

TZ Limited

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28 February 2005

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The Manager
Announcements
Company Announcement Office
Australian Stock Exchange Ltd

Dear Sir/Madam

RE: HALF YEARLY REPORT AND APPENDIX 4D

Please find attached an ASX Appendix 4D and half yearly report for the year ended 31 December 2004.

Yours faithfully
TZ LIMITED


JOHN FALCONER

**Interim Financial report &
ASX Appendix 4D
For the half-year ended 31 December 2004**

TZ LIMITED

ABN 26 073 979 272

The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2004 annual financial report.

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Results for announcement to the market

Results				A\$
Revenues from ordinary activities	down	67.59%	To	371,460
loss from ordinary activities after tax attributable to members	up	377.35	To	(3,488,928)
Net loss for the period attributable to members	up	377.35	To	(3,488,928)
Dividends (distributions)		Amount per security	Franked amount per security	
<i>Current period</i>				
Interim dividend declared		-		-
Final dividend paid		-		-
<i>Previous corresponding period</i>				
Interim dividend declared		-		-
Special dividend paid		-		-
Final dividend paid		-		-
Record date for determining entitlements to the dividend,	N/A			

Brief explanation of revenue, net profit and dividends (distributions).

The operating loss after income tax for the period ended 31 December 2004 was \$3,488,928 (2003: \$730,895)

Directors' Report

The directors of TZ LIMITED ("Company") submit herewith the financial report for the half-year ended 31 December 2004. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Tony Leibowitz
Chris Kelliher
John Falconer

Results of Operations

The operating loss after income tax for the period ended 31 December 2004 was \$3,488,928 (2003: \$730,895)

Review of Operations

During the six months ended 31 December 2004 the Company:

- Finalised a broadened new agreement with Textron Fastening Systems Inc. a subsidiary of Textron Inc, whereby the Company will receive an initial payment of US\$5.0m for the global licensing rights to Intelligent Fastening technology in accordance with the agreement formalised at the end of 2003. A further \$5.0m will be paid to the Company in 2005 for the expanded license and exclusivity rights. TZI will also earn on-going royalty and engineering design fees as products incorporating the company's intellectual property are developed and commercialised.
- The Company's operations were relocated from Sydney, Australia to corporate offices in Chicago, USA, where global operations will be managed.
- The Company completed a fully subscribed stock placement to sophisticated investors In October 2004, raising \$8.5m for the specific purpose of acquiring a successful, established Illinois based product development company to augment its execution capability and to enable the Company to maximize the potential opportunities.

Signed in accordance with a resolution of directors.

On behalf of the Directors:



John Falconer
Director

Sydney, 28 February 2005

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF TZ LIMITED FOR THE HALF
YEAR ENDED 31 DECEMBER, 2004**

Scope

We have reviewed the attached financial report of TZ Limited for the half year ended 31 December, 2004, being the Condensed Statement of Financial Performance, Condensed Statement of Financial Position, Condensed Statement of Cash Flows, Notes to the Condensed Financial Statements and the Director's Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The Company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: "Interim Financial Reporting", and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to meet its obligations to lodge the financial report with the Australian Securities & Investments Commission.


Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TZ Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December, 2004 and of its performance for the half-year ended on that date;
 - (ii) complying with Accounting Standard AASB 1029: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

TAYLOR & CO
Chartered Accountants


STEPHEN K. TAYLOR
Partner

Dated: 28 February, 2005

Directors' Declaration

The directors declare that:

- (a) the attached financial statements and notes thereto comply with Accounting Standards;
- (b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the disclosing entity;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) in the directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Directors:



John Falconer
Director

Sydney, 28 February 2005

**Statement of Financial Performance
 for the half-year ended 31 December 2004**

	Half-Year Ended 31 December 2004	Half-Year Ended 31 December 2003
Note	\$	\$
Sales revenue	270,059	795,779
Cost of sales	(41,650)	(394,154)
Gross profit/(loss)	228,409	401,625
Other revenue	101,402	350,281
Employee related expenses	(1,201,587)	(305,951)
Occupancy expenses	(97,522)	(39,846)
Communications expenses	(99,187)	(129,904)
Operating lease expenses	-	(392,358)
Depreciation	(38,645)	(47,097)
Amortisation of Intangibles	(387,945)	-
Professional and corporate services	(696,069)	(185,238)
Travel & accommodation	(478,264)	-
Foreign Exchange losses	(511,417)	-
Interest Paid	(2,888)	-
Other expenses from ordinary activities	(305,215)	(32,407)
Cost of shares disposed of	-	(300,000)
Write off non recoverable loan	-	(50,000)
Operating Loss from ordinary activities before income tax expenses	(3,488,928)	(730,895)
Operating Loss from ordinary activities after income tax expenses	(3,488,928)	(730,895)
Operating Loss from extraordinary activities after income tax expenses	-	-
Net profit/(loss)	(3,488,928)	(730,895)
Loss attributable to members of the parent entity	(3,488,928)	(730,895)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity	-	-
Total changes in equity other than those resulting from transactions with owners as owners	(3,488,928)	(730,895)
Earnings per share:		
Basic (cents per share)	(0.025)	(0.007)
Diluted (cents per share)	(0.025)	(0.007)

Notes to the financial statements are included on pages 10 to 12

**Statement of Financial Position
 as at 31 December 2004**

	Note	31 December 2004 \$	30 June 2004 \$
Current assets			
Cash assets		11,319,004	7,410,963
Receivables	3	3,638,474	3,295,161
Total current assets		14,957,478	10,706,124
Non-current assets			
Investments		-	10
Property, plant and equipment		169,058	90,997
Intangibles	4	19,727,823	19,934,669
Total non-current assets		19,896,881	20,025,676
Total assets		34,854,359	30,731,800
Current liabilities			
Payables		492,937	2,751,113
Provisions		64,130	73,135
Total current liabilities		557,067	2,824,248
Total liabilities		557,067	2,824,248
Net assets		34,297,292	27,907,552
Equity			
Issued Capital		64,444,471	54,565,803
Accumulated losses		(30,147,179)	(26,658,251)
Shareholders' equity attributable to members of the parent entity		34,297,292	27,907,552
Total equity		34,297,292	27,907,552

Notes to the financial statements are included on pages 10 to 12

**Statement of Cash Flows
 for the half-year ended 31 December 2004**

	Inflows/(Outflows)	
	Half-Year Ended 31 December 2004 \$	Half-Year Ended 31 December 2003 \$
Note		
<i>Cash flows from operating activities</i>		
Receipts from customers	85,059	702,241
Payments to suppliers and employees	(2,808,608)	(977,347)
Interest and other income received	158,721	25,356
Interest and other costs of finance paid	(2,888)	-
	<hr/>	<hr/>
Cash flows from operating activities	(2,567,716)	(249,750)
<i>Cash flows from investing activities</i>		
Payment for plant and equipment	(116,706)	(150,000)
Proceeds from sale of shares	10	324,925
Payments for research and development	(222,750)	-
Payment for shares	-	(300,000)
Acquisition costs	-	(56,866)
Loans made	(54,459)	(300,000)
Repayment of loans	200,000	250,000
	<hr/>	<hr/>
Cash flows from investing activities	(193,905)	(231,941)
<i>Cash flows from financing activities</i>		
Shares issued	7,847,500	1,522,000
Issue costs	(661,331)	(24,000)
	<hr/>	<hr/>
Cash flows from financing activities	7,186,169	1,498,000
<i>Net increase in cash held</i>	4,424,548	1,016,309
<i>Cash at the beginning of the half-year</i>	7,410,963	478,585
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies at the beginning of the period	(516,507)	-
	<hr/>	<hr/>
<i>Cash at the end of the half-year</i>	11,319,004	1,494,894

Notes to the financial statements are included on pages 10 to 12

Notes to the Financial Statements for the half-year ended 31 December 2004

1. BASIS OF PREPARATION

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 1029 "Interim Financial Reporting". The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2004 annual financial report.

Significant Accounting Policies

Except as noted below the accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the 2004 annual financial report.

2. SIGNIFICANT TRANSACTIONS

None to report during the period.

	31 December 2004 \$	30 June 2004 \$
3. RECEIVABLES		
Trade Debtors	284,029	99,029
Sundry Debtors	3,344,506	3,181,262
Provision for Doubtful Debts	-	-
Sub-total	3,628,535	3,280,291
Other Debtors and Prepayments	9,939	14,870
	3,638,474	3,295,161

4. INTANGIBLES

Goodwill on Consolidation	14,741,917	15,129,862
Intellectual Property	4,956,329	4,775,230
Trademarks	29,577	29,577
	19,727,823	19,934,669

5. DIVIDENDS

No dividend were paid or proposed in the period (2003: nil).

**Notes to the Financial Statements
 for the half-year ended 31 December 2004**

6. SEGMENT INFORMATION

	31 December 2004 \$	30 June 2004 \$
Segment Revenue		
Technology Licensing	270,059	140,026
Membership Business	-	1,048,267
Investments	101,402	2,454,556
Total of all segments	371,461	3,642,849
Unallocated	-	6,851
Consolidated	371,461	3,649,700

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

Segment Results

Technology Licensing	(2,769,515)	(1,665,224)
Membership Business	-	(1,027,473)
Investments	101,402	925,845
Total of all segments	(2,668,113)	(1,766,852)
Eliminations	-	-
Unallocated	(820,815)	(43,028)
Profit from ordinary activities before income tax expense	(3,488,928)	(1,809,880)
Income tax expense relating to ordinary activities	-	-
Profit from ordinary activities after related income tax expense	(3,488,928)	(1,809,880)
Extraordinary items	-	-
Net profit	(3,488,928)	(1,809,880)

6. SEGMENT INFORMATION (continued)

<i>Segment Assets and Liabilities</i>	Assets		Liabilities	
	2004 \$	2003 \$	2004 \$	2003 \$
Technology Licensing	19,727,823	20,025,666	548,010	284,531
Membership Business	-	-	-	-
Investments	13,319,004	9,410,973	-	-
Total of all segments	29,436,639	29,436,639	548,010	284,531
Unallocated	1,807,532	1,295,161	9,057	2,539,717
Consolidated	34,854,359	30,928,351	557,067	2,824,248

7. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2004 (2003: nil).

8. ISSUANCES, REPURCHASES AND REPAYMENT OF SECURITIES

On the 16 December 2004 TZ Limited finalised the issue of 13,076,923 fully paid ordinary shares at \$0.65 per share. The issue raised \$8,500,000 and was undertaken for the additional working capital to fund the Company's expansion into the USA.

9. SUBSEQUENT EVENTS

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.

Notes to the Financial Statements for the half-year ended 31 December 2004

9. IMPACTS OF ADOPTING THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In accordance with the Financial Reporting Council's strategic directive, the Company will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, the Company's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

At the date of this report, the directors are in the process of completing a detailed impact study and preparing the Company to be A-IFRS compliant. The directors are also continuing to monitor the developments in A-IFRS and the potential impact it will have on the Company. The directors expect to disclose the financial impact of adopting A-IFRS in the annual financial report for the year ended 30 June 2005.

At the date of this report the directors had completed a preliminary assessment of the impact expected from the adoption of A-IFRS and set out their findings in the following. The detailed impact study will confirm the full extent of the impact.

The company will quantify the impact of adopting A-IFRS after completing the detailed impact study. An announcement in relation to the financial impact will be made to the market when quantification of the impact is complete.

Other information required to be given to ASX under listing rule 4.2A.3

Net tangible assets per security	Current period	Previous corresponding period
Net tangible assets per security	9.83 cents	1.0 cents

Details of entities over which control has been gained or lost during the period

Name of entity	Date of gain or loss of control	Contribution to reporting entity's profit
N/A		

Dividends

Amount per security

	Amount	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend: Current year	-	-	-	-
Previous year	-	-	-	-
Final dividend paid in respect of previous financial year:				
<i>Current period:</i>				
Final dividend	-	-	-	-
<i>Previous corresponding period:</i>				
Special dividend	-	-	-	-
Final dividend	-	-	-	-

The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the
 † dividend or distribution plans

N/A

Details of associates and joint venture entities

Name of entity	Percentage of ownership interest held at end of period		Aggregate share of net profit (loss) contributed to the reporting entity	
	Current period	Previous corresponding period	Current period \$A	Previous corresponding period \$A
N/A				
Total				