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

PRELIMINARY FINAL REPORT

Please find attached the unaudited preliminary final report for TZ Limited for the year ended 30 June 2006.

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Preliminary Final Report of

TZ Limited

and its Controlled Entities

for the Financial Year Ended 30 June 2006

ABN 26 073 979 272

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

Current Reporting Period:	**Financial Year ending 30 June 2006**
Previous Corresponding Period:	**Financial Year ending 30 June 2005**

TZ Limited
and its Controlled Entities

Results For Announcement To The Market
For the Financial Year Ended 30 June 2006

Revenue and Net Profit/(Loss)

		Percentage Change %	Amount $A'000
Revenue	up	76.81%	To $32,210
Profit after tax attributable to members	down	59.90%	To $1,915
Net Profit attributable to members	down	59.90%	To $1,915

Dividends (Distributions)

	Amount per security	Franked amount per security
Final dividend	Nil ¢	Nil ¢
Interim dividend	Nil ¢	Nil ¢

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

Revenue has increased to $32 million after including the first full year of revenue from PDT. The Company had earlier forecast the sale of further licence fees of its Futurewall technology during the 2005/6 year but this is now expected in the 2006/7 year. The previous year also included substantial up front licence fees for the Company's intelligent fastening technology.

As a consequence of the shifting of revenues from Futurewall licences, net profit after tax fell to $1.940 million compared to the previous year. EBITDA was $4.053 million. This was below an earlier forecast of $6,550,000 as a direct result of the delays in the Futurewall licensing.

No dividend was paid or declared during the year.

TZ Limited
and its Controlled Entities

Income Statement
For the Financial Year Ended 30 June 2006

	Note	2006 $A'000	2005 $A'000
Sales revenue		32,211	18,218
Cost of sales		(18,924)	(6,147)
Gross Profit		13,287	12,071
Other revenue		254	225
Employee related expenses		(4,123)	(2,751)
Occupancy expenses		(193)	(298)
Communications expenses		(316)	(181)
Depreciation		(1,091)	(421)
Amortisation of intangibles		(1,067)	(319)
Professional and corporate services		(2,402)	(1,195)
Travel and accommodation		(1,313)	(1,204)
Interest paid		(196)	(79)
Other expenses		(926)	(800)
Profit Before Income Tax Expense/(Benefit)	*2*	1,914	5,048
Income tax expense/(benefit)		(26)	210
Profit After Income Tax Expense/(Benefit)		1,940	4,838
Profit/ from extraordinary items after related income tax expense/(benefit)		-	-
Net Profit		1,940	4,838
Net profit attributable to outside equity interests		-	-
Net Profit Attributable to Members of the Parent Entity		1,940	4,838

TZ Limited

and its Controlled Entities

Balance sheet
As at 30 June 2006

	Note	2006 $A'000	2005 $A'000
Current Assets			
Cash and cash equivalent	*4(a)*	3,403	5,614
Trade and other receivables		9,083	9,161
Work in process		1,111	424
Total Current Assets		**13,597**	**15,199**
Non-Current Assets			
Trade and other receivables		2,232	-
Property, plant and equipment		4,276	4,171
Intangible assets		39,597	32,007
Deferred tax assets		470	136
Total Non-Current Assets		**46,575**	**36,314**
Total Assets		**60,172**	**51,513**
Current Liabilities			
Trade and other payables		6,022	5,633
Provisions		132	129
Interest bearing liabilities		737	424
Total Current Liabilities		**6,891**	**6,186**
Non-Current Liabilities			
Interest bearing liabilities		4,097	2,028
Deferred tax liabilities		281	10
Total Non-Current Liabilities		**4,378**	**2,038**
Total Liabilities		**11,269**	**8,224**
Net Assets		**48,903**	**43,289**
Equity			
Issued Capital		67,274	64,398
Reserves		1,121	323
Accumulated Losses	*3*	(19,492)	(21,432)
Total Equity		**48,903**	**43,289**

Statement of Changes in Equity
For The Financial Year Ended 30 June 2006

		Share Capital	Reserves			
	Note	Ordinary	Equity-based payment	Foreign Currency Translation	Accumulated Losses	Total
		$A'000	$A'000	$A'000	$A'000	$A'000
Balance at *1.7.2004*		54,566	-	-	(26,270)	28,296
Shares issued during the period		10,540	-	-	-	10,540
Share issue cost		(707)	-	-	-	(707)
Share – based payment		-	68	-	-	68
Adjustment from translation of foreign controlled entities		-	-	255	-	255
Profit attributable to members of parent entity		-	-	-	4,838	4,838
Sub-total		64,398	68	255	(21,432)	43,289
Dividends paid or provided for		-	-	-	-	-
Balance at *30.6.2005*		64,398	68	255	(21,432)	43,289
Balance at *1.7.2005*		64,398	68	255	(21,432)	43,289
Shares issued during the period		2,877	-	-	-	2,877
Share issue cost		(1)	-	-	-	(1)
Adjustment from translation of foreign controlled entities		-	-	788	-	788
Share – based payment		-	10	-	-	10
Profit attributable to members of parent entity		-	-	-	1,940	1,940
Sub-total		67,274	78	1,043	(19,492)	48,903
Dividends paid or provided for		-	-	-	-	-
Balance at *30.6.2006*		67,274	78	1,043	(19,492)	48,903

TZ Limited
and its Controlled Entities

Cash Flow Statement
For the Financial Year Ended 30 June 2006

	Note	2006 $A'000	2005 $A'000
Cash Flows From Operating Activities			
Receipts from customers		29,290	18,312
Payments to suppliers and employees		(28,015)	(12,152)
Interest and bill discounts received		218	311
Interest and other costs of finance paid		(210)	(79)
Income tax paid		(189)	(163)
Other income		-	4
Net cash provided by/(used in) operating activities	*4(f)*	1,094	6,233
Cash Flows From Investing Activities			
Payment for property, plant and equipment		(1,030)	(292)
Acquisition cost for controlled entity		(113)	(480)
Loans made		-	(35)
Repayment of loans		-	162
Research and development costs paid		(4,769)	(2,955)
Payment for businesses – net of cash acquired	*4(b)*	(1,583)	(6,513)
Escrowed deposit	*4(b)*	-	(5,287)
Net cash provided by/(used in) investing activities		(7,495)	(15,400)
Cash Flows From Financing Activities			
Proceeds from issues of equity securities		2,740	8,077
Payment for share issue costs		(1)	(707)
Repayment of borrowings		(905)	-
Repayment of lease obligation		(122)	-
Proceeds from Line of Credit borrowings		931	-
Proceeds from notes payable		1,463	-
Net cash provided by/(used in) financing activities		4,106	7,370
Net Increase/(Decrease) In Cash Held		(2,295)	(1,797)
Cash At The Beginning Of The Financial Year		5,614	7,411
Effects of exchange rate changes on the balance of cash held in foreign currencies		84	-
Cash At The End Of The Financial Year	*4(a)*	3,403	5,614

Notes to the Financial Statements
For the Financial Year Ended 30 June 2006

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 Consolidated Entity changed its accounting policies on 1 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' with 1 July 2004 as the date of transition as detailed in Note 11.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcement made by the Company during the reporting period in accordance with the continuous disclosure requirement of the Corporations Act 2001.

This preliminary final report was approved pursuant to a resolution of the board of directors on the 13 September 2006.

	2006 $A'000	2005 $A'000
2. Profit/(Loss) From Ordinary Activities		
Profit/(loss) from ordinary activities before income tax includes the following items of revenue and expense:		
(a) Revenue		
Sales revenue	32,211	18,218
Interest revenue	216	215
(b) Expenses		
Cost of sales	(18,924)	(6,147)
Bad and doubtful debts expenses	-	(194)
Depreciation of non-current assets	(1,091)	(421)
Amortisation of non-current assets	(1,067)	(319)
Net losses on disposals of property, plant & equipment	-	(21,609)

Notes to the Financial Statements
For the Financial Year Ended 30 June 2006

	2006 $A'000	2005 $A'000
3. Retained Profits		
Balance at beginning of financial year	(21,432)	(26,270)
Net profit/(loss)	1,940	4,838
Balance at end of financial year	(19,492)	(21,432)

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:

	2006 $A'000	2005 $A'000
Cash	3,403	5,350
Deposit at call	-	264
	3,403	5,614

(b) Businesses Acquired

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

	2006 $A'000	2005 $A'000
Consideration		
Cash	-	6,563
Shares	-	2,232
Deferred Payments	-	3,416
	-	12,211
Fair Value of Net Assets Acquired		
Cash assets	-	48
Receivable	-	4,262
Property, plant & equipment	-	3,930
Intangible assets	-	6,028
Other	-	977
Payables	-	(4,768)
Interest bearing liabilities	-	(2,453)
Net assets acquired	-	8,024
Goodwill on acquisition	-	4,188
	-	-

Notes to the Financial Statements
For the Financial Year Ended 30 June 2006

4. Notes to the Statement of Cash Flows (continued)

	2006 $A'000	2005 $A'000
(b) Businesses Acquired – (continued)		
Net Cash Outflow on Acquisition		
Cash consideration	-	6,564
Less cash balances acquired	-	(48)
	-	6,516

(b) Businesses Acquired

During the financial year, the MQube Design business was acquired from MQDB LLC. Details of the acquisition are as follows:

	2006 $A'000	2005 $A'000
Consideration		
Cash	52	-
Shares – deferred payment	143	-
	195	-
Fair Value of Net Assets Acquired		
Cash assets	8	-
Receivable	160	-
Property, plant & equipment	49	-
Payables	(52)	-
Net assets acquired	165	-
Goodwill on acquisition	30	-
	195	-
Net Cash Outflow on Acquisition		
Cash consideration	195	-
Less cash balances acquired	(8)	-
	187	-

(c) Non-Cash Financing and Investing Activities

- On the 10 March 2006 the Company issued 175,482 ordinary shares in the Company at an issue price of 65 cents per share as part consideration for the purchase of the business Mqube Design from MQBD LLC as detailed in note 4(c).
- On the 28 June 2006 the Company issued 43,871 ordinary share in the company at an issue price of 54 cents per share as the final consideration of it acquisition of the Mqube from MQBD LLC as detailed in note 4(c) Design after performance criteria was reached.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2006

4. Notes to the Statement of Cash Flows (continued)

	2006 $A'000	2005 $A'000
(d) Reconciliation of Profit After Related Income Tax to Net Cash Flows From Operating Activities		
Profit after related income tax	1,940	4,838
Depreciation and amortisation of non-current assets	2,157	798
Unrealised Exchange Losses/(Gains)	14	(4)
Employee Entitlements	3	56
Doubtful Debts	-	341
(Increase)/decrease in assets:		
Current trade receivables	(3,797)	202
Other Current assets	(779)	595
Increase/(decrease) in liabilities:		
Current trade payables	1,209	(593)
Other current liabilities	347	-
Net cash from operating activities	1,094	6,233

5. Earnings Per Share

	2006 ¢ per share	2005 ¢ per share
Basic EPS	1.29	3.33
Diluted EPS	1.15	2.89

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:

	2006 $A'000	2005 $A'000
Earnings (a)	1,940	4,838

	2006 No.	2005 No.
Weighted average number of ordinary shares – Basic	149,901,490	145,414,867
Weighted average number of ordinary shares – Diluted	169,405,599	167,308,366

6. Net Tangible Assets Per Security

	2006 ¢ per share	2005 ¢ per share
Net tangible assets per security	5.90	7.60

Notes to the Financial Statements
For the Financial Year Ended 30 June 2006

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

Control gained over entities

Name of entity (or group of entities)	PDT Holding, Inc.(group)
Date control gained	12 March 2005

	2006 $A'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, from the date of gaining control.	1,095

	2005 $A'000
Net profit/(loss) of the controlled entity (or group of entities) for the whole of the previous corresponding period.	240

8. Segment Information

Segment Revenues

	2006 $A'000	2005 $A'000
Engineering and Designing	32,211	18,223
Investments	255	215
Total of all segments	32,466	18,438
Unallocated	-	6
Consolidated	32,466	18,444

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

Segment Results

	2006 $A'000	2005 $A'000
Engineering and Designing	2,546	5,907
Investments	(632)	(858)
Total of all segments	1,914	5,049
Unallocated	-	(1)
Profit from ordinary activities before income tax expense	1,914	5,048
Income tax expense relating to ordinary activities	26	(210)
Profit from ordinary activities after related income tax expense	1,940	4,838
Extraordinary items	-	-
Net profit	1,940	4,838

8. Segment Information (continued)

Segment Assets and Liabilities

	Assets		Liabilities	
	2006 $A'000	2005 $A'000	2006 $A'000	2005 $A'000
Engineering and Designing	54,056	44,838	11,179	8,134
Investments	6,116	6,675	90	90
Total of all segments	60,172	51,513	11,269	8,224
Unallocated	-	-	-	-
Consolidated	60,172	51,513	11,269	8,224

Products and Services within each Business Segment

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

Composition of each Geographical Segment

	Australia		USA		Consolidated	
	2006 $A'000	2005 $A'000	2006 $A'000	2005 $A'000	2006 $A'000	2005 $A'000
Segment revenue	145	134	32,321	18,310	32,466	18,444
Segment results	(632)	(858)	2,572	5,696	1,940	4,838
Segments assets	26,290	41,742	33,882	9,771	60,172	51,513
Segments liabilities	4,157	3,052	7,112	5,172	11,269	8,224

9. Discontinuing Operations

Not applicable.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2006

10. Subsequent Events

- On the 7 July 2006 Mr. Tony Leibowitz resigned as director and Chairman of the Company.
- On the 7 July 2006 Mr. Micheal Otten was appointed as non-executive director of the Company.
- On the 4 August 2006 The Company issued 5,569,887 full paid ordinary shares at an issue price of 58.5 cents per share as final settlement of the Consideration for the purchase of PDT in March 2005.
- On the 4 August 2006 The Company issued 3,473,419 fully paid ordinary shares pursuant to the exercise of option.
- On the 17 August 2006 The Company issued 470,139 fully paid ordinary shares pursuant to the exercise of option.
- On the 25 August 2006 The Company issued 2,652,112 fully paid ordinary shares pursuant to the exercise of option.
- On the 29 August 2006 The Company issued 6,437,862 fully paid ordinary shares pursuant to the exercise of option.

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

(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 Financial Year Ended 30 June 2006

11. Explanation to transition to Australian equivalents of IFRSs

Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS) as referred to in Note 1(a).

Effect of A-IFRS on the balance sheet as at 1 July 2004

	Note	*A GAAP Actual** $	*A-IFRS impact* $	*A-IFRS* $
Current Assets				
Cash and cash equivalent		7,410,963	-	7,410,963
Trade and other receivables		3,295,161	-	3,295,161
Total Current Assets		10,706,124	-	10,706,124
Non-Current Assets				
Investment		10	-	10
Property, plant & equipment		90,997	-	90,997
Intangibles	b	19,934,669	387,945	20,322,614
Total Non-Current Assets		20,025,676	387,945	20,413,621
Total Assets		30,731,800	387,945	31,119,745
Current Liabilities				
Trade and other payables		2,751,113	-	2,751,113
Provisions		73,135	-	73,135
Total Current Liabilities		2,824,248	-	2,824,248
Total Liabilities		2,824,248	-	2,824,248
Net Assets		27,907,552	387,945	28,295,497
Equity				
Issued capital		54,565,803	-	54,565,803
Reserves	a	-	-	-
Accumulated losses	e	(26,658,251)	387,945	(26,270,306)
Total Equity		27,907,552	387,945	27,907,552

*Reported financial position for the financial year ended 30 June 2004 under previous Australian GAAP.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2006

11. Explanation to transition to Australian equivalents of IFRSs (continued)

Effect of A-IFRS on the balance sheet as at 30 June 2005.

	Note	A GAAP Actual*	A-IFRS impact	A-IFRS
		$	$	$
Current Assets				
Cash and cash equivalent		5,613,544	-	5,613,544
Trade and other receivables		9,161,456	-	9,161,456
Work in process		423,812	-	423,812
Total Current Assets		15,198,812	-	15,198,812
Non-Current Assets				
Property, plant & equipment		4,171,410	-	4,171,410
Intangibles	b	30,796,382	1,210,414	32,006,796
Deferred tax assets		136,025	-	136,025
Total Non-Current Assets		35,103,817	1,210,414	36,314,231
Total Assets		50,302,629	1,210,414	51,513,043
Current Liabilities				
Trade and other payables		5,632,499	-	5,632,499
Provisions		129,191	-	129,191
Interest-bearing liabilities		424,475	-	424,475
Total Current Liabilities		6,186,165	-	6,186,165
Non-Current Liabilities				
Interest-bearing liabilities		2,028,010	-	2,028,010
Deferred tax liabilities		9,858	-	9,858
Total Non-Current Liabilities		2,037,868	-	2,037,686
Total Liabilities		8,224,033	-	8,224,033
Net Assets		42,078,596	1,210,414	43,289,010
Equity				
Issued capital		64,398,396	-	64,398,396
Reserves	a	255,540	67,663	323,203
Accumulated losses	e	(22,575,340)	1,142,781	(21,432,559)
Total Equity		42,078,596	1,210,414	43,289,010

*Reported financial position for the financial year ended 30 June 2005 under previous Australian GAAP.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2006

11. Explanation to transition to Australian equivalents of IFRSs (continued)

Effect of A-IFRS on the income statement for the financial year ended 30 June 2005.

	Note	*A GAAP Actual**	*A-IFRS impact*	*A-IFRS*
		$	$	$
Revenue		18,218,464	-	18,218,464
Cost of sales		(6,147,119)	-	(6,147,119)
Gross Profit/(Loss)		12,071,345	-	12,071,345
Other Revenue		225,442	-	225,442
Employee related expenses	a	(2,683,690)	(67,663)	(2,751,353)
Occupancy expenses		(2,98,048)	-	(298,048)
Communications expenses		(181,304)	-	(181,304)
Depreciation		(420,957)	-	(420,957)
Amortisation of intangibles	b	(1,140,928)	822,468	(318,460)
Professional and corporate service		(1,194,445)	-	(1,194,445)
Travel and accommodation		(1,204,134)	-	(1,204,134)
Foreign exchange losses		-	-	-
Interest paid		(79,215)	-	(79,215)
Other expenses		(800,548)	-	(800,548)
Profit before income tax expense		4,293,518	754,805	5,048,323
Income tax expense		210,608	-	210,608
Profit for the period		4,082,910	754,805	4,837,715
Profit attributable to members of the parent entity		4,082,910	754,805	4,837,715

* Reported in the statement of financial performance for the financial year ended 30 June 2005 under previous Australian GAAP.

Effect of A-IFRS on the cash flow statement for the financial year ended 30 June 2005

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under the superseded policies.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2006

11. Explanation to transition to Australian equivalents of IFRSs (continued)

Notes to the reconciliations of income and equity

(a) Share-based payments

For financial year ended 30 June 2005, share-based payments of $67,663 (included in 'employee benefit expenses') which were not recognised under the superseded policies were recognised under A-IFRS, with a corresponding increase in the employee equity-settled benefits reserve.

(b) Goodwill on consolidation

Under AASB 3: Business Combinations, goodwill is capitalised to the balance sheet and subjected to an annual impairment test. Amortisation of goodwill is prohibited. However, goodwill was amortised under the superseded policies on a straight-line basis over a period of 20 years. The Director has reviewed the goodwill on consolidation and has determined that the original amount has not been impaired and therefore the previously amortised amount of $387,945 and $822,469 will be reversed resulting in a corresponding decrease of $387,945 and $822,469 in accumulated losses at 30 June 2004 and 30 June 2005 respectively.

(c) Impairment of assets

AASB 136 Impairment of assets, assets held by the Company are required to be tested for impairment in the event that any indicators of impairment are present. Impairment of assets has been reviewed at 1 July 2004 and 30 June 2005 and there is considered to be no impact.

(d) Income tax

The Company currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which gives rise to 'permanent' and 'timing' differences. Pursuant to AASB 112 Income Taxes, deferred taxes are measured by reference to the temporary differences determined as the difference between the carrying amount and the tax base of assets and liabilities recognised in the statement of financial position.

The controlling Company has carried forward tax losses which have not been recognised as deferred tax assets as they do not satisfy the 'virtually certain' criteria of current Australian Generally Accepted Accounting Principles (GAAP). Pursuant to AASB 112, tax losses may be more readily recognised as deferred tax assets as the 'probable' recognition criteria is less stringent than the 'virtually certain' test of Australian GAAP. However, these have not been brought to account as recovery is not considered to meet the probable test at this time.

(e) Accumulated losses

The effect of the above adjustments on retained earnings is as follows:

	Note	1 July 2004 $	30 June 2005 $
Expensing share-based payments	a	-	(67,663)
Write-back of goodwill amortisation	b	387,945	1,210,414
Total adjustment to retained earnings		387,945	1,142,751

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.