



ENFORCEABLE UNDERTAKING

Australian Securities and Investments Commission Act 2001

Section 93AA

The commitments in this undertaking are offered to the Australian Securities and Investments Commission (ASIC) by:

TZ Limited
ACN 073 979 272
Level 1
37 Bligh Street
Sydney NSW 2000

1. Definitions

In addition to terms defined elsewhere in this undertaking, the following definitions are used:

ASIC Act means the *Australian Securities and Investments Commission Act 2001* (Cth)

Corporations Act means the *Corporations Act 2001* (Cth)

TZ Limited means TZ Limited ACN 073 979 272

2. Background

2.1 ASIC's role

Under section 1 of the ASIC Act, ASIC is charged with a statutory responsibility to perform its functions and to exercise its powers so as to promote the confident and informed participation of investors and consumers in the financial system.

2.2 Details of Conduct

2.2.1 TZ Limited is a public company the ordinary shares of which are listed on ASX Limited ("ASX").

2.2.2 TZ Limited is an intellectual property and technology development company. TZ Limited owns a technology known as "Intevia" which creates intelligent fastening systems.

- 2.2.3 Mr John Falconer, Mr Michael Otten and Mr Andrew Sigalla are directors of TZ Limited.
- 2.2.4 Telezygology Inc ("**Telezygology**") is a US based subsidiary of TZ Limited.
- 2.2.5 On or about 17 September 2007 Telezygology received a purchase order for Intevia technology from a global automotive supplier ("**automotive supplier**").
- 2.2.6 On or about 19 September 2007 Telezygology received a purchase order for Intevia technology from a global aircraft manufacturer ("**aircraft manufacturer**").
- 2.2.7 By 20 September 2007 directors of TZ Limited were aware of the purchase orders from the automotive supplier and the aircraft manufacturer.
- 2.2.8 The receipt of the purchase orders from the automotive supplier and the aircraft manufacturer ("**the Information**") represented an important event for TZ Limited. TZ Limited's business plan is to build shareholder value by developing, licensing and commercialising proprietary technologies and products, including Intevia. The amounts of the purchase orders from the automotive supplier and the aircraft manufacturer were relatively small, but they were important strategic steps in terms of TZ Limited's business development.
- 2.2.9 TZ Limited has confidentiality agreements with the automotive supplier and the aircraft manufacturer under which it has agreed not to disclose information without the consent of the automotive supplier and the aircraft manufacturer. Between 20 and 26 September 2007 TZ Limited sought to obtain the consent of the automotive supplier and the aircraft manufacturer to disclose the purchase orders in an announcement to ASX.
- 2.2.10 The directors of TZ Limited considered making an announcement to ASX about the Information between 20 and 26 September 2007, but no announcement was made, as, at that time, the directors of TZ Limited were of the opinion that the purchase orders were not material.
- 2.2.11 On 26 September 2007 at 4:18am TZ Limited sent an announcement to ASX containing the Information ("**the Announcement**"). The Announcement was released at 8:33am on 26 September 2007 and stated:
- "It was announced today that TZ Limited (ASX:TZL) received purchase orders from a global automotive Tier One supplier and from a global aircraft manufacturer to begin development and implementation of Intevia © technology on highly critical components of both an automobile and an aircraft."

2.2.12 Between 17 and 25 September 2007 the average daily volume-weighted price ("VWAP") of TZ Limited shares was \$3.27 and the average daily volume of trading was 334,134. On 25 September 2007 the closing price of TZ Limited shares was \$4.40.

2.2.13 Following the Announcement, on 26 September 2007, the price of TZ Limited shares increased from \$4.40 and reached a high of \$7.20, closing on that day at \$5.85. The volume of trading of TZ Limited shares on 26 September 2007 was 1,011,997.

2.3 ASIC's investigation, analysis and findings

2.3.1 On 17 January 2008 ASIC commenced an investigation pursuant to section 13(1) of the *ASIC Act 2001* into a suspected contravention by TZ Limited of subsection 674(2) of the *Corporations Act 2001* ("the Investigation").

2.3.2 Section 674(2) of the *Corporations Act 2001* establishes an obligation on listed disclosing entities to provide information to market operators.

2.3.3 A listed disclosing entity is subject to this obligation if provisions of the ASX Listing Rules apply to the entity, and require it to notify the market operator of information about specified events or matters as they arise for the purpose of the operator making that information available to participants in the market.

2.3.4 Subject to exceptions, ASX Listing Rule 3.1 requires a company to immediately notify the ASX of any information concerning it, of which it is or becomes aware, which a reasonable person would expect to have a material effect on the price or value of the entity's securities.

2.3.5 As a result of the Investigation, ASIC formed the view that from 20 September 2007 to 8:33am 26 September 2007 TZ Limited failed to comply with its obligations under section 674 of the *Corporations Act* and ASX Listing Rule 3.1 by failing to disclose the Information to ASX.

2.3.6 Specifically ASIC formed the view that by 20 September 2007 directors of TZ Limited were aware of the Information. ASIC formed the view that the Information was material and was required to be disclosed to the ASX pursuant to Listing Rule 3.1 but TZ did not disclose the Information until 8:33am 26 September 2007.

2.3.7 ASIC formed the view that the Information was material because:

2.3.7.1 it was an important milestone in TZ Limited's business plan; and

2.3.7.2 there was a significant increase in the volume of trading and the price of TZ Limited's shares immediately after the release of the Announcement.

- 2.3.8 The Information was not generally available to the market.
- 2.3.9 ASX Listing Rule 3.1 provides that a confidentiality agreement does not prevent a company from complying with its obligations to disclose material information to the market. TZ Limited was not, therefore, entitled to rely on confidentiality agreements with the automotive supplier and the aircraft manufacturer in not disclosing the Information.
- 2.3.10 Based on ASIC's views outlined above ASIC is concerned that, as a consequence of TZ Limited's failure to notify the ASX of the Information immediately upon its receipt, the market was not fully informed and was not aware of material information about TZ Limited between 20 September 2007 and 8:33am on 26 September 2007.

2.4 Acknowledgement of concerns

- 2.4.1 TZ Limited acknowledges that, based on ASIC's views as outlined above, ASIC has reason to be concerned as to the facts which are the subject of the background in paragraph 2 above, and has offered an Enforceable Undertaking in the terms of paragraph 3 below.
- 2.4.2 TZ Limited acknowledges ASIC's concern that TZ Limited does not have formal written policies regarding disclosure, but TZ Limited have stated to ASIC that TZ Limited and its Directors are aware of the continuous disclosure requirements under the Listing Rules and *Corporations Act 2001* and they operate in an environment where strong emphasis is placed on full and appropriate disclosure.
- 2.4.3 ASIC acknowledges the cooperation and assistance of TZ Limited and its directors in relation to this Enforceable Undertaking.

3. Undertakings

- 3.1 As an alternative to proceeding to a hearing to determine whether ASIC would issue an infringement notice under section 1317DAC(1) *Corporations Act* in respect of the matters the subject of the ASIC investigation, TZ Limited has offered, under s93AA of the *ASIC Act*, to ASIC has agreed to accept, the following undertakings.
- 3.2 Within 30 days from the date of this Enforceable Undertaking, TZ Limited will engage an appropriate person ("**the External Consultant**") who is independent of TZ Limited and its officers, and whose appointment and terms of engagement have been approved by ASIC, to conduct a review of TZ Limited's existing policies and procedures for dealing with continuous disclosure ("**Disclosure Policies and Procedures**"). In particular, its policies and procedures designed to prevent possible breaches of Listing Rule 3.1 and section 674 of the *Corporations Act*.

- 3.3 The External Consultant is to:
- 3.3.1 identify any deficiencies in the Disclosure Policies and Procedures;
and
 - 3.3.2 recommend amendments to the Disclosure Policies and Procedures
which are reasonably required to ensure that:
 - 3.3.2.1 they are consistent with industry best practice for a company of
the size and kind of TZ Limited; and
 - 3.3.2.2 they meet the requirements of, respectively, Listing Rule 3.1
and section 674 of the *Corporations Act* ("**the Recommendations**");
 - 3.3.3 recommend a timeframe within which it would be reasonable for TZ
Limited to implement the Recommendations ("**the Timeframe**");
 - 3.3.4 prepare a report within three months of his or her engagement setting
out any deficiencies identified and containing the Recommendations
("**the First Report**");
 - 3.3.5 within six months of the First Report, assess the implementation and
effectiveness of the Recommendations by TZ Limited; and
 - 3.3.6 prepare a further report reporting on the implementation and
effectiveness of the Recommendations ("**the Second Report**").
- 3.4 TZ Limited will pay the costs of its compliance with this Enforceable
Undertaking, including all remuneration and costs associated with the External
Consultant.
- 3.5 TZ Limited will:
- 3.5.1 provide ASIC with a copy of the First and Second Reports within 7
days of receiving them;
 - 3.5.2 implement each of the Recommendations within the Timeframe (unless
modified or extended by agreement with ASIC);
 - 3.5.3 when it has implemented the Recommendations, provide to ASIC:
 - 3.5.3.1 a copy of its revised Disclosure Policies and Procedures; and
 - 3.5.3.2 a statutory declaration by an officer of TZ Limited confirming
that TZ Limited's revised Disclosure Policies and Procedures
have been adopted by resolution of the directors of TZ
Limited and that they include all the Recommendations.

- 3.6 TZ Limited will provide all documents and information requested by ASIC from time to time for the purpose of assessing TZ Limited's compliance with the terms of this Enforceable Undertaking.

4. Acknowledgements

- 4.1 TZ Limited acknowledges that ASIC:

- (a) may issue a media release on execution of this undertaking referring to its terms and to the concerns of ASIC which led to its execution;
- (b) may from time to time publicly refer to this undertaking; and
- (c) will make this undertaking available for public inspection.

- 4.2 Further TZ Limited acknowledges that:


- (a) ASIC's acceptance of this undertaking does not affect ASIC's power to investigate, conduct surveillance or pursue a criminal prosecution or its power to lay charges or seek a pecuniary civil order in relation to any contravention not the subject of the background section of this enforceable undertaking or arising from future conduct;
- (b) this undertaking in no way derogates from the rights and remedies available to any other person or entity arising from any conduct described in this undertaking or arising from future conduct.

- 4.3 While TZ Limited does not admit any contravention of section 674(2) of the *Corporations Act* or of ASX Listing Rule 3.1 and does not otherwise make any admission by entry to this Enforceable Undertaking, TZ Limited acknowledges that, based on its views as set out in the Background section of this Enforceable Undertaking, ASIC had reason to be concerned as to the alleged facts and has offered an Enforceable Undertaking in the terms of paragraph 3 above.


- 4.4 TZ Limited acknowledges that this undertaking has no operative force until accepted by ASIC, and the Company and ASIC acknowledge that the date of the Enforceable Undertaking is the date on which it is accepted by ASIC.

EXECUTED by
TZ LIMITED (ACN 073 979 272)
in accordance with Section 127(1) of
the Corporations Act, 2001 (Cth)

Dated:

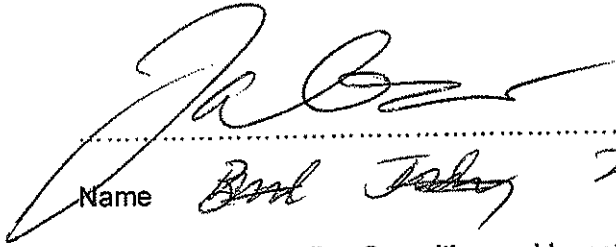
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Director



Director/Secretary

Accepted by the Australian Securities and Investments Commission under
s93AA of the ASIC Act by its duly authorised delegate:


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Name ~~Paul Taylor~~ ~~2008~~ Jan Redfern.

Delegate of Australian Securities and Investments Commission

Dated 3rd July 2008.