

**TZ Limited**

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31 August 2004

**Lodged by ASX Online – 15 pages**

The Manager  
Announcements  
Company Announcement Office  
Australian Stock Exchange Ltd

Dear Sir/Madam

**RE: APPENDIX 4E**

We enclose the Preliminary Final Report of TZ Limited and its Controlled Entities for the Financial Year Ended 30 June 2004.

Yours faithfully  
TZ LIMITED

A handwritten signature in black ink, appearing to read 'John Falconer', written in a cursive style.

JOHN FALCONER  
Company Secretary

**Preliminary Final Report of  
TZ Limited  
and its Controlled Entities  
for the Financial Year Ended 30 June 2004  
ABN 26 073 979 272**

**This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.**

<b>Current Reporting Period:</b>	<b>Financial Year ending 30 June 2004</b>
<b>Previous Corresponding Period:</b>	<b>Financial Year ending 30 June 2003</b>

**TZ Limited**  
**and its Controlled Entities**

**Results For Announcement To The Market**  
**For the Financial Year Ended 30 June 2004**

**Revenue and Net Profit/(Loss)**

		<b>Percentage Change %</b>	<b>Amount \$</b>
Revenue from ordinary activities	down	52%	To \$572,700
Loss from ordinary activities after tax attributable to members	up	18%	To \$(1,629,668)
Net loss attributable to members	up	18%	To \$(1,629,668)

**Dividends (Distributions)**

	<b>Amount per security</b>	<b>Franked amount per security</b>
Final dividend	Nil ¢	Nil ¢
Interim dividend	Nil ¢	Nil ¢

**Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)**

The company made a loss of \$1.6 million for the year compare to a loss of \$1.6 million from the previous year. The significant items included in this loss are as follows:

- Profit on disposal of Golf Link Partners Pty Limited of \$1,863,634
- Loss on the disposal of the Presidential Card and Shoppers Advantage operations of \$415,534.

In January 2004 the company acquired Telezygology Inc, a company incorporated in USA but operating in Australia, for the issue of 70,734,446 shares to the shareholders of Telezygology Inc.

In a prospectus issued in March 2004 the company raised approximately \$12 million before costs. The funds will be used to establish corporate headquarters in the USA, expand technical and marketing resources to support contractual relationships and leveraging off existing partnerships to enhance new commercial opportunities. These objectives are progressing well and are reported to the market on a regular basis.

As outlined in the company's prospectus mentioned above, the company sold its Golf Link subsidiary and closed down its Presidential Card and Shoppers Advantage businesses. The company is now free of businesses that have resulted in losses over the last few years and can concentrate entirely on expanding the intelligent fastening and assembly enabling technology of Telezygology Inc.

No dividend was paid or declared during the year.

**TZ Limited**  
**and its Controlled Entities**

**Statement of Financial Performance**  
**For the Financial Year Ended 30 June 2004**

	Note	2004 \$	2003 \$
Sales revenue (sales of goods)		572,700	1,208,038
Cost of sales		(362,238)	(667,314)
<b>Gross Profit/Loss</b>		210,462	540,724
Other revenue from ordinary activities		117,797	190,060
Employee Related Expenses		(1,661,835)	(791,672)
Occupancy expenses		(90,814)	(125,100)
Communications Expenses		(200,065)	(228,798)
Operating Lease Minimum Lease Payment		-	(165,853)
Depreciation and amortisation		(676,638)	(228,453)
Foreign Exchange losses		(62,217)	-
Professional & Corporate Services		(362,957)	(317,255)
Interest paid		(80,957)	-
Travel and Accommodation		(209,715)	-
Other expenses from ordinary activities		(115,027)	(73,790)
Revenue from sale of subsidiary		2,000,000	-
Carrying value of subsidiary sold		(136,366)	-
Revenue from sale of shares		226,432	-
Carrying value of shares sold		(172,234)	-
Loss on close down of operating business		(415,534)	-
Revenue from Disposal of Licences		-	3,906,625
Carrying Value of Licenses Sold		-	(3,906,625)
Loss on Disposal of Controlled Entity		-	(179,230)
<b>Profit/(Loss) From Ordinary Activities Before Income Tax Expense/(Benefit)</b>	2	(1,629,668)	(1,379,367)
Income tax expense/(benefit) relating to ordinary activities		-	-
<b>Profit/(Loss) From Ordinary Activities After Related Income Tax Expense/(Benefit)</b>		(1,629,668)	(1,379,367)
Profit/loss from extraordinary items after related income tax expense/(benefit)		-	-
<b>Net Profit/(Loss)</b>		(1,629,668)	(1,379,367)
Net profit/loss attributable to outside equity interests		-	-
<b>Net Profit/(Loss) Attributable to Members of the Parent Entity</b>		(1,629,668)	(1,379,367)

**TZ Limited**  
**and its Controlled Entities**

**Statement of Financial Position**  
**As at 30 June 2004**

	Note	2004 \$	2003 \$
<b>Current Assets</b>			
Cash assets	4(a)	7,440,150	478,585
Receivables		3,230,509	40,011
Inventories		-	12,315
<b>Total Current Assets</b>		<b>10,670,659</b>	<b>530,911</b>
<b>Non-Current Assets</b>			
Investments		10	10
Property, plant and equipment		89,459	215,476
Intangible assets		20,167,223	-
Other		-	-
<b>Total Non-Current Assets</b>		<b>20,256,692</b>	<b>215,486</b>
<b>Total Assets</b>		<b>30,927,351</b>	<b>746,397</b>
<b>Current Liabilities</b>			
Payables		2,799,071	101,045
Provisions		32,758	49,428
<b>Total Current Liabilities</b>		<b>2,831,829</b>	<b>150,473</b>
<b>Non-Current Liabilities</b>			
Provisions		-	24,285
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>24,285</b>
<b>Total Liabilities</b>		<b>2,831,830</b>	<b>174,758</b>
<b>Net Assets</b>		<b>28,095,522</b>	<b>571,639</b>
<b>Equity</b>			
Contributed equity		54,573,561	25,420,010
Accumulated Losses	3	(26,478,039)	(24,848,371)
Parent Entity Interest		28,095,522	571,639
Outside Equity Interest		-	-
<b>Total Equity</b>		<b>28,095,522</b>	<b>571,639</b>

**TZ Limited**  
**and its Controlled Entities**

**Statement of Cash Flows**  
**For the Financial Year Ended 30 June 2004**

	<u>Note</u>	<u>2004</u> <u>\$</u>	<u>2003</u> <u>\$</u>
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		1,274,941	1,481,928
Payments to suppliers and employees		(3,669,049)	(3,119,211)
Interest and bill discounts received		78,862	26,863
Interest and other costs of finance paid		(253,380)	-
Other income		6,972	-
Net cash provided by/(used in) operating activities	4(e)	<u>(2,561,654)</u>	<u>(1,610,420)</u>
<b>Cash Flows From Investing Activities</b>			
Proceeds from sale of license		-	1,802,516
Payment for investment Securities		(300,000)	-
Proceeds on sale of investment securities		324,925	-
Payment for property, plant and equipment		(220,224)	(39,296)
Acquisition Cost		(104,769)	-
Loans made		(837,400)	-
Repayment of loans		277,111	-
Research and development costs paid		(604,530)	-
Proceeds from sale of businesses	4(c)	(415,534)	(28,937)
Payment for businesses – net of cash acquired	4(b)	57,620	-
Net cash provided by/(used in) investing activities		<u>(1,822,801)</u>	<u>1,734,283</u>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issues of equity securities		13,522,152	55,560
Payment for share issue costs		(2,512,213)	-
Proceeds from issue of debt securities		1,000,000	-
Proceeds from borrowings		-	300,000
Repayment of borrowings		(600,000)	(300,000)
Dividends paid		-	-
Net cash provided by/(used in) financing activities		<u>11,409,939</u>	<u>55,560</u>
<b>Net Increase/(Decrease) In Cash Held</b>		7,025,484	179,423
<b>Cash At The Beginning Of The Financial Year</b>		478,585	299,162
Effects of exchange rate changes on the balance of cash held in foreign currencies		(63,919)	-
<b>Cash At The End Of The Financial Year</b>	4(a)	<u>7,440,150</u>	<u>478,585</u>

**TZ Limited**  
**and its Controlled Entities**

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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2004**

**1. Basis of Preparation**

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the 2003 annual financial report. There are no changes in accounting policies.

**2. Profit/(Loss) From Ordinary Activities**

Profit/(loss) from ordinary activities before income tax includes the following items of revenue and expense:

**(a) Revenue**

**(b) Expenses**

	<u>2004</u> \$	<u>2003</u> \$
Cost of sales	(362,238)	-
Depreciation of non-current assets	(159,530)	-
Amortisation of non-current assets	(517,108)	-

**TZ Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2004**

	2004 \$	2003 \$
<b>3. Retained Profits</b>		
Balance at beginning of financial year	(24,848,371)	(27,269,479)
Net profit/loss	(1,629,668)	(1,379,367)
Transfers from Assets Revaluation Reserve	-	3,906,625
Transfers from Foreign Currency Translation Reserve	-	(106,150)
Balance at end of financial year	(26,478,039)	(24,848,371)

**4. Notes to the Statement of Cash Flows**

*(a)* Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash	7,375,070	478,585
Deposit at call	65,080	-
	7,440,150	478,585

*(b)* Businesses Acquired

During the financial year, TZ Inc businesses were acquired. Details of the acquisition are as follows:

**Consideration**

Cash	-	-
Shares Issued	17,683,612	-
	17,683,612	-

**Fair Value of Net Assets Acquired**

Current assets:		
Cash assets	57,620	-
Receivable	1,842,649	-
Non-current assets:		
Property, plant & equipment	53,897	-
Intellectual Property	4,414,987	-
Current liabilities:		
Payables	(436,934)	-
Provision	(32,758)	-

**TZ Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2004**

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>4. Notes to the Statement of Cash Flows (continued)</b>		
<i>(b) Businesses Acquired – (continued)</i>		
Non-current liabilities:		
Interest-bearing liabilities	(600,000)	-
Provision	(182,295)	-
	5,117,166	-
Net assets acquired		
	12,566,446	-
	17,683,612	-
<b>Net Cash Outflow on Acquisition</b>		
Cash consideration	0	-
Less cash balances acquired	57,620	-
	57,620	-
<i>(c) Business Disposed</i>		
During the financial year, the company disposed of Golf Links Partners Pty Limited. Details of the disposal are as follows:		
<b>Consideration</b>		
Cash	-	-
Deferred cash payment	2,000,000	-
	2,000,000	-
<b>Book Value of Net Assets Sold</b>		
Current assets:		
Cash assets	0	-
Non-current assets:		
Property, plant & equipment	267,968	-
Current liabilities:		
Payables	(131,438)	-
Provisions	(15,767)	-
Non-current liabilities:		
Intercompany Loans	(630,988)	-
Provision	(9,952)	-
	(520,177)	-
Net assets disposed		
	(520,177)	-

**TZ Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2004**

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>4. Notes to the Statement of Cash Flows (continued)</b>		
<i>(c) Business Disposed</i>		
Profit/(loss) on disposal	1,479,823	-
	2,000,000	-
 <b>Net Cash Inflow on Disposal</b>		
Cash consideration	0	-
Less cash balances disposed	0	-
	0	-

*(d) Non-Cash Financing and Investing Activities*

(i) Shares issued

(a) 70,734,446 ordinary shares were issued at 25 cents as part of the consideration for the purchase of TZ Inc.

(b) 7,455,625 ordinary share and 7,455,625 Options were issued at 34 cents on the conversion of the outstanding Convertible Notes on issue.

**TZ Limited**  
**and its Controlled Entities**

**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2004**

	2004 \$	2003 \$
<b>4. Notes to the Statement of Cash Flows (continued)</b>		
(e) Reconciliation of Profit From Ordinary Activities After Related Income Tax to Net Cash Flows From Operating Activities		
Profit from ordinary activities after related income tax	(1,629,668)	(1,379,637)
Depreciation and amortisation of non-current assets	676,638	228,453
Doubtful Debts	-	(3,542)
Restructure	-	(45,752)
Amounts written off:		
Property, plant and equipment	-	5,175
(decrease) in Deferred Membership Income and Sales	-	(661)
Outside Equity Interest	-	8,450
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:	-	179,230
(Increase)/decrease in assets:		
Current receivables	(2,000,687)	139,169
Current inventories	12,315	46,491
Increase/(decrease) in liabilities:		
Current trade payables	420,703	(764,661)
Other current liabilities	(40,955)	(23,135)
Net cash from operating activities	(2,561,654)	(1,610,420)

**TZ Limited**  
**and its Controlled Entities**

**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2004**

**5. Earnings Per Share**

	<u>2004</u> ¢ per share	<u>2003</u> ¢ per share
Basic EPS	(1.53)	(2.0)
Diluted EPS	(1.53)	(2.0)

Basic Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	<u>2004</u> \$	<u>2003</u> \$
Earnings (a)	(1,629,668)	(1,379,367)
	<u>2004</u> No.	<u>2003</u> No.
Weighted average number of ordinary shares (b)	106,854,322	65,849,373

**6. Net Tangible Assets Per Security**

	<u>2004</u> ¢ per share	<u>2003</u> ¢ per share
Net tangible assets per security	6.17	0.85

**7. Details of Entities Over Which Control Has Been Gained or Lost**

**Control gained over entities**

Name of entity (or group of entities)	Telezygology Inc
Date control gained	8 January 2004

	<u>2004</u> \$
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, from the date of gaining control.	(1,436,881)
	<u>2003</u> \$
Net profit/(loss) of the controlled entity (or group of entities) for the whole of the previous corresponding period.	-

**TZ Limited**  
**and its Controlled Entities**

**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2004**

**7. Details of Entities Over Which Control Has Been Gained or Lost (continued)**

**Loss of control of entities**

Name of entity (or group of entities)	Golf Link Partners Pty Limited
Date control lost	28 March 2003

	<b>2004</b>
	<b>\$</b>
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, to the date of losing control.	<u>(161,568)</u>
	<b>2003</b>
	<b>\$</b>
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities for the whole of the previous corresponding period.	<u>(335,461)</u>

**8. Segment Information**

**Segment Revenues**

	Other		Total	
	2004	2003	2004	2003
	\$	\$	\$	\$
Technology Licensing	50,000	-	50,000	-
Membership Business	522,700	1,243,042	522,700	1,243,042
Investments	2,337,257	28,485	2,337,257	28,485
Total of all segments			2,909,957	1,271,527
Unallocated			6,972	6,198
Consolidated			<u>2,916,929</u>	<u>1,277,725</u>

(i) All Sales were to customers outside the consolidated entity

**TZ Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2004**

**8. Segment Information (continued)**

**Segment Results**

	<b>2004</b> <b>\$</b>	<b>2003</b> <b>\$</b>
Technology Licensing	(1,436,881)	-
Membership Business	(916,461)	(1,431,624)
Investments	716,702	46,059
Total of all segments	(1,636,640)	(1,385,565)
Unallocated	6,972	6,198
Profit from ordinary activities before income tax expense	(1,629,668)	(1,379,367)
Income tax expense relating to ordinary activities	-	-
Profit from ordinary activities after related income tax expense	(1,629,668)	(1,379,367)
Extraordinary items	-	-
Net profit	(1,629,668)	(1,379,367)

**Segment Assets and Liabilities**

	<b>Assets</b>		<b>Liabilities</b>	
	<b>2004</b> <b>\$</b>	<b>2003</b> <b>\$</b>	<b>2004</b> <b>\$</b>	<b>2003</b> <b>\$</b>
Technology Licensing	20,257,692	-	587,830	-
Membership Business	-	267,812	-	174,758
Investments	7,440,150	478,585	-	-
Total of all segments	27,697,842	746,397	587,830	174,758
Unallocated	3,230,509	-	2,244,000	-
Consolidated	30,927,351	746,397	2,831,830	571,639

**TZ Limited**  
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**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2004**

**8. Segment Information (continued)**

**Products and Services within each Business Segment**

The Consolidated Entity's predominant activities are now 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.

**Composition of each Geographical Segment**

The company assets, liabilities, revenues and expenses were wholly situated or derived from within Australia.

**9. Discontinuing Operations**

During the year the Company sold Golf Link Partners Pty Limited and disposed of its Presidential Card and Shopper Advantage operations. The financial impact of this is noted elsewhere in this report.

**10. Subsequent Events**

At a general meeting of shareholders on 9 July 2004 and as outlined in the prospectus dated 4 March 2004, 6,000,000 ordinary shares were issued to Z MS. Investments Pty Limited for services rendered by Mr Andrew Sigalla in relation to the company's restructure and the capital raising. The financial effect of this event has been brought into account in the 2004 financial statements.

**11. Australian equivalents to International Financial Reporting Standards**

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB will issue AASB equivalents to IFRS and Urgent Issues Group Abstracts corresponding to International Financial Reporting Interpretations adopted by the International Accounting Standards Board. These Australian pronouncements will be known as Australian International Financial Reporting Pronouncements (AIFRP). The adoption of AIFRP will be first reflected in the financial statements for the half year ending 31 December 2004 and the year ending 30 June 2005.

The Company is currently in the process of assessing the impacts of the adoption of Australian Equivalents to International Financial Reporting Standards on the Company and its Controlled Entities. The Company will report the impact of that assessment in the full financial report of the Company in accordance with Australian Accounting Standard AASB 1047 "Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards".

**12. Information on Audit**

This report is based on financial statements that are in the process of being audited. The audit opinion is expected to be unqualified.