

ASX Announcement

tzlimited

1 March 2007

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The Manager
Announcements
Company Announcement Office
Australian Stock Exchange Ltd

Dear Sir/Madam

RE: CORRECTION TO HALF YEARLY REPORT AND APPENDIX 4D

Please find attached an amended ASX Appendix 4D and half yearly report for the year ended 31 December 2006.

This amended report corrects a typographical error in the original directors' report on page 3. The PDT tooling division loss is now correctly shown as \$630,000 for the half year.

Yours faithfully
TZ LIMITED



JOHN FALCONER
Director and Company Secretary

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TZLIMITED

and Controlled Entities

ABN 26 073 979 272

ASX Appendix 4D & Financial report for the half-year ended
31 December 2006

**ASX Appendix 4D & Financial report for the
half-year ended 31 December 2006**

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Results for announcement to the market

Results				A\$
Revenues from ordinary activities	Down	28.02%	to	11,066,586
Profit/(Loss) from ordinary activities after tax attributable to members	Down	n/a	to	(3,151,035)
Net Profit for the period attributable to members	Down	n/a	to	(3,151,035)
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			

See attached directors' report.

Directors' report

The directors of TZ Limited ("Company") submit herewith the financial report for the half-year ended 31 December 2006. 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:

John Falconer
Michael Otten (appointed 7 July 2006)
Andrew Sigalla (appointed 29 January 2007)
Tony Leibowitz (resigned 7 July 2006)
Chris Kelliher (resigned 29 January 2007)

Review of Operations

There has been significant change to the Company's operations in the past few months. Since May of 2006 through January 2007 the directors were in discussions with Acument Global Technology (AGT) and Platinum Equity that led to the Company acquiring the Intevia[®] business unit from AGT in late January 2007. As part of this transaction the Company assumed key AGT staff and acquired all assets and business prospects relating to Intevia[®] from AGT. The directors consider this to be a positive development for the Company for the following reasons:

- Valuable time was lost due to the lengthy and unsettling TFS (Textron Fastening Systems) divestiture process. As referenced in last year's annual report the Company invested in product development and production engineering resources and established a contract manufacturer in Malaysia in an attempt to mitigate the apparent adverse affects. With this process in place and further supported by the resources and assets from the recent acquisition, the directors are confident that under the Company's direct control, commercialization of Intevia and income derived from it, will be accelerated through a focused and effective engineering and development effort.
- The Company will derive the full value of Intevia revenue as opposed to just royalty and engineering fees under the now terminated previous arrangement with AGT. The anticipated margins on Intevia[®] products are in the range of 55% - 65% which the Company will now receive in full. This is a dramatic improvement over the previous structure with the potential to create value several times greater than that contemplated by the original licensing agreement.

To put this into context, under the previous arrangement, the Company had anticipated receiving on average royalty payments of 8.5% per annum on Intevia[®] sales plus engineering fees of approximately one million dollars a year. However under the new structure the Company will receive the full benefit of the sale proceeds which at the expected margins will translate to earnings several times more than those derived from royalties and engineering fees.

It is for this reason that the directors elected to pursue the current strategy of acquiring the Intevia[®] business unit. The directors consider the increased potential returns more than justify assuming the additional costs associated with ongoing product development and distribution, which under the previous structure were to have been funded by AGT. This new direction is a significant change from what was contemplated by the original agreement with Textron Fastening Systems put in place over two years ago and the directors are firm in their view that it will ultimately create significantly more value for shareholders.

Directors' report

Additionally the directors were confident they would reach agreement with AGT and from June 2006 the Company has operated in anticipation of acquiring the Intevia[®] business unit and regaining full control of commercialization and development efforts.

This has resulted in considerable expense being incurred in the second half of calendar 2006, which included funding various unbudgeted activities such as completion of several fastener families and ensuring commercial relationships with early adopter customers were properly progressed to preserve the pipeline of anticipated business and commercial momentum. Accordingly the half year accounts reflect this significant and unbudgeted additional investment. However, it should be noted that the scale of this investment should be calibrated against the dramatically increased opportunity now available to the Company.

These activities also impacted on the half year results of PDT who provided significant engineering resources to sustain a number of Intevia[®] applications and customer engagements which otherwise would have been applied to billable projects.

PDT Calendar Year Performance

A number of senior PDT employees were fully dedicated to the Company projects during the period which equates to payroll costs of around \$910,000. Additionally, billable hours from PDT engineers devoted to the Company fastener development and application projects amounted to approximately \$1,150,000 of lost billable time while undertaking this work.

When PDT's six month results are compensated for this investment[®] into Intevia, as an exercise to gauge relative performance, the adjusted EBITDA for the period would be comparable to \$1,392,000. Furthermore, if similar adjustments are made for the PDT first half calendar year the adjusted EBITDA for PDT's full calendar year would be approximately \$3,610,000 and in line with performance expectations. It should be noted that these adjustments have not been audited and are included here only for the purposes of highlighting the relative performance of the PDT group when direct contributions to Intevia[®] are eliminated.

PDT's results were also impacted by the performance of its tooling division that despite a reasonable first half calendar year had a number of tool making projects cancelled which resulted in a \$630,000 loss for the second half calendar year. Management has undertaken a full review of tooling operations and anticipates a number of initiatives to be implemented in the first calendar quarter of 2007 to minimize further financial impact from what is a general downturn in the Illinois tool making industry.

There are other factors that should also be noted. A contract with a major customer delivered approximately \$385,000 less than budgeted during the period due to a reprioritization of their projects. However, this is expected to reverse in the second half calendar year.

PDT Outlook

When the adjustments and variances outlined above are taken into account PDT Design and Engineering had a reasonable performance. The downturn in tooling is disappointing and remedial action is underway to mitigate any future financial impact from tooling operations.

Design and Engineering has had a positive start to 2007 and current backlog is at \$5,600,000 dominated by higher margin medical and military client work. As a comparison last year at this time PDT had a backlog of \$3,600,000.

Directors' report

Additionally PDT hours invested into Intevia[®], that would otherwise be billable, have significantly reduced and PDT management are confident they will regain lost ground in the first half of this calendar year.

Subsequent events

Since 31 December 2006 the Company has announced the following:

- On the 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 at an implied value of AUD\$ 1.27 per share.
- The Company issued 847,458 ordinary fully paid shares at 59 cent per share as part of final payment to external advisors in respect of capital raisings.
- The Company issued 3 million unlisted options exercisable at 75 cents as part of final payment to external advisors in respect of capital raisings and the acquisition of Intevia[®] business unit.
- The Company issued 3 million unlisted options to Mr David Feber as part of his negotiated remuneration package as CEO of Telezygology Inc. 1.5 million options are exercisable at 60 cents and 1.5 million at 75 cents.
- On the 19 February 2007, the Company issued 375,000 full paid shares on the exercise of 375,000 options at 45 cents per option.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the half-year financial report

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

John Falconer

Sydney, 28 February 2007

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TZ LIMITED FOR THE
HALF YEAR ENDED 31 DECEMBER, 2006**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December, 2006 there have been:-

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

TAYLOR & CO

Chartered Accountants

STEPHEN K. TAYLOR

Partner

Dated: 28 February, 2007

Consolidated Income statement
For the half-year ended 31 December 2006

	Note	Half-year ended 31 Dec 2006 \$	Half-year ended 31 Dec 2005 \$
Revenue		11,066,586	15,374,688
Cost of sales		(5,286,293)	(8,206,768)
Gross profit/(Loss)		5,780,293	7,167,920
Other revenue		165,917	69,681
Employee related expenses		(5,164,462)	(2,322,773)
Occupancy expenses		(414,540)	(89,002)
Communications expenses		(153,004)	(68,946)
Depreciation		(555,545)	(507,450)
Amortisation of Intangibles		(530,281)	(489,797)
Professional and corporate service		(799,328)	(748,893)
Travel & accommodation		(689,609)	(435,106)
Foreign Exchange Losses		(10,762)	(4,770)
Finance costs		(317,202)	(91,075)
Other expenses		(513,826)	(609,710)
Profit/(loss) before income tax expense	2	(3,202,349)	1,870,079
Income tax expense/(benefit)		(51,314)	253,458
Profit/(loss) for the period		(3,151,035)	1,616,621
Earnings per share:			
Basic (cents per share)		(1.86)	0.011
Diluted (cents per share)		(1.86)	0.010

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

Consolidated balance sheet
As at 31 December 2006

	31 December 2006	30 June 2006
Current assets		
Cash and cash equivalents	18,021,855	3,403,156
Trade and other receivables	9,592,025	10,974,950
Work in Process	1,156,426	700,456
Total current assets	28,770,306	15,078,562
Non-current assets		
Property, plant and equipment	4,044,381	4,266,725
Intangibles	41,352,459	39,698,304
Deferred tax assets	449,553	470,343
Total non-current assets	45,846,393	44,435,372
Total assets	74,616,699	59,513,934
Current liabilities		
Trade and other payables	1,842,915	5,479,615
Provisions	865,884	875,244
Interest-bearing liabilities	2,101,393	736,735
Total current liabilities	1,616,621	7,091,594
Non - Current liabilities		
Interest-bearing liabilities	21,145,461	4,097,165
Deferred tax liabilities	405,588	281,170
Total non - current liabilities	21,551,049	4,378,335
Total Liabilities	26,361,241	11,469,929
Net assets	48,255,458	48,044,005
Equity		
Issued capital	72,495,481	67,780,998
Reserves	(248,706)	1,103,289
Retained earnings	(23,991,318)	(20,840,283)
Total equity	48,255,458	48,044,005

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

TZ Limited

**Consolidated statement of changes in equity
for the half-year ended 31 December 2006**

	\$	\$	\$	\$	\$
	Share Capital		Reserves		
Note	Ordinary	Equity-based payment	Foreign Currency Translation	Accumulated Losses	Total
Balance at 1.7.2005	64,398,396	67,663	255,540	(21,432,559)	43,289,040
Shares issued during the period	124,051	-	-	-	124,051
Share issue cost	(1,635)	-	-	-	(1,635)
Currency translation differences	-	-	(407,220)	-	(407,220)
Share – based payment	-	10,337	-	-	10,337
Profit/(Loss) attributable to members of parent entity	-	-	-	1,616,621	1,616,621
Sub-total	64,520,812	78,000	(151,680)	(19,815,938)	44,631,194
Dividends paid or provided for	-	-	-	-	-
Balance at 31.12.2005	64,520,812	78,000	(151,680)	(19,815,938)	44,631,194
Balance at 1.7.2006	67,780,998	78,000	1,025,289	(20,840,283)	48,044,005
Shares issued during the period	6,951,607	-	-	-	6,951,607
Share issue cost	(2,237,124)	-	-	-	(2,237,124)
Currency translation differences	-	-	(1,357,551)	-	(1,357,551)
Share – based payment	-	5,556	-	-	5,556
Profit/(Loss) attributable to members of parent entity	-	-	-	(3,151,035)	(3,151,035)
Sub-total	72,495,481	83,556	(332,262)	(23,991,318)	48,255,458
Dividends paid or provided for	-	-	-	-	-
Balance at 31.12.2006	72,495,481	83,556	(332,262)	(23,991,318)	48,255,458

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

**Consolidated cash flow statement
For the half-year ended 31 December 2006**

	Half-year ended 31 Dec 2006	Half-year ended 31 Dec 2005
Cash flows from operating activities		
Receipts from customers	13,573,055	13,636,595
Payments to suppliers and employees	(17,387,381)	(12,270,511)
Income tax paid	174,274	(253,458)
Interest received	71,879	54,682
Interest and other costs of finance paid	(153,465)	(91,075)
Net cash used in operating activities	(3,721,638)	1,076,233
Cash flows from investing activities		
Acquisition cost for controlled entity	-	(93,757)
Repayment of escrowed deposit on acquisition of controlled entity	-	132,798
Purchased of property, plant & equipment	(344,037)	(585,186)
Payments for research and development	(1,061,628)	(1,471,184)
Deposits paid	(7,800)	(5,721)
Net cash used in investing activities	(1,413,465)	(2,023,050)
Cash flows from financing activities		
Proceeds from issues of equity	2,417,308	546,422
Payment for share issue costs	(2,042,124)	(17,711)
Proceeds from Issues of convertible notes	20,000,000	-
Proceeds from Borrowing	198,335	-
Repayment of Borrowing	(759,008)	-
Net cash provided by/(used in) financing activities	19,814,511	528,711
Net increase/(decrease) in cash and cash equivalents	14,679,408	(418,106)
Cash and cash equivalents at the beginning of the half-year	3,403,156	5,613,544
Effects of exchange rate fluctuations on the balance of cash held in foreign currencies at the beginning of the period	(60,991)	-
Cash and cash equivalents at the end of the half-year	18,021,855	5,195,438

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

**Notes to the financial statements
for the half-year ended 31 December 2006**

1. Summary of accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2006 annual financial report for the financial year ended 30 June 2006.

2. Unusual transactions

There were no unusual transactions to report during the period.

3. Revisions of accounting estimates

There were no revisions of accounting estimates to report during the period.

4. Subsequent events

- On the 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 at an implied value of AUD\$ 1.27 per share.
- The Company issued 847,458 ordinary fully paid shares at 59 cent per share as part of final payment to external advisors in respect of capital raisings.
- The Company issued 3 million unlisted options exercisable at 75 cents as part of final payment to external advisors in respect of capital raisings and the acquisition of Intevia® business unit.
- The Company issued 3 million unlisted options to Mr David Feber as part of his negotiated remuneration package as CEO of Telezygology Inc. 1.5 million options are exercisable at 60 cents and 1.5 million at 75 cents.
- On the 19 February 2007, the Company issued 375,000 full paid shares on the exercise of 375,000 options at 45 cents per 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 affect:

- (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 2006 (cont'd)**

	Cents per share	Total \$	Cents per share	Total \$
5. Dividends				
Recognised amounts				
Fully paid ordinary shares				
Final dividend	-	-	-	-

6. Segment information

	31 December 2006 \$	31 December 2005 \$
Segment Revenue		
Engineering and design	11,176,202	15,374,688
Investments	56,300	54,682
Total of all segments	11,232,502	15,429,370
Unallocated	-	14,999
Consolidated	11,232,502	15,444,369

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

Segment Results

Engineering and design	(2,456,146)	1,800,398
Investments	(746,203)	54,682
Total of all segments	(3,202,349)	1,855,080
Eliminations	-	-
Unallocated	-	14,999
Profit from ordinary activities before income tax expense	(3,202,349)	1,870,079
Income tax expense relating to ordinary activities	(51,314)	253,458
Profit from ordinary activities after related income tax expense	(3,151,035)	1,616,621
Extraordinary items	-	-
Net profit	(3,151,035)	1,616,621

Segment information (cont'd)

Assets

Liabilities

**Notes to the financial statements
for the half-year ended 31 December 2006 (cont'd)**

Segment Assets and Liabilities	2006	2005	2006	2005
	\$	\$	\$	\$
Engineering and design	28,287,911	33,411,694	6,003,116	6,714,670
Investments	46,328,788	22,131,880	20,358,125	4,197,710
Total of all segments	74,616,699	55,543,574	26,361,241	10,912,380
Unallocated	-	-	-	-
Consolidated	74,616,699	55,543,574	26,361,241	10,912,380

7. Contingent liabilities and contingent assets

As of the 31 December 2006 there were no contingent assets (2005:nil) and no contingent liabilities (2004:nil).

8. Issuances, repurchases and repayments of securities

Issued and Paid Up Capital:	2006	2005	2006	2005
	\$	\$	No	No
Fully Paid Ordinary Shares	72,495,481	64,520,812	157,212,045	147,855,780
Movements during the year:				
Opening balance	67,780,998	64,398,396	157,212,045	147,512,100
Shares issued during the year:				
3 August 2005	-	48,000	-	120,000
19 December 2005	-	76,051	-	223,680
4 August 2006 (a)	3,258,384	-	5,569,887	-
4 August 2006 (b)	1,210,433	-	3,473,419	-
17 August 2006 (b)	188,055	-	470,139	-
25 August 2006 (b)	845,603	-	2,652,112	-
1 September 2006 (b)	1,449,132	-	3,457,506	-
Share issue costs	(2,237,124)	(1,635)	-	-
Closing balance	72,495,481	64,520,812	172,835,108	147,855,780

(a) The Company issued 5,569,887 share in the Company as final settlement of the consideration for the purchase of the PDT Companies and Business, as agreed in March 2005.

(b) During the year the Company issued share on the exercise of option on unlisted options held by employees and consultants.

Director's declaration

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity.

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

Sydney, 28 February 2007

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF TZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER, 2006**

Scope

We have reviewed the attached financial report of TZ Limited for the half year ended 31 December, 2006 as set out on pages 6 to 12. The Company's directors are responsible for the financial report. 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. 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 134: 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/Australian Stock Exchange Limited.

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.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's declaration set out on page 3 of the financial reports has not changed as at the date of providing our review 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, 2006 and of its performance for the half-year ended on that date;
 - (ii) complying with Accounting Standard AASB 134: 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, 2007

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	3.99 cents¢	5.85 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		

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				

Information on audit review

This preliminary half year report is based on accounts that have been subject to a review.