,000,000
Convertible Note Issue (iii)	24,000,000		24,000,000	–
Bank Loans – Secured (i)	–	1,630,508	–	–
	24,000,000	21,630,508	24,000,000	20,000,000

(i) The bank loans are secured by a mortgage over the assets of PDT Inc Group assets.
(ii) The convertible notes issued are interest bearing convertible into fully paid ordinary shares and secured interest bearing over the assets of the Company and its subsidiaries.
(iii) The convertible notes issued are interest bearing convertible into fully paid ordinary shares and secured interest bearing over the assets of the Company and its subsidiaries.

13. ISSUED CAPITAL

(i) Issued & Paid Up Capital

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
2008 48,479,325 (2007: 38,725,276) Fully Paid Ordinary Shares	112,579,931	84,095,416	112,579,931	84,095,416

13. ISSUED CAPITAL (continued)

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
(i) Issued & Paid Up Capital (continued)				
Movements during the year:				
Opening Balance	84,095,416	67,780,998	84,095,416	67,780,998
Shares Issued During the Year:				
4 August 2006 (a)	–	3,258,384	–	3,258,384
29 January 2007 (c)	–	10,804,221	–	10,804,221
29 January 2007 (d)	–	500,000	–	500,000
To 31 March 2007 (b)	–	3,995,995	–	3,995,995
23 October & 6 November 2008 (f)	11,994,750	–	11,994,750	–
To 30 June 2008 (g)	20,026,247	–	20,026,247	–
Share Issue Costs	(3,536,482)	(2,244,182)	(3,536,482)	(2,244,182)
Closing Balance	112,579,931	84,095,416	112,579,931	84,095,416

	No.	No.	No.	No.
Opening Balance	38,725,276	157,212,045	38,725,276	157,212,045
4 August 2006 (a)	–	5,569,887	–	5,569,887
29 January 2007 (c)	–	19,362,404	–	19,362,404
29 January 2007 (d)	–	847,458	–	847,458
To 31 March 2007 (b)	–	10,560,157	–	10,560,157
23 October & 6 November 2008 (f)	2,665,500	–	2,665,500	–
To 30 June 2008 (g)	7,088,549	–	7,088,549	–
Sub Total	48,479,325	193,551,951	48,479,325	193,551,951
1 April 2007 share consolidation (e)	–	(154,826,675)	–	(154,826,675)
Closing Balance	48,479,325	38,725,276	48,479,325	38,725,276

(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 fully paid ordinary shares on the exercise of unlisted options 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 on the 23 March 2007, the Company Shareholders approved the Consolidation of Company Securities on a 1–for–5 basis subject to rounding.The Company placed a total of 2,665,500 fully paid ordinary shares at a price of $4.50 per share to raise a total of $11,994,750 before costs.

(f) The Company issued a total of 7,088,549 fully paid ordinary shares on the conversion of $20,000,000 Convertible notes pursuant to the terms and conditions of the Convertible notes issued.

13. ISSUED CAPITAL (continued)

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	No.	No.	No.	No.
(ii) Share Unquoted Options				
Opening Balance	1,800,000	14,053,176	1,800,000	14,053,176
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
23 October & 6 November 2008 (d)	2,665,500	–	2,665,500	–
18 January 2008 (e)	444,000	–	444,000	–
19 February 2008(f)	3,000,000	–	3,000,000	–
Options Exercised				
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)
31 December 2007	(200,000)	–	(200,000)	–
Sub–Total	7,709,500	9,000,000	7,709,500	9,000,000
1 April 2007 Share Consolidation 1–for–5 Basics	–	(7,200,000)	–	(7,200,000)
Closing Balance	7,709,500	1,800,000	7,709,500	1,800,000

(a) The Company issued 2,000,000 (pre consolidation, 400,000 post) options to acquire shares in the Company as approved in the general meeting of shareholders held on the 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 was vested on 22 December 2007 and exercisable price at 75 cents (pre consolidation, $3.75 post), and the second tranche will vest on 22 December 2008 at exercisable price of $1.00 (pre consolidation, $5.00 post). The options will expire on 22 December 2009.

(b) The Company issued 3,000,000 (pre consolidation, 600,000 post) options to acquire shares in the Company in lieu of final payment to external advisors in respect for the capital raising and acquisition of the Intevia business unit. The options vested on the date of issue with an exercisable price of 75 cents (pre consolidation, $3.75 post). The options will expire on 24 January 2010.

(c) The Company issued 3,000,000 (pre consolidation, 600,000 post) options to acquire shares in the Company to Mr David Feber on his appointment as the CEO of Telezygology Inc. by way of two tranches. 1.5 million (300,000) options are exercisable at 60 cents (pre consolidation, $3.00 post) and the reminding are exercisable at 75 cents (pre consolidation, $3.75 post). Half of both types of tranches vest on the 23 January 2008 and the balance vest on the 23 July 2008. The options will expire on 23 January 2010.

(d) The Company issued 2,665,500 free options that were attached to 2,665,500 fully paid shares placed during the year . Each option on issue entitles the holder to one fully paid ordinary share by the payment of the exercise price $4.50 per option at any time before the expiry date of 23 October 2009.

(e) The Company issued 444,000 options to acquire 444,000 fully paid shares in the Company to staff of the Group on the competition and successful achievement of their 2007 calendar targets. Of the 444,000 options issued, 295,000 options entitle the holder to one fully paid ordinary share by the payment of the exercise price $3.75 per options at any time before the expiry date of 19 January 2011, the balance 149,000 options are exercisable at $3.00 per share at any time before 20 January 2011.

(f) The Company issued 3,000,000 options to acquire 3,000,000 fully paid shares in the Company on the recent $24 million dollar Convertible note placement as approved at the Company general meeting held on the 4 February 2008. The options holders are entitled to one fully paid ordinary share by the payment of the exercise price $4.00 per option at any time before the expiry date of 19 February 2013.

13. ISSUED CAPITAL (continued)

(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.

(iv) Uncalled Capital

No calls are outstanding at year end. All issued shares are fully paid.

(v) Terms and Conditions of Unquoted Options

All unquoted options are held by prior or current Directors, employees and consultants to the Company or their associates. Each option entitles the holder to subscribe for one fully paid share in the Company at the exercise price per share at any time from the date of issue until expiry of the options subject to various vesting dates.

(vi) Capital Management

Management controls the capital of the Group in order to ensure that the Group can fund its operations and continue as a going concern. Its capital includes ordinary share capital; share options and reserves; and financial liabilities, supported by financial assets.

14. RESERVES

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Foreign Currency Translation Reserve	(2,595,661)	2,049,996	–	–
Share–Based Payment Reserve	1,754,588	934,854	1,754,588	934,854
Total Reserves	(841,073)	2,984,850	1,754,588	934,854
Movements During the Year:				
Foreign Currency Translation Reserve				
Opening Balance	2,049,996	1,025,289	–	–
Adjustment Arising from the Translation of Foreign Controlled Entities' Financial Statements	(4,645,657)	1,024,707	–	–
Closing Balance	(2,595,661)	2,049,996	–	–

14. RESERVES (continued)

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Share Based Payment Reserve				
Opening Balance	934,854	78,000	934,854	78,000
Share Based Payment	819,734	856,854	819,734	856,854
Closing Balance	1,754,588	934,854	1,754,588	934,854

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The names of persons who were Directors of the Company at any time during the year are:

(i) *Non–Executive Director*
Mr. Michael Otten

(ii) *Executive Directors*
Mr. Andrew Sigalla
Mr. John Falconer

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Mr. Chris Kelliher	President of TZ Group
Mr. David Feber	CEO TZ Inc.
Mr. Dickory Rudduck	TZ Inc. Chief Technical Officer
Mr. Mark Schwartz	PDT Inc. President and CEO

(c) Key Management Personnel Compensation

Short–Term Benefits	1,956,810	2,076,297	280,184	200,000
Other Benefits	35,505	–	19,816	–
Share–Based Payments	503,147	352,254	143,140	119,004
Total	**1,992,314**	**2,467,062**	**300,000**	**349,004**

The Group has applied the exemption in relation to compensation disclosures under Corporation Amendments Regulation 2006 which exempts listed companies from providing compensation disclosures in relation to KMP in their annual financial reports normally required by AASB 124 Related Party Disclosures paragraphs Aus 25.4 to 25.7.2. These remuneration disclosures are provided in the Remuneration Report included in the 2008 Directors' Report. These transferred disclosures have been audited.

15. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Equity Instrument Disclosures Relating to Key Management Personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section 4 of the remuneration report on pages 10 of the Director report.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Company and other Key Management Personnel of the Group, including their personally related parties, are set out below.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Company and other Key Management Personnel of the Group, including their personally related parties, are set out below.

	Opening Balance	Granted as Compensation	Options Expired	Options Exercised	Closing Balance	Vested & Exercisable	Unvested
2008							
Non–Executive Directors							
Michael Otten	200,000	–	–	–	200,000	100,000	100,000
Executive Directors							
Andrew Sigalla	–	–	–	–	–	–	–
John Falconer	200,000	–	–	–	200,000	100,000	100,000
Key Management Personnel							
Chris Kelliher	100,000	–	(100,000)	–	–	–	–
David Feber	600,000	–	–	–	600,000	300,000	300,000
Dickory Rudduck	–	–	–	–	–	–	–
Mark Schwartz	–	–	–	–	–	–	–
	1,100,000	–	(100,000)	–	1,000,000	500,000	500,000
2007							
Non–Executive Directors							
John Falconer	1,388,182	200,000	–	(1,388,182)	200,000	–	200,000
Michael Otten	–	200,000	–	–	200,000	–	200,000
Executive Directors							
Andrew Sigalla	1,491,125	–	–	(1,491,125)	–	–	–
Key Management Personnel							
Chris Kelliher	4,327,812	–	(100,000)	(4,127,812)	100,000	100,000	–
David Feber	–	600,000	–	–	600,000	–	600,000
Dickory Rudduck	1,491,125	–	(1,491,125)	–	–	–	–
Mark Schwartz	–	–	–	–	–	–	–
	8,698,244	1,000,000	(1,591,125)	(7,007,119)	1,100,000	100,000	1,000,000

All vested options are exercisable at the end of the year.

15. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(e) Shareholdings

The numbers of shares in the Company held during the financial year by each Director of Company and other Key Management Personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

	Opening Balance	Granted as Compensation	Other Changes(ii)	Closing Balance
2008				
Non–Executive Directors				
Michael Otten	38,640	–	–	38,640
Executive Directors				
Andrew Sigalla	1,266,450	–	96,500	1,362,950
John Falconer	395,273	–	–	395,273
Key Management Personnel				
Chris Kelliher	413,035	–	–	413,035
David Feber	–	–	–	–
Dickory Rudduck	1,340,000	–	–	1,340,000
Mark Schwartz	251,016	–	(125,000)	126,016
	3,704,414	–	(29,500)	3,675,914
2007				
Non–Executive Directors				
John Falconer	1,388,182	–	(992,909)	395,273
Michael Otten	208,197	–	(169,557)	38,640
Executive Directors				
Andrew Sigalla	3,500,000	–	(2,233,550)	1,266,450
Key Management Personnel				
Chris Kelliher	1,416,569	–	(1,003,534)	413,035
David Feber	–	–	–	–
Dickory Rudduck	7,976,189	–	(6,636,189)	1,340,000
Mark Schwartz	–	–	251,016	251,016
	14,489,137	–	(11,784,773)	3,704,414

(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 on the 26 March 2007.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
16. RELATED PARTY TRANSACTIONS	$	$	$	$
(a) Subsidiary				
Interests in Subsidiaries are set out in Note 7.				
Loan to Controlled Entities — Non–Current	–	–	9,762,078	10,233,971

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

(b) Transactions with Related Parties

The following transactions occurred with related parties:

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

Mr J Falconer, a Director of Dunbar Associates Pty Ltd has provided corporate services to the Company and charged for these services at normal commercial rates which amounted to $249,111 (2007: $108,685).

Mr A Sigalla, a Director of ZMS Investment Pty Limited has provided management services to the Company and charged for these services at normal commercial rates which amounted to $300,000 (2007: $241,667). The Company has signed a consultancy agreement with ZMS Investment Pty Limited with a commencement date 25 January 2007 for a fixed three year, with a base salary of $25,000 monthly retainer.

Mr M Otten, a Director of No Compromises Pty Ltd has provided consulting services during the year to the Company and charged for these services at normal commercial rates which amounted to $36,833 (2007: $24,800).

17. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
For the purpose of the cash and cash equivalents in the balance sheet and cash flow statement, cash includes:				
Cash at Bank	2,598,317	2,854,521	2,006,248	2,114,606
Deposit on Call	21,310,692	4,741,603	21,310,693	4,741,603
	23,909,009	7,596,124	23,316,941	6,856,209

(b) Reconciliation of 'Net Cash Flow in Operations Activities' with 'Net Loss from Continuing Operations'

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Loss after Income Tax	(12,330,714)	(10,806,516)	(6,553,484)	(3,492,861)
Non–Cash Flows in Loss				
Depreciation	568,580	1,281,892	6,354	448
Amortisation of Intangibles	716,518	1,048,636	–	–
Unrealised Exchange Loss/(Gain)	(155,432)	1,150,131	(176,555)	1,119,958
Share–Based Payments	819,735	304,254	819,735	304,254
Employee Entitlements	120,720	(255,423)	–	–
Doubtful Debts	95,411	28,438	–	–
Changes in Assets and Liabilities				
(Increase)/Decrease in Trade Debtors	290,579	3,153,544	–	–
(Increase)/Decrease in Prepayments and Other Debtors	58,455	457,624	(898,455)	(1,367,979)
(Increase)/Decrease in Work in Process	702,035	58,373	–	–
(Decrease)/Increase in Creditors and Accruals	1,210,441	(3,539,388)	401,206	713,046
Cash Flows Used in Operations	(7,903,672)	(7,118,435)	(6,401,199)	(2,723,134)

17. NOTES TO THE CASH FLOW STATEMENT (continued)

(c) Non–Cash financing and investing activities

Shares Issued

- 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.
- On 23 January 2007, the Company successfully negotiated the acquisition of the Intevia® Business unit from Acument Global Technologies, Inc. The deal is 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 AUD $1.27 per share.
- On 24 January 2007, the Company issued 847,458 pre consolidation fully paid ordinary shares at 59 cent 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	
	2008	2007	2008	2007
Segment Revenues and Results	$	$	$	$
Engineering and Design	15,040,394	15,991,764	(5,777,230)	(5,547,152)
Investments	1,090,313	452,876	(6,553,484)	(3,492,861)
Total of All Segments	16,130,707	16,444,640	(12,330,714)	(9,040,013)
Discontinued Operations	–	4,345,667	–	(1,766,503)
Consolidated	16,130,707	20,790,307	(12,330,714)	(10,806,516)

All sales were to customers outside the consolidated entity

	Assets		Liabilities	
	2008	2007	2008	2007
Segment Assets and Liabilities	$	$	$	$
Engineering and Design	67,617,830	67,553,962	4,246,405	3,684,729
Investments	29,885,445	12,495,552	25,142,577	20,741,371
Total of all segments	97,503,275	80,049,514	29,388,982	24,426,100
Discontinued operations	–	–	–	–
Consolidated	97,503,275	80,049,514	29,388,982	24,426,100

Accounting Policies

Segment revenues and expenses are to external customers/suppliers and those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, mineral exploration and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most of such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, and provisions. Segment assets and liabilities do not include deferred income taxes.

18. SEGMENT INFORMATION (continued)

Business and Geographical Segments

The Consolidated entity's predominant activities are 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 USA, while maintaining a presence in the UK and the Ukraine. The Company operates these geographical locations with the USA operation and is 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 Company Announcement on the 1 August 2007.

Impairment Losses

The Group did not record any impairment loss for the financial year ended 30 June 2008 (2007: Nil).

19. FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Company's financial instruments consist mainly of current accounts with banks, accounts receivable and payable and loan to and from subsidiaries.

Treasury Risk Management

Management considers on a regular basis the financial risk exposures and evaluates treasury management strategies in the context of the most recent economic conditions and forecasts.

The overall risk management strategy seeks to meet the Company's financial targets, whilst minimising potential adverse effects on financial performance.

Management operates under policies approved by the Board of Directors who approve and review Risk management policies on a regular basis. These include future cash flow requirements.

Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

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.

Sensitivity analysis of reasonable possible variances of +/- 100 basis points in the above risks is disclosed in the following table, all other variables held constant, the estimated impact on the post–tax profit and equity would have been:

	Consolidated	Parent Entity
	2008	2008
Change in Net Profit	$	$
Increase in interest rate by 10%	(129,633)	(145,045)
Decrease in interest rate by 10%	129,633	105,045
Change in Equity		
Increase in interest rate by 10%	(129,633)	(145,045)
Decrease in interest rate by 10%	129,633	105,045

19. FINANCIAL INSTRUMENTS (continued)

The following table summarises the interest rate risk and liquidity risk for the Group, together with the effective weighted average interest rate for each class of financial assets and liabilities.

	Weighted Average Interest Rates		Floating Interest Rate	
	2008	2007	2008	2007
Financial Assets			$	$
Cash	6.79	4.94	2,598,317	2,854,522
Receivables	–	–	–	–
Total Financial Assets			2,598,317	2,854,522
Financial Liabilities				
Bank Loan	7.25	8.25	771,287	235,544
Bills/Installment Notes	5.63	7.91	–	–
Convertible Note	10.00	10.00	–	–
Trade and Sundry Creditors	–	–	–	–
Total Financial Liabilities			(771,287)	(235,544)
Net Financial Assets			1,827,030	2,618,978

19. FINANCIAL INSTRUMENTS (continued)

Fixed Interest Maturing in							
1 Year or Less		Over 1 to 5 Years		Non Interest Bearing		Total	
2008	2007	2008	2007	2008	2007	2008	2007
$	$	$	$	$	$	$	$
21,310,692	4,741,602	–	–	–	–	23,909,009	7,596,124
–	–	–	–	9,455,904	8,997,267	9,455,904	8,997,267
21,310,692	4,741,602	–	–	9,455,904	8,997,267	33,364,913	16,593,391
		–	–	–	–	771,287	235,544
202,682	1,130,508		500,000	–	–	202,682	1,630,508
–	–	24,000,000	20,000,000	–	–	24,000,000	20,000,000
–	–	–	–	3,152,038	1,940,227	3,539,606	1,940,227
(202,682)	(1,130,508)	(24,000,000)	(20,500,000)	(3,152,038)	(1,940,227)	(28,513,575)	(23,806,279)
21,108,010	3,611,094	(24,000,000)	(20,500,000)	6,303,866	7,057,040	4,851,338	(7,212,888)

19. FINANCIAL INSTRUMENTS (continued)

The following table summarises the interest rate risk for the Parent Entity, together with the effective weighted average interest rate for each class of financial assets and liabilities.

	Weighted Average Interest Rates		Floating Interest Rate	
	2008	2007	2008	2007
Financial Assets			$	$
Cash	6.80	5.25	2,006,249	2,114,607
Receivables	–	–	–	–
Total Financial Assets			2,006,249	2,114,607
Financial Liabilities				
Convertible Note	10.00	10.00	–	–
Trade & Sundry Creditors	–	–	–	–
Total Financial Liabilities			–	–
Net Financial Assets			2,006,249	2,114,607

19. FINANCIAL INSTRUMENTS (continued)

Fixed Interest Maturing in							
1 Year or Less		Over 1 to 5 Years		Non Interest Bearing		Total	
2008	2007	2008	2007	2008	2007	2008	2007
$	$	$	$	$	$	$	$
21,310,692	4,741,602	–	–	–	–	23,316,941	6,856,209
–	–	–	–	6,543,950	5,620,492	6,543,950	5,620,492
21,310,692	4,741,602	–	–	6,543,950	5,620,492	29,860,891	12,476,701
–	–	24,000,000	20,000,000	–	–	24,000,000	20,000,000
–	–	–	–	1,142,577	741,371	1,142,577	741,371
–	–	(24,000,000)	(20,00,000)	(1,142,577)	(741,371)	(25,142,577)	(20,741,371)
21,310,692	4,741,602	(24,000,000)	(20,000,000)	5,401,373	4,879,121	4,718,314	(8,264,670)

19. FINANCIAL INSTRUMENTS (continued)

Foreign Exchange Risk Exposure

The Group and the parent entity operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

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

The Group foreign exchange risk is managed to ensure sufficient funds are available to meet US financial commitments in a timely and cost–effective manner. The Group will continually monitor this risk with a view of entering into forward foreign exchange, foreign currency swap and foreign currency option contracts.

The following table demonstrates the estimated sensitivity to a 10% increase/decrease in the US dollar exchange rate, with all other variables held constant, on post–tax profit and equity:

	Consolidated	Parent Entity
	2008	2008
Change in Net Profit	$	$
Increase in Foreign Ex. by 10%	(739,236)	(181,619)
Decrease in Foreign Ex. by 10%	779,595	221,978
Change in Equity		
Increase in Foreign Ex. by 10%	3,920,342	(181,619)
Decrease in Foreign Ex. by 10%	(3,879,983)	221,978

Credit Risk Exposure

Credit risk is the potential that the Group will suffer a financial loss due to the unwillingness or inability of the counterparty to fully meet their contractual debts and obligations. Credit risk arises from both lending and trading activities.

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 provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

In respect of the parent entity it does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

Management monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an 'A' rating are utilised; and
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing;

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

In the US, trade receivables are monitored monthly and credit worthiness of customers are continually assessed to determine the credit risk exposed, bad debts are written off to the income statement only when all possibility of collection and enforcement been undertaken.

Liquidity Risk

Liquidity risk is the inability to access funds, both anticipated and unforeseen, which may lead to the Group being unable to meet its obligations in an orderly manner as they arise.

The Group liquidity position is managed to ensure sufficient funds are available to meet financial commitments in a timely and cost–effective manner. The Group is primarily funded through on–going cash flow, debt funding and capital raisings, as and when required.

The Group recently obtained $24 million via the placement of convertible notes, with a deemed interest rate of 10% pa, to fund the ongoing development of the Group projects. It is anticipated that the convertible note holder will convert the convertible notes into shares under the terms and conditions of their issue.

Market Risk

The Company is subject to the normal economic factors including volatility of stock market prices and interest rates, both of which impact the availability of equity and debt capital respectively.

Net Fair Values of Financial Assets and Liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

(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.

20. COMMITMENTS FOR EXPENDITURE

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Operating Lease Commitments Payable:				
Not Later Than One Year	1,107,323	805,437	–	–
Later Than One Year but Not Later Than Five Years	2,105,692	426,705	–	–
Later Than Five Years	849,392	–	–	–
	4,062,407	1,232,142	–	–

21. EARNINGS PER SHARE

	Consolidated Entity 2008	Consolidated Entity 2007
Continuing Operations		
Earnings used in the calculation of basic and dilutive from continuing operations	(12,330,715)	(9,040,013)
Basic earnings per share (cents per share) from continuing operations	(29.04)	(25.30)
Diluted earnings per share (cents per share) from continuing operations (i)	(29.04)	(25.30)
Discontinuing Operations		
Earning used in the calculation of basic and dilutive from discontinuing operations	–	(1,766,503)
Basic earnings per share (cents per share) from discontinuing operations	–	(4.94)
Diluted earnings per share (cents per share) from discontinuing operations (i)	–	(4.94)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share:	42,466,774	35,729,151
Weighted average number of options outstanding	4,809,444	1,568,601
Weighted average number of ordinary shares outstanding used in calculation of dilutive earnings per share	47,276,218	37,297,752

(i) Diluted earnings per share are not reflected, as the result is anti–dilutive in nature.

22. EVENTS SUBSEQUENT TO REPORTING DATE

No 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:

(i) the operations of the Company;
(ii) the results of those operations; or
(iii) the state of affairs of the Company.

23. AUDITOR'S REMUNERATION

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Auditors of the Parent Entity — Taylor's & Co	59,979	45,467	59,979	45,467
Other services from other Auditors	91,047	89,633	–	–

The auditors received no other fees or benefits.

24. SHARE–BASED PAYMENTS

The following share–based payment arrangements existed at 30 June 2008:

- 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 on 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 balance date, the first tranche of options have vested and at reporting date none of the vested options had been exercised.

- On 29 January 2007, 3,000,000 pre consolidation share options were granted to the David Feber on his appointment as CEO of TZ Inc 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 on the 23 January 2008 and the balance of both half vest on the 23 July 2008. The options hold no voting or rights to any dividend and are not transferable. At balance date, the first tranche of options have vested and at reporting date the second tranche have also vested, but none of the options have been exercised.

- On 29 January 2007, 3,000,000 pre consolidation share options were granted to the Company consultants in lieu of final payment in relation to the convertible note issue and 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.

- On 18 January 2008, 315,000 share options were granted to a selected number of the Group employees on the completion of their 2007 objectives, as part of a long–term employee incentive offered by the Group. Of the total 315,000 options issued 295,000 are exercisable at $3.75 per share option at any time prior to their expiry on 19 January 2011. The balance of 20,000 options is exercisable at $3.75 per share option at any time prior to their expiry on 20 January 2011. 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.

24. SHARE–BASED PAYMENTS (continued)

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 $
1	200,000	15/07/04	31/12/07	5.00	0.15
2	200,000	30/11/06	22/12/09	3.75	0.83
3	200,000	30/11/06	22/12/09	5.00	0.64
4	300,000	29/01/07	23/01/10	3.00	1.09
5	300,000	29/01/07	23/01/10	3.75	0.92
6	600,000	29/01/07	24/01/10	3.75	0.92
7	34,000	18/01/08	18/01/11	3.75	1.05
8	33,000	18/01/08	18/01/11	3.75	1.79
9	33,000	18/01/08	18/01/11	3.75	1.89
10	97,500	18/01/08	19/01/11	3.75	1.61
11	97,500	18/01/08	19/01/11	3.75	1.53
12	20,000	18/01/08	20/01/11	3.00	2.35

The weighted average fair value of the share options granted during the financial year is $1.62 (2007: 84 cents). Options were priced using a Black Scholes option pricing model. Expected volatility is based on the historical share price volatility.

		Options Series											
Inputs into the model		1	2	3	4	5	6	7	8	9	10	11	12
Grant Date Share Price	$	2.10	2.45	2.45	2.60	2.60	2.60	4.80	4.80	4.80	4.80	4.80	4.80
Exercise Price Per Option	$	5.00	3.75	5.00	3.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.00
Expected Volatility	%	39	62	62	62	62	62	64	64	64	64	64	64
Option Life	Mths	36	36	36	36	36	36	36	36	36	36	36	36
Dividend Yield	%	–	–	–	–	–	–	–	–	–	–	–	–
Risk–Free Interest Rate	%	5.8	6.0	6.0	6.0	6.0	6.0	5.8	5.8	5.8	5.8	5.8	5.8

24. SHARE–BASED PAYMENTS (continued)

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

	2008		2007	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance at Beginning of Financial Year	1,800,000	4.22	400,000	4.37
Granted During the Financial Year	6,109,500	4.18	1,600,000	4.00
Lapsed During the Financial Year	(200,000)	(5.00)	(200,000)	(3.75)
Exercised During the Financial Year	–	–	–	–
Balance at End of the Financial Year	7,709,500	4.10	1,800,000	4.22
Exercisable at End of the Financial Year	7,346,000	4.08	800,000	4.58

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 $819,735 (2007: 856,854) was recognised and expensed for the year, $819,735 (2007: 304,254) directly in the income statement while the balance $Nil (2007: 552,600) was capitalised to the balance sheet on the business unit acquired during the year as final payment and part consideration to external adviser.

25. PENDING APPLICATION OF ACCOUNTING STANDARDS

The following Australian Accounting Standards have been issued or amended and are applicable but are not yet effective. They have not been adopted in preparation of the financial statements at the reporting date:

AASB Amendment	Title	Application Date of Standard
AASB 2007–3 Amendments to Australian Accounting Standards; & AASB 8[1]	AASB 6, 8, 107,119, 127, 114	1 July 2009
AASB 2007–6 Amendments to Australian Accounting Standards& AASB 123[2]	AASB 101,107, 111, 116, 138, 123	1 July 2009
AASB 2007–8 Amendments to Australian Accounting Standards& AASB 101[3]	AASB 101	1 July 2009

Notes:

1. The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the Financial Report.
2. The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. At balance date the Group has no borrowing costs attributable to the acquisition, construction or production of a qualifying asset.
3. The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity.

26. GROUP DETAILS

The registered office of the Group is:

TZ Limited (TZL)

Level 1, 37 Bligh Street,
Sydney, NSW 2000 Australia

The principal place of business is:

Telezygology Inc. (TZI)

520 W. Erie Street Suite 210 Chicago, Illinois 60654	2900 W. Maple Rd. Suite 210 Troy, Michigan 48084

PDT Holdings, Inc. (PDT Group)

One Corporate Drive Suite 110 Lake Zurich, Illinois 60047	520 W. Erie Street Suite 100 Chicago, Illinois 60654	9701 Wilshire Boulevard Suite 900 Beverly Hills, California 90212
3021 Harbor Lane Suite 205 Plymouth, Minnesota 55447	71 Chuprynky Street Lviv 79044 Ukraine	Ives Gate Lane Great Milton Oxford, OX44 7NJ United Kingdom
4661 Johnson Road Suite 3 Coconut Creek, Florida 33073	503 Neches Street Austin, Texas 78701	

DIRECTORS' DECLARATION

The Directors of TZ Limited declare that:

1. The financial statements and associated notes of the Company and of the economic entity for the financial year ended 30 June 2008:

    (a) Are in accordance with the Corporations Act 2001;
    (b) Comply with Accounting Standards and the Corporations Act 2001; and
    (c) Give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and the performance for the year ended on that date;

2. The Chief Executive Officer and Chief Finance Officer have each declared that:

    (a) The financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
    (b) The financial statements and notes for the financial year comply with the Accounting Standards; and
    (c) The financial statements and notes for the financial year give a true and fair view.

3. 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

30 September 2008
Sydney, Australia

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **TZ LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of TZ Limited, which comprises the balance sheet as at 30 June 2008, 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 and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 of TZ Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of TZ Limited's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Director's report for the year ended 30 June 2008. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion with Remuneration Report of TZ Limited for the year ended 30 June 2008 complies with Section 300A of the Corporations Act 2001.

Stephen Taylor
Principal, Taylor & Co.

30 September 2008
Sydney, Australia

CORPORATE COVERNANCE

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:

- 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 2008 AGM	Seeking Re–Election at 2008 AGM
John Falconer	6 February 2004	No	No	Yes	Yes
Michael Otten	7 July 2006	Yes	No	No	No
Andrew Sigalla	29 January 2007	No	No	No	No

The main areas of divergence with recommended principles are:

- The Chairman is not independent and is an Executive Director.
- 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 rights 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.

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 Securities 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 Securities 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 5: 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 6: 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 7: 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 9: 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 29 August 2008

- There are 3,021 shareholders holding a total of 48,479,325 ordinary fully paid shares.
- The twenty largest shareholders between them hold 52.74% 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 29 September 2008

Shares Range	Number of Holders
1 — 1,000	1,151
1,001 — 5,000	1,148
5,001 — 10,000	300
10,001 — 100,000	363
100,001 — and over	59
Total holders	**3021**

There were 116 shareholders whose total holding had a market value of less than $500 at 29 September 2008.

Substantial Shareholdings as at 29 September 2008

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	% of Total Voting Rights at 29 September 2008
Acument Global Technologies INC	3,613,637ordinary shares	7.45

Directors' Shareholdings

As at 29 September 2008 Directors of the Company held a relevant interest in the following securities on issue by the Company.

Director	Ordinary Shares	Unquoted Options
J Falconer	551,273	200,000
M Otten	38,640	200,000
A Sigalla	1,518,950	Nil

On–Market Buy–Backs

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

Top Twenty Holders of Ordinary Shares at 29 September 2008

Shareholder Name	Number of Shares Held	% of total
National Nominees Limited	9,763,259	20.14
Acument Global Technologies Inc.	3,613,637	7.45
Merril Lynch (Australia) Nominees Pty Limited <Berndale A/C>	2,465,651	5.08
HSBC Custody Nominees (Australia) Limited	2,176,220	4.49
ANZ Nominees Limited <Cash Income A/C>	1,282,648	2.65
Citicorp Nominees Pty Limited	636,612	1.31
Mr Lindsay James Gallagher & Mrs Esme Gallagher <Broann Super Fund A/C>	577,393	1.19
Merril Lynch (Australia) Nominees Pty Limited	550,286	1.14
Dr Patrick Chee Hing Chew	500,000	1.03
Mr John Michael Bouwman & ms Amanda Louise Mitchel	475,807	0.98
Mr Patrick Chew	475,771	0.98
Mr Ramon Karangis & Mrs Julie Karangis <Karangis Super Fund A/C>	445,000	0.92
HSBC Custody Nominees (Australia) Limited–Gsi Ecsa	437,275	0.90
Lippo Securities Nominees (BVI) Ltd	396,228	0.82
Joyeagle Limited	354,992	0.73
Profit Pearl Holdings Ltd	312,983	0.65
Mr Lindsay James Gallagher	310,029	0.64
Dr Patrick Chew	268,501	0.55
Forbar Custodians Limited <Forsyth Barr Ltd–Nominee A/C>	264,635	0.55
Mr Patrick Chee Hing Chew <Citi Smith Barney M/L A/C>	260,000	0.54
Total held by top twenty holders of ordinary shares	**25,563,927**	**52.74**

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.